Hutchison Whampoa Limited

stock code: 13

2008 Annual Report

Corporate Information

Hutchison Whampoa Limited

BOARD OF DIRECTORS

Chairman

LI Ka-shing, KBE, GBM, LLD (Hon), DSSc (Hon), JP
Grand Officer of the Order Vasco Nunez de Balboa
Commandeur de l'Ordre de Léopold
Commandeur de la Légion d'Honneur

Deputy Chairman

LI Tzar Kuoi, Victor, BSc, MSc

Group Managing Director

FOK Kin-ning, Canning, BA, DFM, CA (Aus)

Executive Directors

CHOW WOO Mo Fong, Susan, BSc
Deputy Group Managing Director

Frank John SIXT, MA, LLL
Group Finance Director

LAI Kai Ming, Dominic, BSc, MBA

KAM Hing Lam, BSc, MBA

Non-executive Directors

George Colin MAGNUS, OBE, BBS, MA

William SHURNIAK, LLD (Hon)

Independent Non-executive Directors

The Hon Sir Michael David KADOORIE, GBS, LLD (Hon), DSc (Hon)
Officier de la Légion d'Honneur
Commandeur de l'Ordre de Léopold II
Commandeur de l'Ordre des Arts et des Lettres

Holger KLUGE, BCom, MBA

William Elkin MOCATTA, FCA
(Alternate to Michael David Kadoorie)

OR Ching Fai, Raymond, JP

WONG Chung Hin, CBE, JP

AUDIT COMMITTEE

WONG Chung Hin *(Chairman)*

Holger KLUGE

William SHURNIAK

REMUNERATION COMMITTEE

LI Ka-shing *(Chairman)*

Holger KLUGE

WONG Chung Hin

COMPANY SECRETARY

Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCIS, FCS(PE)

QUALIFIED ACCOUNTANT

Donald Jeffrey ROBERTS, BCom, CA, CPA

AUDITOR

PricewaterhouseCoopers

BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

Contents

Corporate Profile

Hutchison Whampoa Limited ("HWL") is a renowned multi-national conglomerate committed to innovation and technology. We operate a variety of businesses in 54 countries across the world with over 220,000 employees. We have a strong commitment to the highest standards of corporate governance, transparency and accountability, which have been recognised by the receipt of numerous awards and commendations. Our operations consist of five core businesses - ports and related services; property and hotels; retail; energy and infrastructure, finance and investments, and others; and telecommunications.

Ports and Related Services

We are one of the world's largest privately owned container terminal operators, holding interests in 49 ports comprising 300 berths in 25 countries, including container terminals operating in six of the nine busiest container ports in the world. In 2008, our ports handled a total throughput of 67.6 million twenty-foot equivalent units. We also engage in mid-stream operations, river trade, cruise terminals operations and ports-related logistics services.

Property and Hotels

We develop and invest in leading real estate projects, ranging from landmark office buildings to luxury residential properties. We hold a rental portfolio of approximately 15.5 million square feet of office, commercial, industrial and residential premises, principally in Hong Kong, as well as interests in a number of joint-venture developments in Mainland China and selective overseas markets. We also have ownership interests in 12 premium hotels in Hong Kong, the Mainland and the Bahamas.

Retail

A S Watson, the Group's retail arm, is the world's largest health and beauty retailer in terms of store number with over 8,300 retail stores in 34 markets worldwide. Its diverse retail operations range from personal care, health and beauty chains, luxury perfumeries and cosmetics retailing to supermarkets, consumer electronics and electrical appliances retail chains and airport retail concessions. It also manufactures and distributes bottled water and beverage products in Hong Kong and the Mainland.

Energy and Infrastructure
Finance and Investments
Other Operations

The Group's investments in energy and infrastructure are principally in Hong Kong, the Mainland, Australia, New Zealand, Canada and the United Kingdom. In particular, Cheung Kong Infrastructure ("CKI") is a Hong Kong-listed leading investor in the global infrastructure arena with diversified investments in energy, transportation, water and other infrastructure related businesses. Husky Energy Inc. ("Husky") is a listed Canadian-based integrated energy and energy-related company. The results of the Group's treasury operations, Hutchison Whampoa (China), Hutchison Harbour Ring and TOM Group are also reported under this division.

Telecommunications

We are a global leading operator of mobile telecommunications and data services provider, and one of the first third-generation ("3G") mobile operators in the world. We are also a major owner and operator of fibre optic broadband and fixed-line networks in Hong Kong, serving as a telecommunications gateway to the Mainland. Our operations offer telecommunication services including 3G multimedia mobile, second-generation ("2G") mobile and fixed-line, plus Internet and broadband services over both fibre-optic and mobile networks.

Business Highlights

January – March 2008

- Hutchison Port Holdings ("HPH") leases two new container berths for 42 years from the Port of Brisbane Corporation in Australia.
- The Hongkong Electric Co Ltd enters into a new Scheme of Control Agreement with the Hong Kong SAR Government for 10 years commencing 1 January 2009, providing a more comprehensive regulatory framework to ensure that Hong Kong will continue to enjoy a safe, efficient and reliable electricity supply at reasonable prices while improving the environment.
- Husky receives all necessary government and regulatory approvals for the formation of an integrated oil sands joint venture with BP, consisting of upstream and downstream assets. The joint venture is a 50/50 partnership whereby Husky contributes its Sunrise assets to the joint venture, while BP contributes its Toledo refinery located in Ohio, the US.

April – June 2008

- Marionnaud expands its global presence by opening its first store in Hong Kong.
- Husky reaches an agreement with CNOOC Limited to jointly develop the Madura BD gas and natural gas liquids field located offshore East Java, Indonesia.
- CKI announces the acquisition of the Wellington Electricity Distribution Network ("WEDN"), which supplies electricity to the city of Wellington, and the Porirua and Hutt Valley regions of New Zealand. Following the announcement of the acquisition, CKI and Hongkong Electric Holdings enter into an agreement for the latter to acquire a 50% interest in WEDN from CKI.

October – December 2008

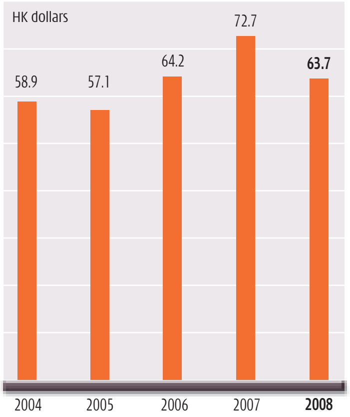
- HPH is granted a 25-year concession right to develop and operate a new container terminal at the Port of Nynäshamn in Stockholm, Sweden.
- HPH signs a share-swapping agreement with Evergreen Group to become a shareholder of Taranto Container Terminal SpA in Italy.
- HPH takes a controlling stake in Amsterdam Port Holdings BV in the Netherlands through a share-swapping agreement with Nippon Yusen Kabushiki Kaisha.
- Nuance-Watson (Hong Kong) wins luxury brand boutiques tenders including Giorgio Armani's first ever airport boutique at Hong Kong International Airport.
- Watsons China reaches a new milestone by opening its 400th store. This increases its presence to 65 cities in the Mainland.
- Hutchison China MediTech Limited enters into a drug discovery and development partnership with Ortho-McNeil-Janssen Pharmaceuticals, Inc to discover and develop novel small-molecule therapeutics against a target in the area of inflammation/immunology.
- Husky begins drilling the first appraisal well in the 12,000-square-kilometre Liwan natural gas field in the East China Sea.
- **3** Ireland is awarded the National Broadband Scheme contract in the Republic of Ireland, which will deliver broadband services to the remaining areas that are not currently covered.

July – September 2008

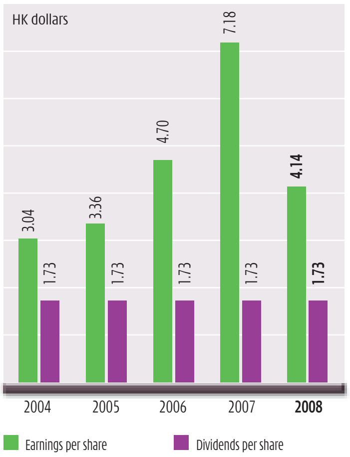
- Europe Container Terminals celebrates the official opening of the Euromax Terminal and the Delta Barge Feeder Terminal.
- Hutchison Telecommunications International Limited is picked by Apple Inc as the first launch partner for iPhone services in Hong Kong and Macau. The new handset combines all the revolutionary features of iPhone with 3G networking and built-in GPS for expanded location based mobile services.

Financial Highlights

Net Assets Attributable to Shareholders of the Company per Share



Earnings and Dividends per Share



	2008 HK$ million	2007 HK$ million	Change
Profit and loss account highlights			
Total revenue (1)	**348,365**	308,775	+ 13%
Earnings before interest expense and tax ("EBIT") (2) before the following	**44,742**	37,627	+ 19%
Change in fair value of investment properties and profit on disposal of investments and others	**7,404**	26,633	– 72%
Total EBIT	**52,146**	64,260	– 19%
Profit attributable to shareholders of the Company	**17,664**	30,600	– 42%
Balance sheet highlights			
Fixed assets, investment properties, leasehold land and telecommunications licences	**321,448**	353,191	– 9%
Total cash, liquid funds and other listed investments	**88,021**	180,499	– 51%
Bank and other debts at principal amount	**253,884**	311,279	– 18%
Net debt (3)	**165,863**	130,780	+ 27%
Total assets	**680,085**	799,226	– 15%
Total shareholders' funds	**271,576**	310,014	– 12%
Cash flow statement highlights			
Earnings before interest and other finance costs, tax, depreciation and amortisation ("EBITDA") (4) and before **3** Group telecommunications expensed CACs(5) and the following	**94,971**	91,451	+ 4%
Cash profits on disposal of investments and others	**1,421**	37,854	– 96%
EBITDA before **3** Group telecommunications expensed CACs	**96,392**	129,305	– 25%
Funds from operations before capital expenditures, telecommunications expensed and postpaid CACs and working capital changes ("FFO") and the following	**40,416**	39,499	+ 2%
Special dividend from HTIL	**–**	16,037	– 100%
Profit on disposal of certain listed equity investments	**2,084**	9,754	– 79%
FFO	**42,500**	65,290	– 35%
Capital expenditures	**28,712**	29,614	– 3%
Additions to telecommunications postpaid CACs	**17,752**	11,825	+ 50%
Key ratios and other information			
Net debt to net total capital ratio (3)	**34%**	26%	+ 8%
EBITDA before **3** Group telecommunications expensed CACs net interest coverage ratio	**7.5 times**	9.8 times	– 2.3 times
Earnings per share for profit attributable to shareholders of the Company (HK$)	**4.14**	7.18	– 42%
Dividends per share (HK$)	**1.73**	1.73	–

(1) Total revenue represents revenue of the Company and subsidiary companies as well as share of revenue of associated companies and jointly controlled entities.

(2) EBIT or LBIT represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and jointly controlled entities. EBIT (LBIT) is defined as earnings (losses) before interest expense and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of profit (loss) from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is not a measure of financial performance under generally accepted accounting principles in Hong Kong and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to profit (loss) from operations as determined in accordance with generally accepted accounting principles in Hong Kong.

(3) Net debt is defined on the Consolidated Cash Flow Statement. Net total capital is defined as total principal amount of bank and other debts plus total equity and loans from minority shareholders net of total cash, liquid funds and other listed investments as shown on the Consolidated Cash Flow Statement.

(4) EBITDA represents the EBITDA of the Company and subsidiary companies as well as the Group's share of the EBITDA of associated companies and jointly controlled entities. EBITDA is defined as earnings before interest expense and finance costs, tax, depreciation and amortisation, and includes profit on disposal of investments and others and other earnings of a cash nature but excludes changes in the fair value of investment properties. Information concerning EBITDA has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles in Hong Kong and the EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flow as determined in accordance with generally accepted accounting principles in Hong Kong.

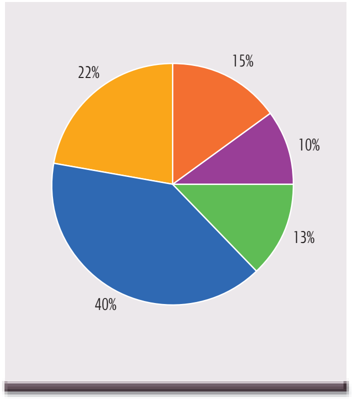
(5) CACs represents customer acquisition costs and contract customer retention costs.

Analyses by Core Business of Total Revenue and EBIT

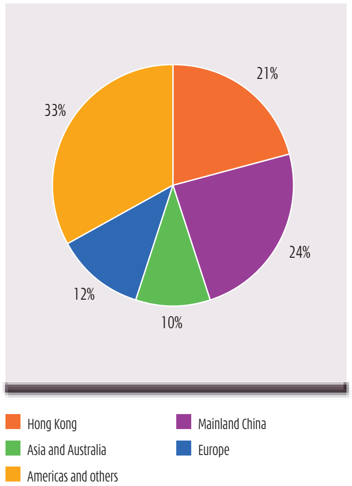
	2008 HK$ millions	2007 HK$ millions	Change
Total revenue (including share of associates and JCE)			
ESTABLISHED BUSINESSES			
Ports and related services	**39,594**	37,891	+ 4%
Property and hotels	**10,467**	9,551	+ 10%
Retail	**118,487**	110,007	+ 8%
Cheung Kong Infrastructure	**19,868**	17,251	+ 15%
Husky Energy	**63,350**	39,781	+ 59%
Finance & Investments	**4,303**	5,511	– 22%
Hutchison Telecommunications International	**24,677**	20,779	+ 19%
Others	**7,247**	8,095	– 10%
Subtotal - established businesses	**287,993**	248,866	+ 16%
TELECOMMUNICATIONS - 3 Group	**60,372**	59,909	+ 1%
Total	**348,365**	308,775	+ 13%
EBIT (including share of associates and JCE)			
ESTABLISHED BUSINESSES			
Ports and related services	**13,236**	12,849	+ 3%
Property and hotels	**8,087**	4,060	+ 99%
Retail	**4,374**	3,711	+ 18%
Cheung Kong Infrastructure	**7,404**	7,353	+ 1%
Husky Energy	**13,316**	10,523	+ 27%
Finance & Investments	**6,467**	13,944	– 54%
Hutchison Telecommunications International	**3,506**	3,218	+ 9%
Others	**(791)**	(93)	– 751%
EBIT - established businesses	**55,599**	55,565	–
TELECOMMUNICATIONS - 3 Group			
EBIT before depreciation, amortisation and telecommunications expensed CACs	**19,337**	18,406	+ 5%
Telecommunications expensed CACs	**(3,457)**	(5,732)	+ 40%
EBIT before depreciation and amortisation and after telecommunications expensed CACs	**15,880**	12,674	+ 25%
Depreciation	**(9,237)**	(11,199)	+ 18%
Amortisation of licence fees and other rights	**(5,500)**	(6,143)	+ 10%
Amortisation of telecommunications postpaid CACs	**(12,000)**	(13,270)	+ 10%
LBIT - Telecommunications - **3** Group	**(10,857)**	(17,938)	+ 39%
Change in fair value of investment properties	**824**	1,995	– 59%
Profit on disposal of investments and others	**6,580**	24,638	– 73%
Total	**52,146**	64,260	– 19%
Profit attributable to shareholders of the Company			
EBIT	**52,146**	64,260	– 19%
Interest and other finance costs	**(20,508)**	(22,500)	+ 9%
Profit before tax	**31,638**	41,760	– 24%
Current tax	**(7,330)**	(5,300)	– 38%
Deferred tax	**320**	(3,230)	+ 110%
Profit attributable to minority interests	**(6,964)**	(2,630)	– 165%
Profit attributable to shareholders of the Company	**17,664**	30,600	– 42%

The above information includes the respective items of the Company and its subsidiary companies, as well as the proportionate share of the respective items of the associated companies and jointly controlled entities ("JCE").

Total Revenue
by Geographical Location 2008



EBIT – Established Businesses
by Geographical Location 2008



Chairman's Statement

While there was a sharp slowdown in the global economy in the fourth quarter, the Group's full year revenue in 2008 grew 13% to HK$348,365 million. Total earnings before interest expense and other finance costs, taxation and minority interests ("EBIT") grew 19% to HK$44,742 million. Revenue from the Group's established businesses grew 16% to HK$287,993 million and EBIT from these businesses totalled HK$55,599 million, in line with 2007. The **3** Group reported a 1% increase in revenue to HK$60,372 million and a 39% reduction in LBIT to HK$10,857 million.

Results

The Group's profit attributable to shareholders for the year amounted to HK$17,664 million, a 42% reduction compared to last year's profit of HK$30,600 million. Excluding the one-time items in both years described below, profit attributable to shareholders improved by 429%. Earnings per share were HK$4.14 (2007 – HK$7.18).

The results include a profit on property revaluation arising in the first half of the year of HK$824 million (2007 – HK$1,995 million), a HK$2,764 million adjustment to deferred tax, and profits on disposal of investments totalling HK$6,580 million (2007 – HK$24,638 million), comprised of the following:

	HK$ millions
Group's share of a gain on partial disposal of Husky Energy Inc's ("Husky") interest in a resource property	3,122
Gain on disposal of minority equity interests in certain ports to strategic partners	2,037
Profit on disposal of telecommunications tower assets in Indonesia	1,421

Dividends

The Board recommends the payment of a final dividend of HK$1.22 per share (2007 – HK$1.22 per share) to those persons registered as shareholders on 21 May 2009. This, together with the interim dividend of HK$0.51 per share paid on 3 October 2008, gives a total dividend of HK$1.73 per share for the year (2007 – HK$1.73 per share). The proposed final dividend will be paid on 22 May 2009 following approval at the Annual General Meeting. The register of members will be closed from 14 May 2009 to 21 May 2009, both days inclusive.

Established Businesses

Ports and Related Services

While global trade declined sharply in the fourth quarter, the ports and related services division reported overall growth for the year. Total throughput for the year increased 2% to 67.6 million twenty-foot equivalent units ("TEUs"), total revenue grew 4% to HK$39,594 million and EBIT increased 3% to HK$13,236 million. This division is facing reducing global trade volumes, including in Hong Kong and other Asian ports, and therefore 2009 is expected to be a more challenging year.

Property and Hotels

The property and hotels division reported total revenue of HK$10,467 million and EBIT of HK$8,087 million, a 10% and a 99% increase respectively over last year. Gross rental income of HK$3,399 million was 12% higher than last year, with the rental properties portfolio 97% let. Development profits for the year were 307% higher than last year mainly due to the successful sale of residential property units in Mainland China. In addition, a profit of HK$2,141 million was realised on the disposal of an investment property.

Retail

Although difficult market conditions in the UK and France resulted in worse than expected results from these operations, all of the Group's other significant retail operations in Western and Eastern Europe, Asia and Mainland China reported improved results for the year. Overall, the retail division increased total revenue by 8% to HK$118,487 million and increased EBIT by 18% to HK$4,374 million.

Cheung Kong Infrastructure

Cheung Kong Infrastructure ("CKI") announced its group turnover and its share of jointly controlled entities' turnover of HK$7,486 million, 27% above last year. The financial results were negatively impacted by mark-to-market adjustments arising from fluctuations in currency and financial markets. Profit attributable to shareholders was HK$4,423 million compared to HK$4,772 million in 2007.

Subsequent to the year end, CKI and Hongkong Electric Holdings ("HEH") announced an agreement for HEH to purchase from CKI its 45% equity interest in three power plants in the Mainland for a consideration of HK$5,680 million. Subject to completion of this transaction, CKI expects to report a gain on disposal of approximately HK$1,348 million in its 2009 interim results, which after asset valuation consolidation adjustments will amount to approximately HK$880 million in the Group's consolidated interim results.

Husky Energy

Husky announced sales and operating revenues of C$24,701 million and net earnings of C$3,754 million, 59% and 17% above last year respectively. Average total production during the year was 355,900 barrels of oil equivalent per day ("BOEs per day"), compared to 376,600 BOEs per day in 2007. With oil prices remaining about 65% below highs reached in 2008, Husky is expected to continue to be profitable in 2009, although its contribution to the Group's earnings will inevitably be materially lower than in 2008.

Finance and Investments

The Group's EBIT from its finance and investments operations represents returns earned on the Group's holdings of cash and liquid investments. EBIT amounted to HK$6,467 million, a 54% decrease, mainly due to higher profits on disposal of listed equity investments recognised in 2007 of HK$9,754 million, compared to HK$2,084 million in 2008. As interest rates declined sharply in the second half of 2008, the Group repaid debts as they matured, and also repaid early certain short term debts. Debt repaid in the year totalled HK$83,729 million. As a result, both consolidated cash and cash equivalents and consolidated debt reduced during the period. The Group's consolidated cash and liquid investments totalled HK$88,021 million as at 31 December 2008 and consolidated debt totalled HK$253,884 million. Consolidated net debt (net of cash and liquid investments) amounted to HK$165,863 million at 31 December 2008 compared to HK$152,630 million at 30 June 2008.

Hutchison Telecommunications International

Hutchison Telecommunications International Limited ("HTIL") announced turnover from continuing operations for the year of HK$23,725 million, a 16% increase over last year, and profit attributable to shareholders of HK$1,883 million, compared to HK$66,884 million (including a gain on disposal of its Indian operations of HK$69,343 million) reported for 2007. At 31 December 2008, HTIL had a consolidated mobile customer base of 12.1 million, a 28% increase over the comparable base last year.

In March 2009, HTIL announced a conditional interim dividend and spin-off by way of a distribution in specie of the entire share capital of Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), the holding company of the Hong Kong and Macau telecommunications operations. The distribution is conditional on a separate listing of HTHKH on the Main Board of The Stock Exchange of Hong Kong by way of introduction, involving no initial public offering of shares or raising of capital. Upon completion, HTHKH will become a separately listed subsidiary of the Group and its results will be consolidated in the Group's results.

3 Group

All **3** Group operations reported improved results for the year except **3** Italia. The Group's registered 3G customer base increased 17% during the year and currently stands at over 20.7 million customers. The **3** Group's customer base includes over 2.5 million mobile broadband access customers, a healthy 305% increase from last year. Sales of the **3** Group's extensive range of mobiles, including **3** Skype phones and the recently launched INQ[1] have been encouraging. The latter won the GSM Association global award for "Best Mobile Handset or Device" for 2009.

Average revenue per active user on a 12-month trailing average active customer basis ("ARPU") overall declined by 16% to €33.50 compared to 2007. This decline reflects reductions in regulated mobile termination and roaming rates in certain markets and the increase in the proportion of mobile broadband customers in the **3** Group's customer base. Although ARPU declined, all operations reported increased gross margin as a percentage of revenues compared to 2007. Overall, total **3** Group revenue increased 1% to HK$60,372 million and LBIT reduced 39% compared to last year, to HK$10,857 million, with all operations achieving improved revenues and reduced LBIT except **3** Italia.

In February 2009, Hutchison Telecommunications (Australia) Limited ("HTAL") announced an agreement to combine its businesses with Vodafone's businesses in Australia. On completion of the transaction, which is subject to shareholders and regulatory approvals, HTAL and Vodafone will each have equal 50% interests in the combined businesses.

Barring any significant adverse market developments or regulatory developments, management expects the **3** Group to achieve a full year breakeven EBIT position in 2009.

Outlook

In 2009, the Group is facing the most challenging environment in recent times with growth slowing in most markets and many of the world's major economies in recession. The financial crisis which originated in the United States has led to global economic activity slowing sharply in the last quarter of 2008 and through January and February of this year and this has already affected Hong Kong. However, with the support of Central Government's initiatives, the Mainland economy has to date maintained healthy domestic demand and the impact of external economic factors affecting Hong Kong should be mitigated to a large extent.

In the current global economic environment, the Group is focused on maintaining strict operational and financial discipline to successfully execute its business strategy. The Group's cash position remains healthy. Looking ahead, although the unprecedented economic environment will have differing adverse effects on the Group's various businesses around the world, overall the Group's established businesses are still expected to continue to perform satisfactorily and the **3** Group to continue to progress. I have full confidence in the long term future prospects of the Group.

I would like to thank the Board of Directors and all employees around the world for their loyalty, hardwork, professionalism and contributions to the Group.

Li Ka-shing
Chairman

Hong Kong, 26 March 2009

Operations Review

Consolidated Operating Results

The Group's activities are focused on five core business divisions – ports and related services; property and hotels; retail; energy and infrastructure, finance and investments, and others; and telecommunications.

Ports and Related Services

Property and Hotels

Retail

**Energy and Infrastructure
Finance and Investments
Other Operations**

Telecommunications

The Group reported total revenue, including the Group's share of associated companies' and jointly controlled entities' revenue, of HK$348,365 million, a 13% increase over 2007. This comprises revenue from the established businesses of HK$287,993 million, a 16% increase and from the **3** Group of HK$60,372 million, a 1% increase. Total earnings before interest expense and other finance costs, taxation and minority interest ("EBIT") grew 19% to HK$44,742 million. EBIT for the Group's established businesses totalled HK$55,599 million, in line with 2007. LBIT of the **3** Group totalled HK$10,857 million, a 39% improvement on 2007. The gain in fair value of investment properties in the first half of the year of HK$824 million (2007 – HK$1,995 million) and the profit on disposal of investments and others totalled HK$6,580 million (2007 – HK$24,638 million).

The profit attributable to shareholders for the year was HK$17,664 million, 42% lower than last year's amount of HK$30,600 million as a result of exceptional profits on disposal in 2007. Excluding for both years, the profit on property revaluation, the profits on disposal of investments and others, and a HK$2,764 million adjustment to deferred tax, the profit attributable to shareholders improved by 429%.

Financial Performance Summary

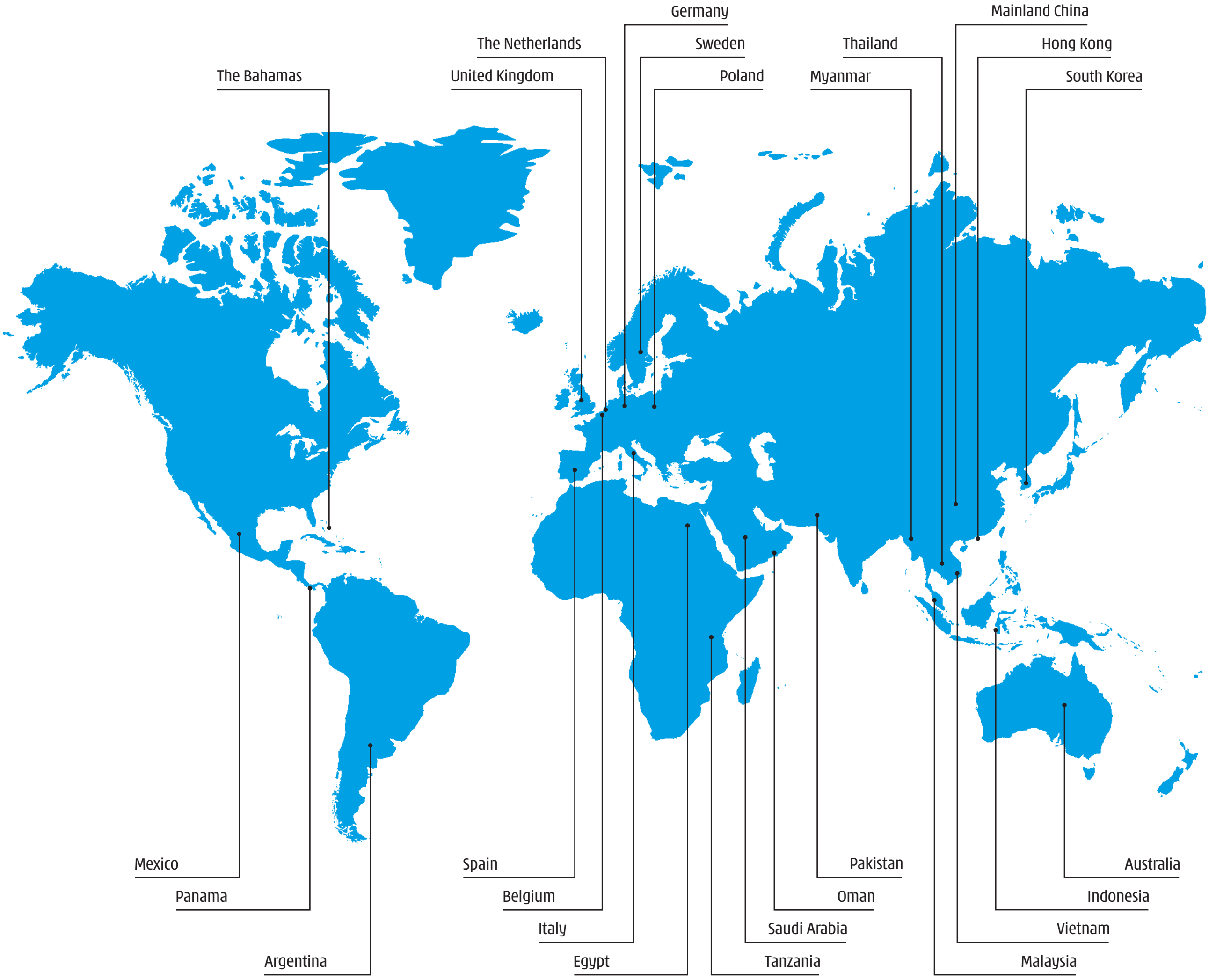
	2008 HK$ millions	2007 HK$ millions	Change
Total revenue[1]			
Ports and related services	**39,594**	37,891	**+ 4%**
Property and hotels	**10,467**	9,551	**+ 10%**
Retail	**118,487**	110,007	**+ 8%**
Cheung Kong Infrastructure	**19,868**	17,251	**+ 15%**
Husky Energy	**63,350**	39,781	**+ 59%**
Finance and Investments	**4,303**	5,511	**- 22%**
Hutchison Telecommunications International	**24,677**	20,779	**+ 19%**
Others	**7,247**	8,095	**- 10%**
3 Group	**60,372**	59,909	**+ 1%**
Total	**348,365**	308,775	**+ 13%**
EBIT[1]			
Established businesses			
Ports and related services	**13,236**	12,849	**+ 3%**
Property and hotels	**8,087**	4,060	**+ 99%**
Retail	**4,374**	3,711	**+ 18%**
Cheung Kong Infrastructure	**7,404**	7,353	**+ 1%**
Husky Energy	**13,316**	10,523	**+ 27%**
Finance and Investments	**6,467**	13,944	**- 54%**
Hutchison Telecommunications International	**3,506**	3,218	**+ 9%**
Others	**(791)**	(93)	**- 751%**
EBIT of established businesses	**55,599**	55,565	**-**
3 Group			
EBITDA before all CACs	**19,337**	18,406	**+ 5%**
Total CACs	**(20,392)**	(17,211)	**- 18%**
Capitalised CACs	**16,935**	11,479	**+ 48%**
Reported EBITDA	**15,880**	12,674	**+ 25%**
Depreciation and amortisation	**(26,737)**	(30,612)	**+ 13%**
LBIT of 3 Group	**(10,857)**	(17,938)	**+ 39%**
TOTAL EBIT BEFORE THE FOLLOWING	**44,742**	37,627	**+ 19%**
Change in fair value of investment properties	**824**	1,995	**- 59%**
Profit on disposal of investments and others	**6,580**	24,638	**- 73%**
TOTAL EBIT	**52,146**	64,260	**- 19%**
Interest expense and other finance costs[1]	**(20,508)**	(22,500)	**+ 9%**
Profit before tax	**31,638**	41,760	**- 24%**
Tax[1]			
Current tax	**(7,330)**	(5,300)	**- 38%**
Deferred tax	**320**	(3,230)	**+ 110%**
Profit after tax	**24,628**	33,230	**- 26%**
Minority interests[1]	**(6,964)**	(2,630)	**- 165%**
Profit attributable to shareholders	**17,664**	30,600	**- 42%**

(1) The above information includes the respective items of the Company and its subsidiary companies, as well as the proportionate share of the respective items of the associated companies and jointly controlled entities. See Note 4 to the accounts.

Ports and Related Services

The Group is one of the world's leading port investors, developers and operators with interests in a total of 49 ports comprising 300 berths in 25 countries. The Group operates container terminals in six of the nine busiest container ports in the world.

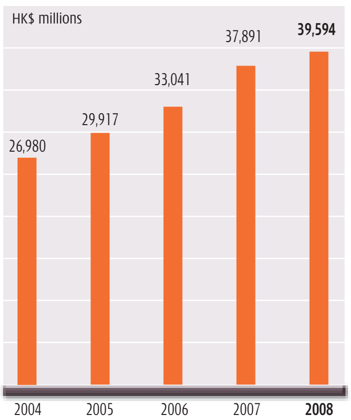
- Total revenue grew 4% to HK$39,594 million.
- EBIT increased 3% to HK$13,236 million.
- Total throughput increased 2% to 67.6 million TEUs.



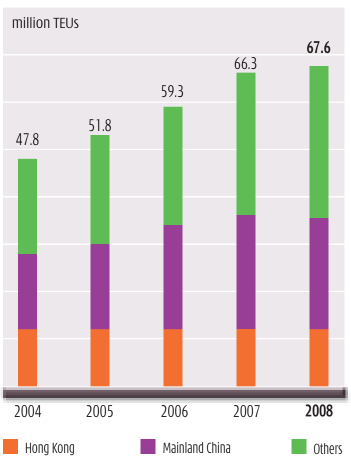
The ports and related services division reported total revenue of HK$39,594 million, a growth of 4%, reflecting a 2% increase in annual throughput to reach 67.6 million TEUs. The throughput increase arose mainly from the existing ports in Westports in Klang, Malaysia; Panama Ports container terminal in Panama; Jakarta port container terminals in Indonesia; International Ports Services ("IPS") in Saudi Arabia; and also from the first full year contribution from the two container facilities of Alexandria International Container Terminals ("AICT") in Egypt, which commenced operations in the first half of 2007, and the first full year contribution from the Phase IA at the port of Lazaro Cardenas in Mexico. This throughput growth was partially offset by declining exports from the Mainland in the latter part of 2008, as well as competition for customers in a slowing global trade environment. EBIT from this division increased 3% to HK$13,236 million, mainly reflecting growth in throughput. This division continues to provide the Group with a steady income stream, contributing 14% and 24% respectively to the Group's total revenue and EBIT from its established businesses.

	2008 HK$ millions	2007 HK$ millions	**Change**
Total Revenue	**39,594**	37,891	**+4%**
EBIT	**13,236**	12,849	**+3%**

Total Revenue



Total Container Throughput



Hong Kong and Yantian

The Group's Hong Kong and Yantian deep-water port operations serve the Shenzhen and Southern China manufacturing basin. Combined throughput in these operations decreased 2% and EBIT was 8% lower than last year, reflecting reduced export volumes in the fourth quarter to the United States and Europe as these economies and consumer demand slowed significantly.

Yantian ports include Yantian International Container Terminals Phases I to III and Shenzhen Yantian West Port Terminals ("Yantian West Port"). Throughput and EBIT were 3% and 9% below last year respectively, mainly due to declining exports to the United States and the demand-driven slowdown of manufacturing activities in Southern China in the fourth quarter of the year. The Yantian Port Phase III expansion project comprises six deep-water container berths adjacent to the Group's existing facilities. The first four berths have commenced operations and the remaining two berths are expected to be completed in stages by 2010. In August, this division obtained approval on the Phase II expansion project for Yantian West Port, which will comprise three container berths with a total quay length of 1,142 metres upon completion. In December, the division signed a Heads of Agreement for the joint construction and development of the Shenzhen Yantian East Port Phase I Container Terminal Project to develop over time a total area of 138.56 hectares with a total quay length of 1,442 metres comprising four deep-water berths.

● The quayside and yard operations of Hongkong International Terminals.

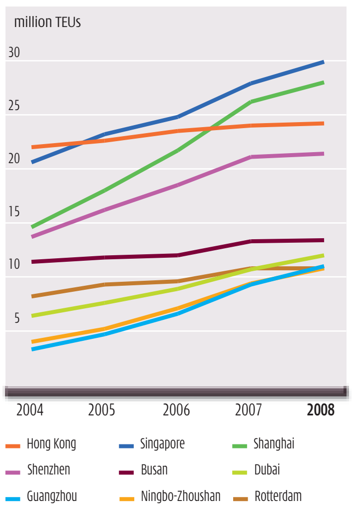
Name	Location	Ports Division's Interest	2008 Throughput
			(thousand TEUs)
Yantian International Container Terminals / Yantian International Container Terminals (Phase III) / Shenzhen Yantian West Port Terminals	Yantian, Mainland China	48% / 42.74% / 42.74%	9,684
Hongkong International Terminals / COSCO-HIT Terminals	Kwai Tsing, Hong Kong	66.5% / 33.25%	9,092 (Note)
River Trade Terminal	Tuen Mun, Hong Kong	50%	2,055

Note: The published statistics from the Hong Kong Marine Department for the total of local and transshipment throughput incorporate liftings to or from oceangoing vessels and containers received from or delivered to ports located within the river trade zone (as defined by the Hong Kong Marine Department) by water-borne traffic. The published statistics are not directly comparable to throughput figures of HIT and COSCO-HIT shown in the above table, which exclude this water-borne traffic, in order to be consistent with the treatment of containers transported to or from locations within the river trade zone by trucks.

In Hong Kong, Hongkong International Terminals ("HIT") operates Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing and COSCO-HIT Terminals ("COSCO-HIT"), a joint venture company, operates Terminal 8 East. Combined throughput at HIT and COSCO-HIT increased 1%, mainly due to an increase in transshipment activities. EBIT was 8% below last year, mainly due to continued tariff pressure from increased capacity in the region.

Other operations in Hong Kong include the midstream and river trade businesses. River Trade Terminal ("RTT"), a 50% owned joint venture that principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, reported 6% lower throughput than last year.

Comparison of Throughput at World's Busiest Container Ports



Operations Review – Ports and Related Services

Europe

Name	Location	Ports Division's Interest	2008 Throughput
			(thousand TEUs)
Europe Container Terminals	The Netherlands	93.5%	6,316
Hutchison Ports (UK) - Felixstowe / Harwich / London Thamesport	UK	100% / 100% / 80%	3,811
Terminal Catalunya	Spain	70%	1,082
Gdynia Container Terminal	Poland	99.15%	167
Amsterdam Container Terminals	The Netherlands	70.08%	N/A
Taranto Container Terminal	Italy	50%	N/A

● Amsterdam Container Terminals is one of the latest additions to HPH's presence in Europe.

The European port operations include Europe Container Terminals ("ECT") in the Netherlands, the UK ports, Terminal Catalunya ("TERCAT") in Spain, Gdynia Container Terminal ("GCT") in Poland and the Group's recently acquired interests in Amsterdam, the Netherlands and Taranto, Italy. All European ports reported improved EBIT compared to last year.

ECT, principally operating in Rotterdam, the Netherlands, reported throughput growth of 2%. EBIT increased by 21% from last year, mainly driven by increased throughput and tariffs, and also due to favourable foreign currency translation into the Group's reporting currency. In local currency, EBIT increased by 14%.

The Group's UK port operations, consisting of Felixstowe, Harwich and London Thamesport, reported a combined throughput decrease of 1% compared to last year, partly affected by the bad weather in the UK in the first few months of 2008. EBIT was 1% higher, mainly due to higher tariffs and cost control, offset by unfavourable foreign currency translation into the Group's reporting currency. In local currency, EBIT increased by 10%. In May, the construction work of Phase 1 of the Felixstowe South Reconfiguration scheme for an additional deep-water container terminal facility commenced.

TERCAT, a four-berth container terminal in Barcelona, reported throughput in line with last year. EBIT increased by 44% from last year, mainly due to higher tariffs and favourable foreign currency translation into the Group's reporting currency. In local currency, EBIT increased by 34%.

GCT at the Port of Gdynia in Poland continued to perform satisfactorily, reporting throughput growth of 45% and an increase in EBIT of 281% from last year.

In December, the division acquired a 70% interest in Amsterdam Container Terminals ("ACT"), which is based in Amsterdam, the Netherlands and a joint-ownership of Taranto Container Terminal ("TCTI") in Italy, in separate share-swap arrangements for minority equity interests in certain of this division's existing European ports. ACT is an existing three-berth container terminal with a combined quay length of 1,015 metres. TCTI is an existing container terminal with a total quay length of 2,050 metres and a land area of 102 hectares. As mentioned earlier, the Group recognised a gain on disposal of HK$2,037 million from these share for share exchange transactions. In December, the division signed a concession agreement jointly with the Ports of Stockholm that grants the division the right to operate the existing Container Terminal Frihamnen in Stockholm, Sweden from March 2009. In addition, the division was granted a 25-year concession to operate a new container terminal at the Port of Nynäshamn, Norvikudden, Sweden.

The Mainland

Name	Ports Division's Interest	2008 Throughput
		(thousand TEUs)
Shanghai Container Terminals / Shanghai Mingdong Container Terminals (Waigaoqiao Phase V) / Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	37% / 50% / 30%	9,453
Ningbo Beilun International Container Terminals	49%	1,949
Pearl River Delta Ports in Southern China – Jiuzhou, Nanhai, Gaolan and Jiangmen / Shantou International Container Terminals	50% / 70%	1,222
Xiamen International Container Terminals / Xiamen Haicang International Container Terminals	49%	968
Huizhou Port Industrial Corporation	33.59%	73

These operations include interests in three Shanghai area ports, Ningbo, Jiuzhou, Nanhai, Gaolan, Jiangmen, Shantou, Xiamen and Huizhou.

Although the ports in Shanghai experienced an overall slower volume growth as compared to previous years, Shanghai continued to be the second busiest port in the world in terms of throughput handling. The combined throughput of the division's Shanghai area ports decreased 2% but EBIT increased 11% compared to last year, mainly due to an increase in tariffs.

In Ningbo, Ningbo Beilun International Container Terminals reported a 1% decrease in throughput but an EBIT increase of 9% compared to last year, mainly from tariff increases.

Hutchison Delta Ports' operations include six joint venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Shantou and Xiamen. Combined container throughput and general cargo handling throughput decreased 7% and 2% respectively. In particular, the container throughput in Xiamen decreased by 17%. The combined EBIT decreased 7% compared to last year, mainly due to increased capacity and competition in the region. The Phase II development at Gaolan, Zhuhai, which comprises two 50,000-tonne container berths with a total quay length of 824 metres and a depth alongside of 15.8 metres, commenced trial operations in December. This new facility is expected to be fully operational in the second half of 2009.

In Huizhou, the construction of two 50,000-tonne container berths by Huizhou Quanwan International Container Terminals commenced in the first quarter this year. This facility will have a total berth length of 800 metres, an area of 60 hectares, and a depth alongside and approaching channel of 15.2 metres upon completion.

- Phase III of Yantian International Container Terminals in Shenzhen, China is awarded the Tien-Yow Jeme Prize, one of China's highest awards for civil engineering and construction.

North & South Asia and Australia

Name	Location	Ports Division's Interest	2008 Throughput
			(thousand TEUs)
Westports Malaysia	Malaysia	31.5%	4,631
Hutchison Korea Terminals / Korea International Terminals	South Korea	100% / 88.9%	3,236
Jakarta International Container Terminal / Koja Container Terminal	Indonesia	51% / 44.7%	2,701
Hutchison Laemchabang Terminal / Thai Laemchabang Terminal / Laemchabang International Ro-Ro Terminal	Thailand	80% / 87.5% / 80%	1,122
Karachi International Container Terminal	Pakistan	100%	658
Karachi New Port Container Terminals	Pakistan	90%	N/A
Saigon International Terminals Vietnam	Vietnam	70%	N/A
Brisbane Container Terminals	Australia	100%	N/A

● The quayside operations at Karachi International Container Terminal.

The quayside and yard operations at Westports Malaysia.

These operations comprise container terminals in Westports in Klang, Malaysia; Busan and Gwangyang in South Korea; Jakarta in Indonesia; Laemchabang in Thailand; Karachi in Pakistan and the new developments in Pakistan, Vietnam and Australia.

In Malaysia, Westports in Klang reported throughput growth of 16% and EBIT increased 24% compared to last year, mainly due to higher throughput.

In South Korea, the Group's operations in Busan and Gwangyang continued to face strong competition. Combined throughput and EBIT decreased 5% and 77% respectively compared to last year.

In Indonesia, Jakarta International Container Terminal and the adjacent Koja Container Terminal reported a combined throughput and EBIT growth of 7% and 13% respectively.

In Thailand, the Laemchabang container terminals and ro-ro facility reported combined throughput 2% below last year. EBIT increased 14%, mainly due to increased tariffs.

In Pakistan, Karachi International Container Terminal reported 16% higher throughput compared to last year. EBIT increased 30%, mainly due to increased throughput. Phase III extension will commence commercial operation in 2009, which will provide additional capacity.

The development of new concessions in Pakistan, Vietnam and Australia is in progress in accordance with demand and market conditions.

Panama Ports Company – Port of Cristobal.

The Americas and The Caribbean

Name	Location	Ports Division's Interest	2008 Throughput
			(thousand TEUs)
Panama Ports Company	Panama	90%	2,417
Freeport Container Port	The Bahamas	51%	1,698
Internacional de Contenedores Asociados de Veracruz / L. C. Terminal Portuaria de Contenedores / Ensenada International Terminal	Mexico	100%	1,499
Buenos Aires Container Terminal Services	Argentina	100%	395

These operations comprise container terminals in Balboa and Cristobal in Panama; Freeport in the Bahamas; Veracruz, Lazaro Cardenas and Ensenada in Mexico; as well as in Buenos Aires, Argentina.

In Panama, the Group operates the ports of Balboa and Cristobal located near both ends of the Panama Canal. The combined throughput of this transshipment hub increased 21% and EBIT was 36% above last year. Further expansion and facilities upgrades at Balboa and Cristobal are underway to meet additional demand.

Freeport Container Port, on Grand Bahama Island, reported throughput growth of 4% although EBIT decreased by 8%, mainly due to higher operating costs incurred to ease congestion at peak times. The expansion project to relieve this congestion is progressing satisfactorily.

The Group's ports operations in Mexico achieved improved overall results, reporting combined throughput and EBIT growth of 14% and 12% on last year respectively, including a full year contribution from the Port of Lazaro Cardenas following the opening of Phase IA in November 2007. The other phases of this terminal will be completed according to demand.

Middle East and Africa

Name	Location	Ports Division's Interest	2008 Throughput
			(thousand TEUs)
International Ports Services	Saudi Arabia	51%	1,264
Alexandria International Container Terminals	Egypt	50%	381
Tanzania International Container Terminal Services	Tanzania	70%	357
Oman International Container Terminal	Oman	65%	59

These operations comprise container terminals in Dammam in Saudi Arabia, Alexandria and El Dekheila in Egypt, Dar es Salaam in Tanzania and Sohar in Oman.

In Saudi Arabia, IPS reported throughput and EBIT growth of 16% and 5% respectively.

In Egypt, the container handling operations at Alexandria and El Dekheila terminals contributed their first full year throughput and EBIT to the division in 2008 following the completion of the conversion from general cargo facilities to container terminals in the first half of 2007. In December, the division acquired an additional interest in AICT from one of its joint venture partners, increasing its shareholding from 38% to 50%.

Tanzania International Container Terminal Services reported throughput growth of 4%, although EBIT was 49% lower than last year, mainly due to higher operating costs in relation to certain new local regulations imposed during the year.

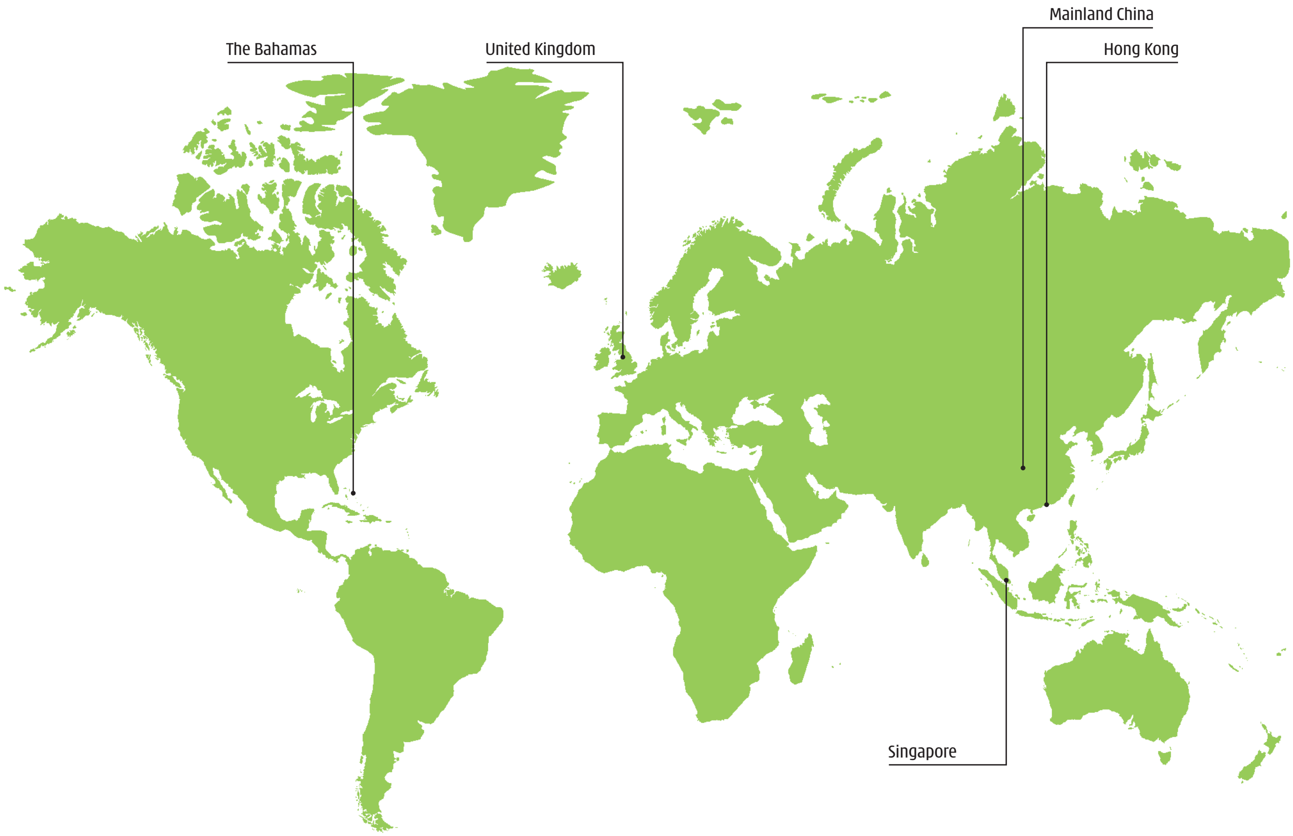
Oman International Container Terminal is being developed on a greenfield site in the Port of Sohar, and its first berth commenced operations in 2007. This facility recorded throughput growth and reduced losses in 2008.

International Ports Services in Dammam, Saudi Arabia.

Property and Hotels

The Group's property activities comprise an investment portfolio of approximately 15.5 million square feet of office, commercial, industrial and residential premises that provide steady, recurrent rental income. This division also includes interests in joint ventures for the development of high quality, mainly residential projects, primarily in the Mainland and selectively overseas. In addition, the Group has ownership interests in a portfolio of 12 premium quality hotels.

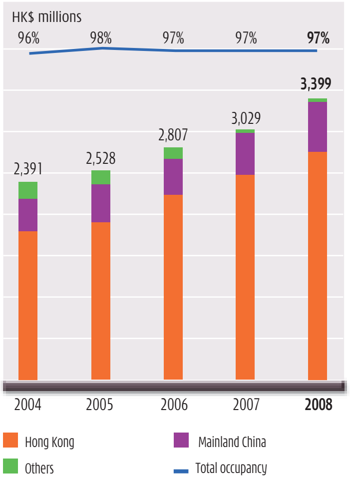
- Total revenue increased 10% to HK$10,467 million.
- EBIT rose to HK$8,087 million, a 99% increase over last year.
- Gross rental income grew 12% to HK$3,399 million.



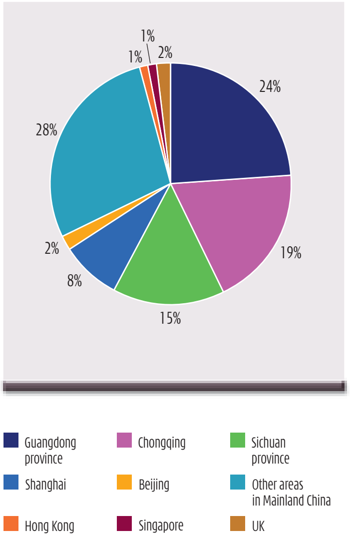
Total revenue of the property and hotels division for 2008 was HK$10,467 million, an increase of 10%, and EBIT was HK$8,087 million, 99% above 2007. This division contributed 4% and 15% respectively to the total revenue and EBIT from the Group's established businesses. The EBIT of this division in 2008 included a profit before taxation of HK$2,141 million arising from the disposal of an investment property. In addition to the EBIT above, the Group recorded in the first half of the year a gain on the change in fair value of investment properties of HK$824 million (2007 – HK$1,995 million).

	2008 HK$ millions	2007 HK$ millions	**Change**
Total Revenue	**10,467**	9,551	**+10%**
EBIT	**8,087**	4,060	**+99%**

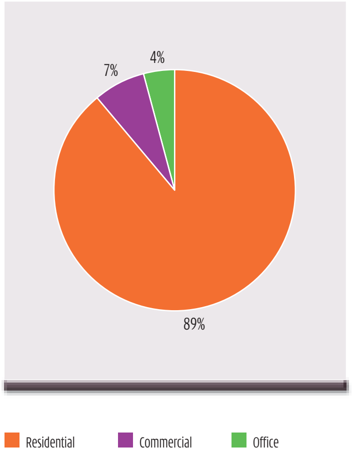
Total Gross Rental Income by Geographical Location and Occupancy Rate



Gross Floor Area of Development Projects by Geographical Location



Gross Floor Area of Development Projects by Property Types



Defining a new concept of luxury apartments, Caribbean Coast in Hong Kong is surrounded by natural scenery and possesses an enchanting seaview.

Hong Kong

Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent	Group's Interest	Leased
		(thousand sq ft)		
Cheung Kong Center	Office	1,263	100%	99%
Harbourfront Office Towers I and II	Office	863	100%	94%
Hutchison House	Office	504	100%	99%
Aon China Building	Office	259	100%	96%
Whampoa Garden	Commercial	1,714	100%	100%
Aberdeen Centre	Commercial	345	100%	99%
Hutchison Logistics Centre	Industrial	4,705	88%	100%

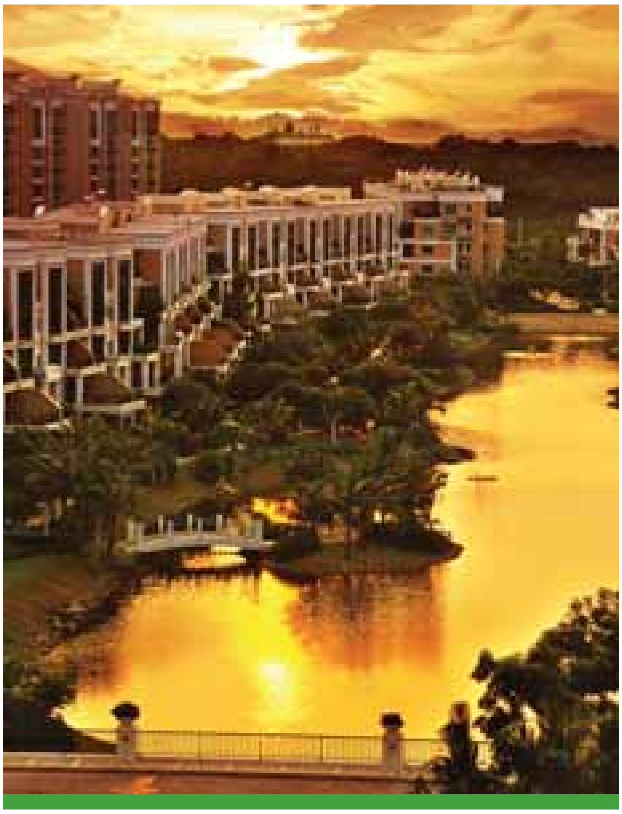
The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.6 million square feet (2007 – 12.7 million square feet) of office (27%), commercial (23%), industrial (49%) and residential (1%) properties, continues to provide a steady flow of recurrent income. Gross rental income of HK$2,757 million, including the Group's share of associated companies' and jointly controlled entities' rental income, was 11% above last year, reflecting higher lease renewal rates in 2008. All of the Group's premises remain substantially let.

The Mainland and Overseas

Major rental properties in the Mainland

Name	Location	Property Type	Total Gross Floor Area for Rent	Group's Interest	Leased
			(thousand sq ft)		
Oriental Plaza	Beijing	Office, serviced apartments & commercial	5,553	18%	89%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	97%
Seasons Villas	Shanghai	Residential	1,151	50%	74%
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	98%

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 9.6 million square feet, of which the Group's share is 2.9 million square feet (2007 – 2.8 million square feet). The Group's share of gross rental income of HK$642 million was 16% above last year.



Nestled in Tangjiawan, Zhuhai, Horizon Cove enjoys both a splendid seaview and lush greenery.

Property Sales and Properties under Development

During the year, profits were recorded primarily from the sale of units in joint venture residential development projects in the Mainland, mainly at the Maison des Artistes and Regency Park developments in Shanghai. The profit in 2008 was 307% higher than 2007 due to higher sales activities.

In 2008, the Group increased its landbank in the Mainland and Singapore by entering into joint ventures to develop primarily residential property with a total developed gross floor area of approximately 13 million square feet, of which the Group's share is six million square feet. Including these recent additions, the Group's current attributable landbank (including interest held directly and its share of interests held by joint ventures, associates and jointly-controlled entities) totals approximately 103 million square feet, of which 96% is in the Mainland, 3% in the UK and overseas, and 1% in Hong Kong. This landbank comprises 45 projects in 20 different cities and is expected to be developed in a phased manner over several years to provide satisfactory returns and development profits to the Group. In 2009, the division will focus primarily on the orderly development of its existing landbank in the Mainland market, which is starting to show signs of stabilisation.

Hong Kong

Major Hong Kong properties under development

Name	Location	Property Type	Total Gross Floor Area	Group's Interest	Expected Completion Date
			(thousand sq ft)		
Hung Shui Kiu	Yuen Long	Residential	537	50%	2010

● Beverly Hills is a luxurious villa compound in Chongqing, featuring a North American design.

Caribbean Coast Phase V was completed during 2008. Planning for a residential development in Hung Shui Kiu continues to progress, with completion scheduled for 2010.

The Mainland

Major properties in the Mainland under development

Name	Location	Property Type	Total Gross Floor Area	Group's Interest	Expected Completion Date
			(thousand sq ft)		
The Riverside and Metropolitan Plaza	Guangzhou	Residential & commercial	2,603	50%	2009
Metropolitan	Tianjin	Residential & commercial	2,742	40%	2010
Huaqiangbei	Shenzhen	Residential & commercial	1,933	40%	2010
Regency Park	Shenzhen	Residential	1,696	50%	2010
Regency Park	Shanghai	Residential, commercial & hotel	241	50%	2010
Le Sommet	Shenzhen	Residential & commercial	3,131	50%	2011
Noble Hills, Guanlan	Shenzhen	Residential & commercial	1,562	50%	2011
Regency Residence	Changchun	Residential & commercial	2,941	50%	2011
Century Avenue	Shanghai	Commercial & hotel	2,351	25%	2011
Lujiazui	Shanghai	Commercial	861	50%	2011

The Mainland (continued)

Major properties in the Mainland under development (continued)

Name	Location	Property Type	Total Gross Floor Area	Group's Interest	Expected Completion Date
			(thousand sq ft)		
Xin Zha Road	Shanghai	Commercial	623	30%	2011
Maqiao	Shanghai	Residential	477	43%	2011
Shisanling	Beijing	Residential	861	50%	2011
The Greenwich	Xian	Residential & commercial	11,315	50%	2012
Noble Hills	Changsha	Residential & commercial	6,989	50%	2012
Regency Oasis	Chengdu	Residential & commercial	5,276	50%	2012
Noble Hills	Chongqing	Residential & commercial	4,418	50%	2012
Cape Coral, Nanan	Chongqing	Residential & commercial	4,079	48%	2012
Regency Park	Changchun	Residential & commercial	4,315	50%	2012
Zhoupu	Shanghai	Residential & commercial	3,653	43%	2012
Cape Coral, Panyu Dashi	Guangzhou	Residential & commercial	3,475	50%	2012
The Greenwich	Beijing	Residential	2,575	50%	2012
Tianning	Changzhou	Residential	2,394	50%	2012
International Toys and Gifts Center	Guangzhou	Commercial	1,844	30%	2012
Zengcheng	Guangzhou	Residential & commercial	3,573	50%	2013
Jinkeng Village, Luogang District	Guangzhou	Residential & commercial	2,496	40%	2013
Daya Bay, Aotou	Huizhou	Residential	2,570	50%	2013
Laopu Pian	Wuhan	Residential & commercial	1,729	50%	2013
Hualou Jie	Wuhan	Residential & commercial	3,947	50%	2014
Le Parc	Chengdu	Residential & commercial	25,624	50%	2015
Laguna Verona	Dongguan	Residential & commercial	18,909	50%	2015
Caidian	Wuhan	Residential, commercial & hotel	16,134	50%	2016
Putuo	Shanghai	Residential, commercial & hotel	7,750	38%	2016
Qiao Island	Zhuhai	Residential	2,540	50%	2016
Xiao Gang Wan	Qingdao	Residential & commercial	9,900	45%	2017
Yin Hu Wan	Jiangmen	Residential, commercial & hotel	4,518	45%	2017
Yangjiashan	Chongqing	Residential & commercial	33,258	48%	2021

In the Mainland, the Maison des Artistes development and Phase 7 of the Regency Park development in Shanghai, Phase II of The Riverside development in Guangzhou, and Phase IV of the Horizon Cove project in Zhuhai were completed during the year. Despite the relatively slower market, 66% of the residential units in Phases 3C and 3D of Maison des Artistes have already been sold. Pre-sale activities for Phase IA of Chongqing Cape Coral, Phase I of Shenzhen Le Sommet and Phase IB of Xian The Greenwich have commenced with 47%, 29% and 70% of the units presold respectively. The other properties under development in the Mainland are progressing satisfactorily.

Overseas

Major overseas properties under development

Name	Location	Property Type	Total Gross Floor Area	Group's Interest	Completion Date
			(thousand sq ft)		
Singapore					
Marina Bay	Singapore	Residential & commercial	4,715	17%	2012
West Coast Cresent	Singapore	Residential	362	50%	2013
UK					
Lots Road and Chelsea Harbour	London	Residential & commercial	849	48%	2013
Convoys Wharf	London	Residential & commercial	3,334	50%	2018

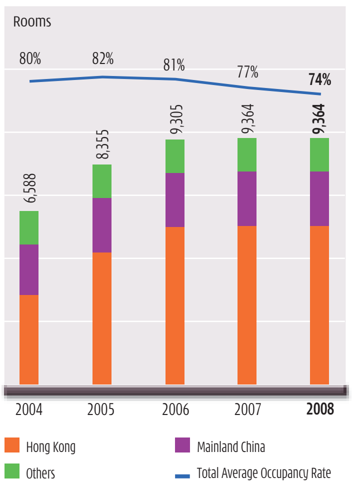
The properties development projects in Singapore and the UK are progressing satisfactorily.

Hotels

The Group has ownership interests in 12 hotels in Hong Kong, the Mainland and the Bahamas, of which eight are managed through its 50% owned hotel management joint venture. In 2008, the hotels division recorded a reduction in revenue and EBIT of 3% and 8% respectively compared to 2007, due primarily to lower results from The Westin and Sheraton at Our Lucaya in the Bahamas which continues to be directly affected by the economic recession in the US.

● Grand Hyatt Beijing Hotel features a 55-metre resort-style indoor swimming pool with a virtual sky.

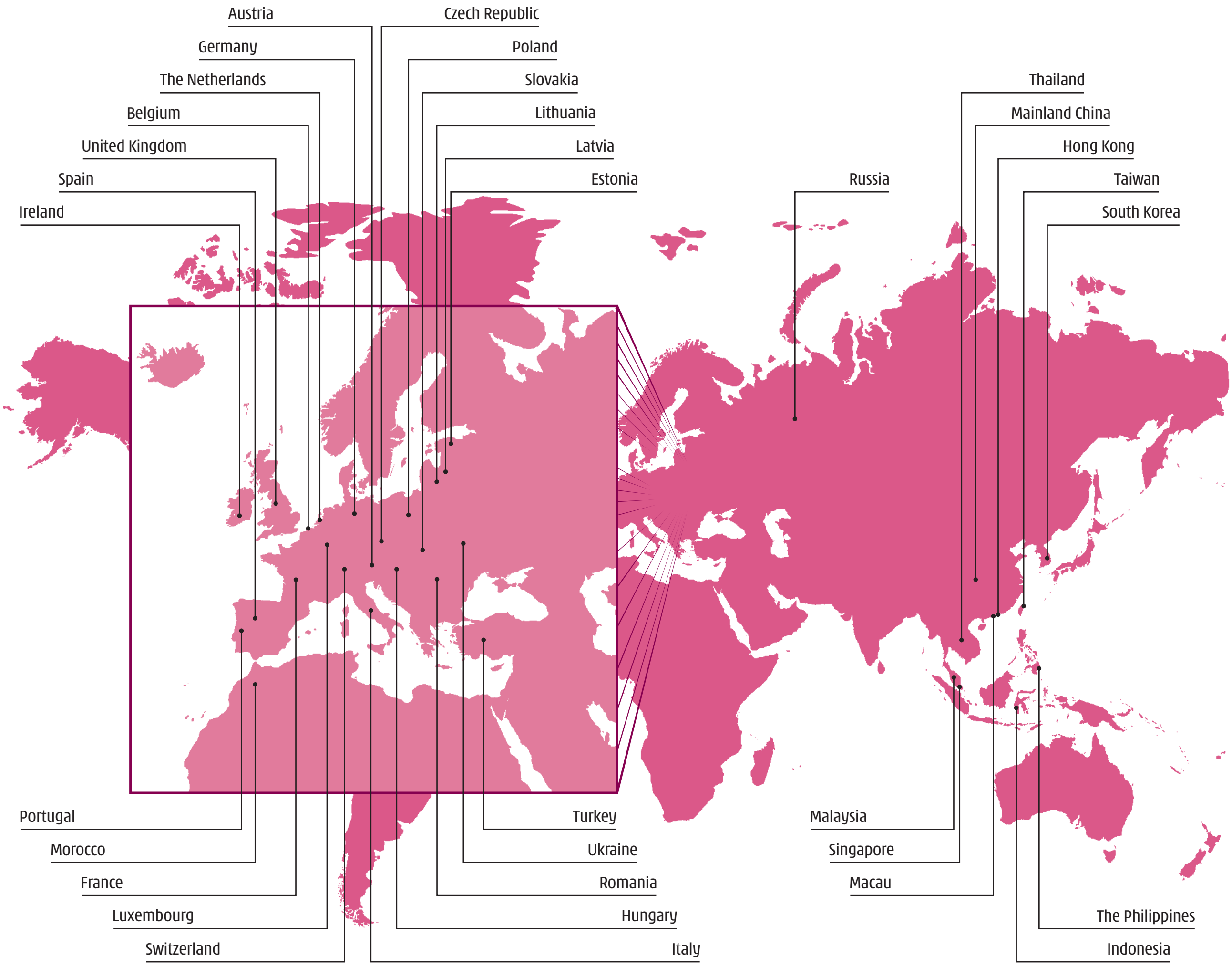
Average Actual Room Inventory by Geographical Location and Occupancy Rate



Retail

The retail division consists of the A S Watson group of companies, the world's largest health and beauty retailer in terms of store number. A S Watson currently operates 12 retail brands in Europe and nine retail brands in Asia, with more than 8,300 stores in 34 markets worldwide, providing high quality personal care, health and beauty products; luxury perfumery and cosmetic products; food and fine wine; as well as consumer electronics and electrical appliances. A S Watson also manufactures and distributes various bottled waters and other beverages in Hong Kong and the Mainland.

- Total revenue grew 8% to HK$118,487 million.
- EBIT improved 18% to HK$4,374 million.
- Most of the significant retail operations reported improved results.

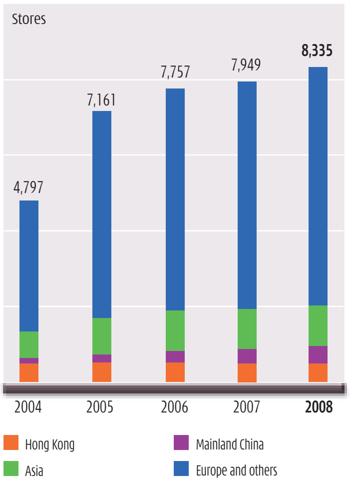


The Group's retail businesses are managed under four principal operating divisions: Health and Beauty; Luxury Perfumeries and Cosmetics; Retail Hong Kong; and Manufacturing.

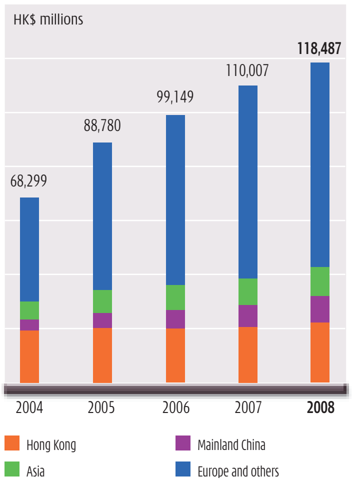
Although consumer spending was adversely affected in certain markets by the worsening economy in the fourth quarter of 2008, full year total revenue for the retail division was HK$118,487 million, an increase of 8% compared to last year. EBIT of HK$4,374 million was 18% above last year, primarily driven by sales growth together with the continuing focus to streamline operations to improve efficiency and profitability, to reduce inventory levels and increase centralised purchasing. The major contributors to sales and EBIT growth include the retail operations in Hong Kong, the health and beauty operations in the Asian and the Benelux countries, the joint ventures with Rossmann in Eastern Europe and Germany, partially offset by lower results from the UK. The retail division contributed 41% and 8% respectively to the total revenue and EBIT of the Group's established businesses.

	2008 HK$ millions	2007 HK$ millions	**Change**
Total Revenue	**118,487**	110,007	**+8%**
EBIT	**4,374**	3,711	**+18%**

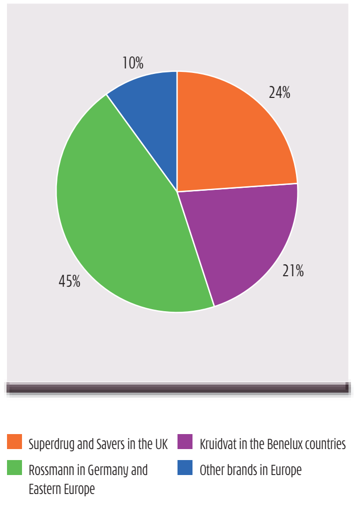
Total Number of Retail Stores by Geographical Location



Total Revenue by Geographical Location



Number of Retail Stores by Brands of Health and Beauty Europe Division at the end of December 2008



This latest PARKnSHOP Superstore at Tsuen Wan Discovery Park offers a comprehensive range of fresh and ambient products for customers, giving them an enjoyable one-stop shopping environment for their daily needs.

Health and Beauty

The health and beauty retail chain stores consist of Superdrug and Savers in the UK; Kruidvat and Trekpleister in the Benelux countries; Rossmann in Poland, Germany, Hungary and the Czech Republic; Drogas in the Baltic States; Watsons in Asia and certain Eastern European countries; and Nuance-Watson in the Hong Kong and Singapore international airports. The health and beauty division's total revenue and EBIT increased 10% and 21% respectively.

The health and beauty businesses in the UK and Europe reported a combined revenue that was 8% above last year, mainly due to the expansion of the joint ventures with Rossmann in Poland, Germany, Hungary and the Czech Republic, the revenue growth of Kruidvat in the Benelux countries, and the continued development of the operations in Eastern Europe, particularly in Ukraine and Russia. The improvement in EBIT compared to last year was mainly due to better results from the Rossmann joint ventures, as well as the operations in the Benelux countries and Eastern Europe, partially offset by weaker performances from the UK businesses. The Superdrug and Savers businesses in the UK are currently operating in a very challenging business environment which has seen the demise of several high profile retailers. The focus continues to be on improving operational efficiency. This approach, combined with strong price positioning, has already enabled Savers to significantly improve its results and report good growth, although Superdrug reported lower revenue and results. Expansion of the division's joint ventures with Rossmann in Germany and Eastern Europe continued with 198 new stores opened during 2008. These operations have performed well and reported 30% and 45% growth in revenue and EBIT respectively. In the Benelux countries, Kruidvat maintained its market leading position in the health and beauty retail sector and the Benelux businesses reported overall revenue growth of 12%, with a 24% improvement in EBIT. The health and beauty European division currently has more than 4,600 retail outlets in 13 markets.

In Asia, the health and beauty business under the Watsons brand name continues to be the leading retail chain with strong brand name recognition and extensive geographical coverage, particularly in the Mainland. All operations reported strong revenue growth during 2008. Combined revenue grew by 16% compared to last year, with EBIT growth of 33%, mainly due to increased contributions from the Mainland, partially offset by weaker performances from the retail concessions at the Hong Kong International Airport and the Singapore Changi Airport, which are operated by Nuance-Watson, a 50% owned joint venture. There are currently more than 1,400 Watsons stores operating in eight markets in Asia, excluding Hong Kong and Macau.

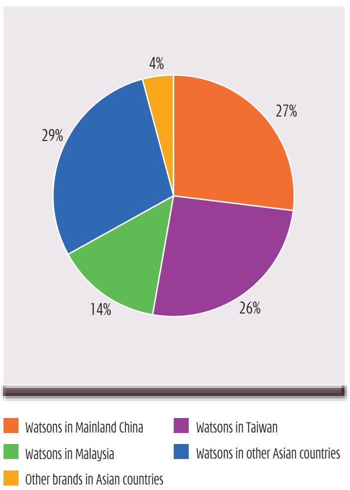
The Perfume Shop's new concept store at Trafford Shopping Centre in Manchester, the UK.

Luxury Perfumeries and Cosmetics

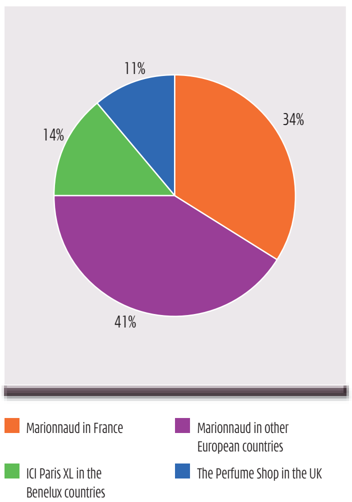
The luxury perfumeries and cosmetics division comprises the three Europe-based luxury perfumeries and cosmetics retail chains, Marionnaud, The Perfume Shop and ICI Paris XL. Combined revenue and EBIT increased 1% and 2% respectively over last year.

In Europe, Marionnaud reported a combined revenue and EBIT growth of 1% and 11% respectively. EBIT increased mainly due to improvements in operational efficiency in Marionnaud France and the continued improvement in the results of Marionnaud Austria, partially offset by the weaker performance of Marionnaud Spain that has been adversely affected by the ailing local economy. The Perfume Shop, a specialty perfumery store concept in the UK, reported a decline in EBIT due to the economic downturn and unfavourable foreign currency translation. In local currency, sales increased 4% and EBIT declined 11%. In the Benelux countries, ICI Paris XL reported strong revenue and EBIT growth of 10% and 23% respectively. There are currently over 1,600 stores in 17 markets in this division.

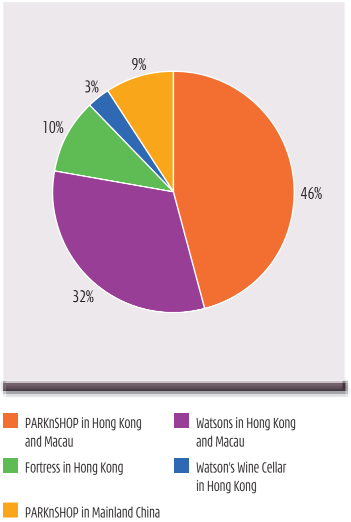
Number of Retail Stores by Brands of Health and Beauty Asia Division at the end of December 2008



Number of Retail Stores by Brands of Luxury Perfumeries and Cosmetics Division at the end of December 2008



Number of Retail Stores by Brands of Retail Hong Kong Division at the end of December 2008



Retail Hong Kong

The Retail Hong Kong division consists of leading retail concepts in Hong Kong, being PARKnSHOP supermarkets, Watsons health and beauty personal care stores, Fortress consumer electronics and electrical appliances retail chain and Watson's Wine Cellar stores, as well as PARKnSHOP in the Mainland and the fine wine trading business. This division, which currently operates 498 retail outlets, reported a total revenue growth of 8% and an EBIT improvement of 118%.

Although Hong Kong's economy started contracting in the second quarter of 2008 and slipped into recession in the third quarter, most business units in this division achieved overall healthy growth in revenue and EBIT. Despite competitive pressures and increasing rental rates and other operating costs, PARKnSHOP in Hong Kong continued to maintain a leading market share in the supermarket sector and reported growth in both revenue and EBIT during the year. Watsons reported better revenue and EBIT compared to last year through improved efficiency and strengthening of product mix and differentiation. Fortress reported increased revenue and EBIT through improvements in product offerings. Watson's Wine Cellar reported growth in both revenue and EBIT, benefitting from the abolition of wine duty earlier in the year.

In the Mainland, the PARKnSHOP operations reported revenue in line with 2007. Despite sales and margin pressure from fierce competition from both local supermarkets as well as foreign hypermarket retailers, the business reported EBIT growth in 2008 through continued focus on cost rationalisation plans and better inventory management.

Manufacturing

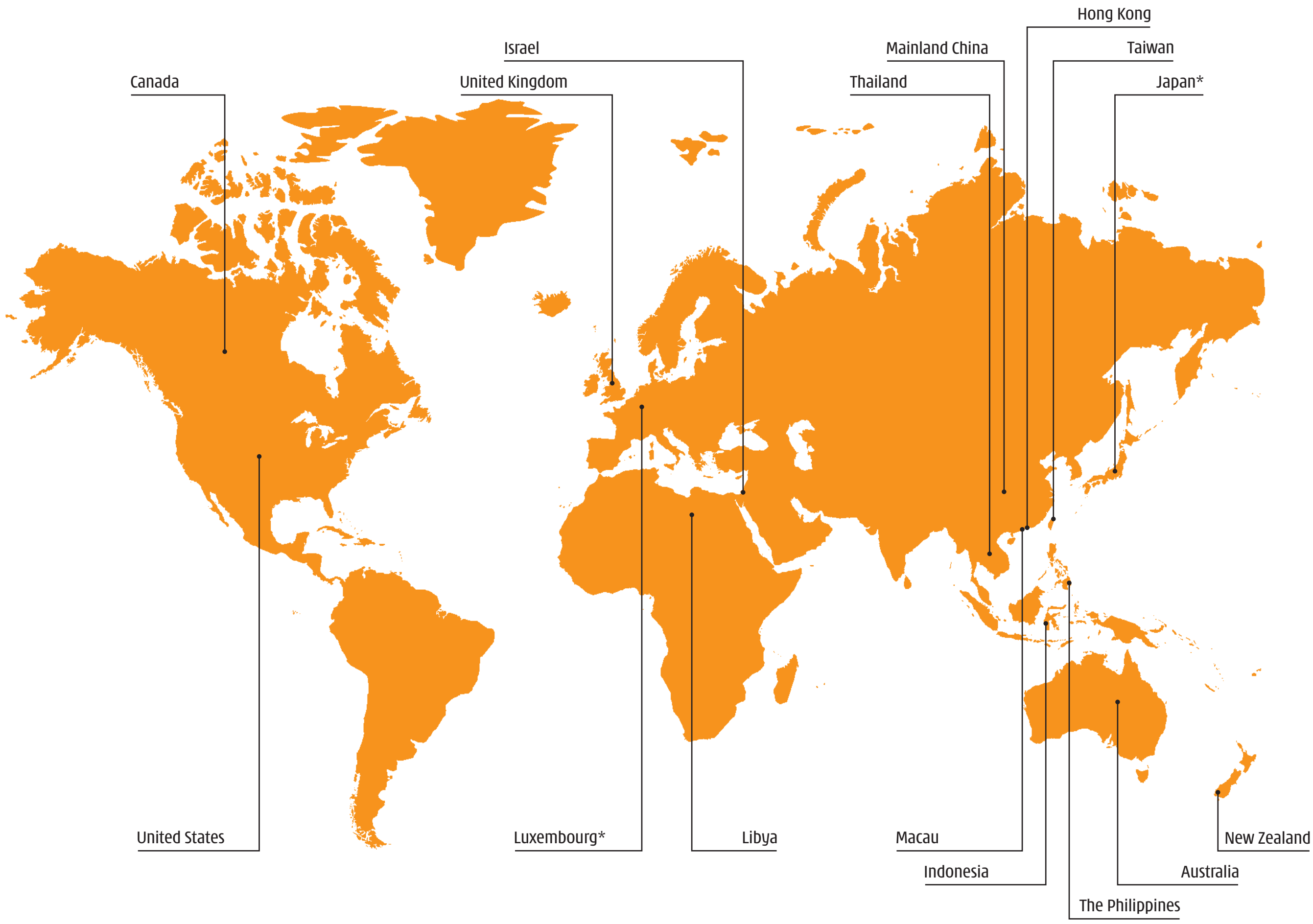
The manufacturing division manufactures and distributes well-known brands of bottled waters, fruit juices and soft drinks in Hong Kong and the Mainland. The division reported 5% revenue growth and a 33% increase in EBIT compared to last year, primarily driven by the operations in the Mainland.

● FORTRESS, the largest consumer electronic and electrical appliances chain store in Hong Kong, unveils its new store format at Festival Walk.

Energy and Infrastructure Finance and Investments Other Operations

The energy and infrastructure division includes the Group's 84.58% interest in Cheung Kong Infrastructure ("CKI"), a leading investor in the infrastructure sectors in Hong Kong, the Mainland, Australia, New Zealand, the UK, Canada and the Philippines, and the Group's 34.57% interest in Husky Energy Inc. ("Husky"), one of Canada's largest integrated energy and energy related companies. Also reported in this division are the results from the finance and investments treasury operations and certain other businesses.

- Total combined revenue for the energy and infrastructure division increased 46% to HK$83,218 million.
- CKI recorded a turnover of HK$7,486 million, 27% above last year.
- Husky announced sales and operating revenue of C$24,701 million, 59% above last year.



* Finance & Investments and others

Operations Review – Energy and Infrastructure

Total combined revenue for the energy and infrastructure division for 2008 totalled HK$83,218 million, 46% higher than 2007, mainly due to the increase in the Group's share of revenue from Husky. EBIT totalled HK$20,720 million, a 16% increase.

	2008 HK$ millions	2007 HK$ millions	**Change**
Total Revenue	**83,218**	57,032	**+46%**
EBIT	**20,720**	17,876	**+16%**

Cheung Kong Infrastructure

CKI is one of the largest publicly listed infrastructure companies in Hong Kong with diversified investments in energy infrastructure, transportation infrastructure, water infrastructure and infrastructure related business. Operating in Hong Kong, the Mainland, Australia, New Zealand, the UK, Canada and the Philippines, it is a leading player in the global infrastructure arena.

CKI announced its group turnover and its share of jointly controlled entities' turnover of HK$7,486 million, 27% above last year. Profit attributable to shareholders was HK$4,423 million, 7% lower than last year's profit of HK$4,772 million. CKI's financial results were negatively impacted by a loss arising from currency fluctuations of HK$631 million, a substantial part of which were unrealised mark-to-market adjustments arising from a 30-year Japanese Yen borrowing and foreign currency deposits. CKI, after adjusting for the Group's asset valuation consolidation adjustments, contributed 7% and 13% respectively to the total revenue and EBIT of the Group's established businesses.

CKI and HEH jointly own a 51% stake in ETSA Utilities, the primary electricity distributor for the state of South Australia. ETSA Utilities is engaged in the safe and reliable delivery of electricity to more than 800,000 residential and business customers throughout the state.

Unit 9, HK Electric's first gas-fired combined cycle generating unit, accounts for approximately 17% of the electricity generated from Lamma Power Station in 2008.

CKI holds a 38.87% interest in Hong Kong Electric Holdings ("HEH"), which is the largest contributor to CKI's results. HEH, which is also listed on The Stock Exchange of Hong Kong, is the sole provider of electricity to Hong Kong Island and Lamma Island through its wholly-owned subsidiary, The Hongkong Electric Co, Ltd ("HEC"). HEH announced a profit attributable to shareholders for 2008 of HK$8,029 million, an increase of 8% compared to the HK$7,448 million reported for 2007.

In January, HEC announced that it has entered into a new Scheme of Control Agreement ("SCA") with the Hong Kong SAR Government effective from 1 January 2009. The term of the SCA is set for 10 years to the end of December 2018 with an option for the Government to extend the agreement for another five years to the end of December 2023. Under the new SCA, HEC is entitled to a permitted rate of return of 9.99% on average net fixed assets excluding those on renewable energy fixed assets, which have a permitted return of 11%. HEC's emission reduction programme at the Lamma Power Station progressed well during 2008. Flue gas desulphurisation ("FGD") retrofit work continued at units 2, 4 and 5 at the Lamma Power Station. By the end of 2010, it is expected that over 95% of electricity generated at the Lamma Power Station will be generated by gas and coal fired units fitted with FGD's and low nitrogen oxide burners resulting in lower emission levels. HEH's international investments performed well in 2008. During the year, HEH increased its interest in Northern Gas Networks from 19.9% to 35.1%.

In the first half of 2008, CKI announced its first investment in New Zealand through the acquisition of the Wellington Electricity Distribution Network ("WEDN"). A 50% stake of this investment was divested to HEH. WEDN supplies electricity to the city of Wellington, the capital of New Zealand, and extends to the Porirua and Hutt Valley regions of New Zealand. WEDN has generated profit returns to CKI since it was acquired in July 2008.

CKI's other businesses have all delivered satisfactory performances in 2008. CKI's investments in ESTA Utilities and CHEDHA Holdings in Australia continued to deliver good operating results.

Operations Review – Energy and Infrastructure

On 5 February 2009, CKI announced that it has entered into an agreement to procure the sale of the entire issued share capital of Outram Limited ("Outram"), a wholly-owned subsidiary of CKI, to HEH or a wholly-owned subsidiary of HEH, for a consideration of HK$5,680 million. Outram holds a 45% equity interest in each of the joint ventures in the Mainland which own and operate three power plants, namely Zhuhai Power Plant in Zhuhai City, the neighbouring Jinwan Phase 1 Power Plant and Siping Cogen Power Plants in the Jilin Province. As the result of the transaction, it is expected that a realised gain of approximately HK$1,348 million will be recorded in CKI's consolidated interim income statement, which is arrived at with reference to the proceeds and the estimated net book value at the date of completion with adjustment for unrealised gain because of its 38.87% equity interest in HEH. After asset valuation consolidation adjustments, the gain will amount to approximately HK$880 million in the Group's consolidated interim results.

Commissioned in two phases in March and June 2008 is HEH's investment in Thailand - Ratchaburi power plant.

Husky Energy

The Group has a 34.57% interest in Husky, a listed Canadian based international integrated energy and energy-related company. Husky announced sales and operating revenue in 2008 of C$24,701 million, 59% above last year, and net earnings of C$3,754 million, 17% above last year. Increased revenues are the result of higher average commodity prices and the addition of refineries at Lima and Toledo, Ohio and the Minnedosa, Manitoba ethanol plant. Net earnings increases reflect higher average commodity prices in 2008 which more than offset lower production and US refining and marketing losses. Cashflow from operations in 2008 was C$5,970 million, a 10% increase from last year. A total dividend of C$1.73 per share

Husky's Lima Refinery, located in the state of Ohio in the US.

Husky's Lloydminster Upgrader, located in the Canadian province of Saskatchewan.

was declared in 2008. During the year, cash received by the Group from dividends from Husky amounted to HK$3,294 million. Husky contributed 22% and 24% respectively to the total revenue and EBIT of the Group's established businesses.

In 2008, Husky's gross production volume averaged approximately 355,900 BOEs per day compared to 376,600 BOEs per day during 2007, a 5% decrease. This reflects the severe ice pack and iceberg winter conditions which delayed drilling and temporarily suspended production off the East Coast of Canada.

In the White Rose satellite developments off Canada's East Coast, engineering and sub-sea system work progressed well. Results from the drilling of delineation wells at North Amethyst and West White Rose confirmed Husky's estimate of 210 million barrels of proved plus probable plus possible reserves (28 million barrels proved, 62 million barrels probable and 120 million barrels possible) in these two fields. Reserve estimates are as at 31 December 2008 and Husky has a 68.875% working interest. In December, the Mizzen exploration well, in which Husky has a 35% working interest, in the Flemish pass offshore Newfoundland, commenced drilling.

Husky's oil sands projects are progressing. Pending government and regulatory amendment approvals, the partners in the Sunrise Oil Sands Project are expected to review project sanction by the end of 2009 and move to final approvals in the first half of 2010. The Sunrise Oil Sands Project is in an optimisation phase to simplify the scope and to take advantage of the recent downturn in the demand for goods and services. Production at the Tucker Project ramped up to approximately 4,800 barrels per day at the year end and work continues on reservoir optimisation. Additional drilling will most likely be delayed until market conditions improve.

Offshore China, the deep water drilling rig West Hercules began drilling the first appraisal well on its Liwan discovery in November. Husky plans to drill three more delineation wells on the Liwan discovery, as well as additional exploration wells on nearby prospects in 2009. The shallow water rig, Frontier Discoverer, began drilling an exploration well in the South China Sea in January 2009. In Indonesia, Husky has contracted the drilling rig Transocean Adriatic XI to drill two shallow water exploration wells in the East Bawean II block.

Operations Review – Finance and Investments

	2008 HK$ millions	2007 HK$ millions	**Change**
Total Revenue	**4,303**	5,511	**-22%**
EBIT	**6,467**	13,944	**-54%**

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$88,021 million at 31 December 2008. The combined EBIT reported by these operations decreased by 54% to HK$6,467 million, primarily due to lower profits on disposal of certain equity investments from HK$9,754 million in 2007 to HK$2,084 million in 2008. Excluding these disposal profits, EBIT of finance and investments increased 5%.

As interest rates declined sharply in the second half of 2008, the Group utilised cash deposits on hand to repay debts as they matured, and also repaid early certain debt maturing in late 2008 and in 2009, totalling HK$83,729 million. As a result, both consolidated cash and cash equivalents and debt reduced during the period. This division contributed 11% to the Group's EBIT from established businesses. Further information on the treasury function of this division can be found in the "Group Capital Resources and Liquidity" section of the annual report.

Sen opens its first counter in Hong Kong. The high-end chic herbal brand is proving to be popular with consumers in Asia.

Others

The Group's share of the results of Hutchison Whampoa (China), Hutchison E-Commerce operations, listed subsidiary Hutchison Harbour Ring ("HHR") and listed associate TOM Group ("TOM") are reported under this division.

Hutchison Whampoa (China)

Hutchison Whampoa (China) operates various manufacturing, service and distribution joint ventures in the Mainland, Hong Kong, the UK and France, and also has an investment in Hutchison China MediTech Limited ("Chi-Med"), a 71.6% owned subsidiary listed on the Alternative Investment Market of the London Stock Exchange PLC. Chi-Med manufactures, distributes and retails healthcare and traditional Chinese medical and pharmaceutical products.

Hutchison Harbour Ring

HHR is a 71.5% owned subsidiary listed on The Stock Exchange of Hong Kong, and its businesses include the manufacture of consumer electronic products, product licensing and sourcing, as well as property investments. HHR announced revenue from continuing operations of HK$767 million, a decrease of 36% as compared to last year. Profit attributable to shareholders of HHR in 2008 amounted to HK$2,009 million, an increase of 545% above HK$312 million from last year.

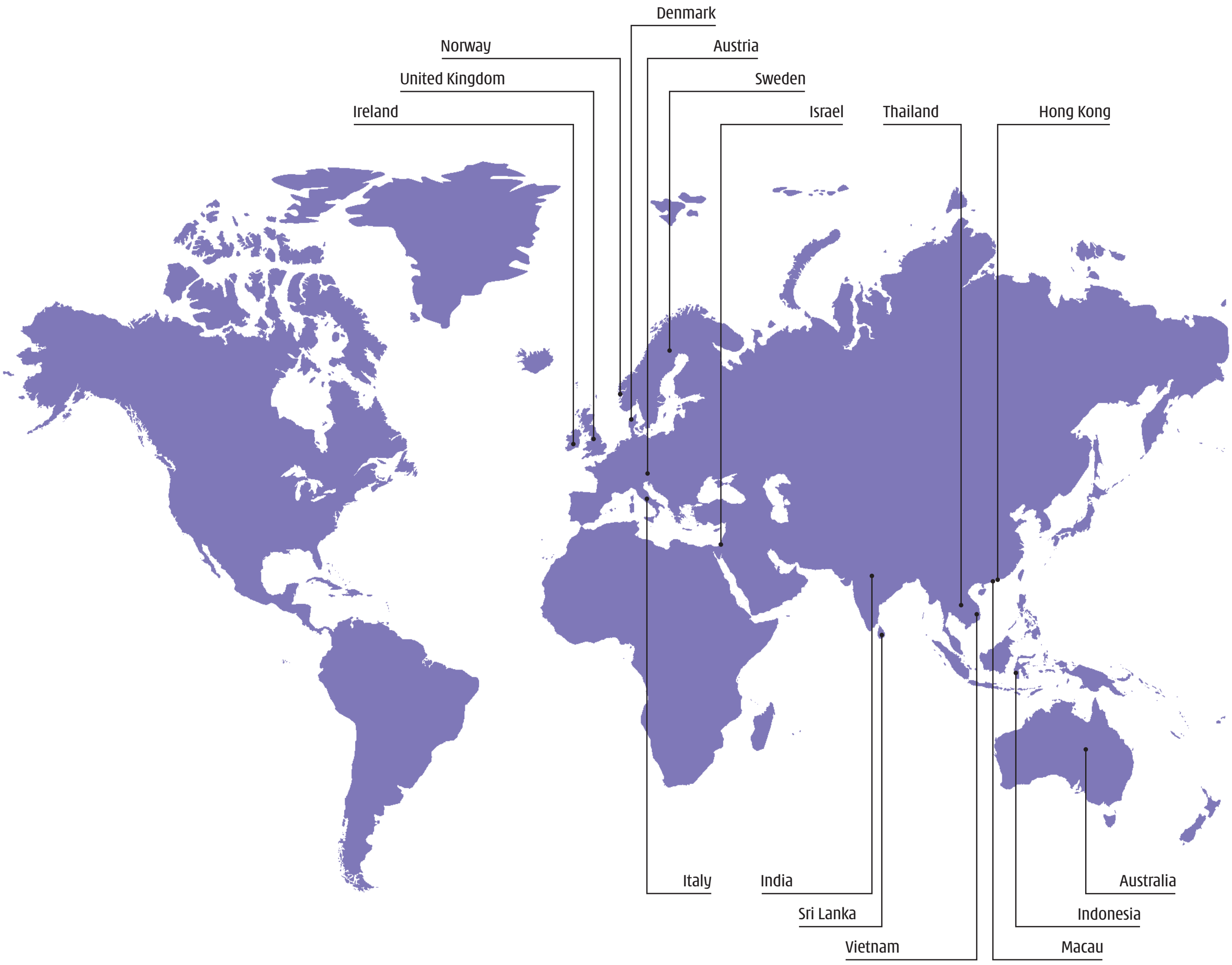
TOM Group

TOM, a 24.5% associate, is listed on The Stock Exchange of Hong Kong and its businesses include Internet, publishing, outdoor media, and television and entertainment. TOM announced turnover of HK$2,728 million, 2% above the HK$2,683 million from last year, and a loss attributable to shareholders of HK$1,394 million (2007 – HK$331 million). In view of the significant deterioration in the economy and the change in market and technological trends, an impairment for goodwill and other assets of HK$1,250 million was made relating mainly to the wireless business of TOM.

Telecommunications

The Group's telecommunications division includes a 60.36% interest in Hutchison Telecommunications International ("HTIL"), which is listed on The Stock Exchange of Hong Kong and the New York Stock Exchange, and the **3** Group businesses in Europe and Australia.

- HTIL announced turnover of HK$23,725 million, a 16% increase over last year.
- Registered 3G customer base increased 17% to over 20.0 million and currently totals over 20.7 million.
- 3 Group's customer base includes over 2.5 million mobile broadband access customers, a 305% increase from last year.



HTIL holds the Group's interests in 2G and 3G mobile operations in Hong Kong, Macau, Israel and Indonesia, 2G mobile operations in Sri Lanka, Thailand and Vietnam and fixed-line and other operations in Hong Kong and Israel. The **3** Group is one of the world's leading operators of 3G mobile telecommunications technology with **3** branded businesses in seven countries in Europe and Australia.

- The flagship **3** Shop in Indonesia, located at Plaza Semanggi, features the latest programme "Calling Abroad is now Cheaper than Calling Local" and FREE SMS to all operators.

Hutchison Telecommunications International

HTIL, a listed subsidiary, announced full year 2008 turnover of HK$23,725 million, a 16% increase over last year, and profit attributable to shareholders of HK$1,883 million (2007 – HK$66,884 million). The 2008 results included profit before taxation and minority interest on the sale and leaseback of certain telecommunications tower assets in Indonesia of HK$1,421 million and contributions from certain suppliers totalling HK$731 million in relation to its Indonesian operation. The 2007 results included the gain on disposal of HK$69,343 million from the sale of CGP Investments (Holdings) Limited, which indirectly held the Group's entire interest in a mobile business in India, and a one-time provision of HK$3,854 million for its investment in the mobile business in Thailand.

HTIL declared a special dividend of HK$7.0 per share, which was paid on 2 December 2008. The Group's share of this cash dividend is HK$20,341 million.

At 31 December 2008, HTIL had a combined mobile customer base of 12.1 million, representing a 28% increase over the comparable base last year. HTIL contributed 9% and 6% respectively to the total revenue and EBIT of the Group's established businesses.

In Israel, HTIL holds a 51.45% interest in Partner Communications ("Partner"), which is listed on the Tel Aviv Stock Exchange and on the NASDAQ and is the largest contributor to HTIL's results. Partner announced revenues of US$1,665 million, a 5% increase, and profit attributable to shareholders of US$277 million, a 14% increase over last year, primarily due to an increased proportion of postpaid and 3G subscribers as well as an increase in content revenues. At 31 December 2008, Partner had approximately 2.9 million 2G and

● **3** Hong Kong launches iPhone 3G with overwhelming response.

3G customers, including a 3G customer base which increased by 50% during the year to approximately 951,000 customers.

HTIL's mobile operations in Hong Kong and Macau achieved a 13% increase in combined turnover to HK$5,376 million, with EBITDA increasing to HK$1,757 million, a 12% growth on last year. The combined customer base totalled 2.7 million as at 31 December 2008, compared to 2.4 million at the beginning of the year. In Hong Kong, HTIL continues to be the leading 3G operator and was the first operator to launch iPhone 3G in Hong Kong and Macau. At the end of 2008, the combined closing 3G customer base exceeded 1.3 million subscribers.

In Hong Kong, the fixed-line telecommunications business continues to grow, particularly in the international and carrier market and the corporate and business market. Turnover was HK$2,693 million in 2008, a growth of 11% over last year. EBITDA was HK$985 million, a 9% increase from last year.

In Thailand, HTIL's mobile business provides CDMA services. Turnover was HK$1,192 million in 2008, which improved by 23% compared to last year. EBITDA was HK$81 million, compared with LBITDA of HK$14 million last year. The turnaround of EBITDA was due primarily to increased revenues from an enlarged customer base which exceeded 1.0 million customers at the end of 2008.

In Sri Lanka, Hutchison Telecom Lanka faced a challenging operating environment and the customer base decreased to 887,000 customers from 1,141,000 last year, largely due to the write down of its customer base in the third quarter by 229,000 as a result of aligning its prepaid customer recognition policy with regulatory requirements. Turnover decreased 15% to HK$160 million and EBITDA decreased 60% to HK$37 million, mainly due to the increase in regulatory charges and higher network costs.

In Indonesia, HTIL holds a 60% interest in PT Hutchison CP Telecommunications, which owns a nationwide licence to provide 2G and 3G services. Following the launch of commercial services in 2007, network coverage has been extended to all major cities in Java, Sumatra and Sulawesi. The customer base at the end of 2008 more than doubled from last year, reaching 4.5 million. Turnover for the year increased 169% to HK$315 million and LBITDA amounted to HK$1,003 million.

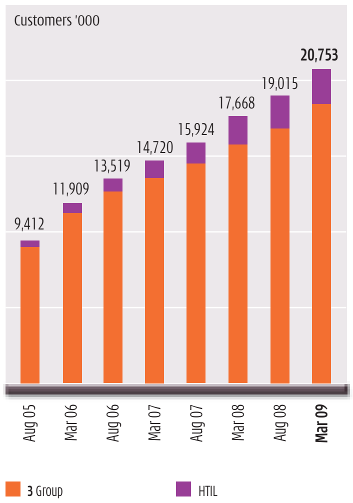
In Vietnam, HTIL is rolling out a nationwide GSM network with Hanoi Telecommunications Joint Stock Company. The original CDMA-2000 network was discontinued during the year, and commercial GSM services are expected to be launched in the first quarter of 2009 under the new brand name "Vietnamobile".

On 4 March 2009, HTIL announced a conditional interim dividend and spin-off by way of a distribution in specie of the entire share capital of Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), the holding company of the Hong Kong and Macau telecommunications operations. The distribution is conditional on a separate listing of HTHKH on the Main Board of The Stock Exchange of Hong Kong by way of introduction, involving no initial public offering of shares or raising of capital.

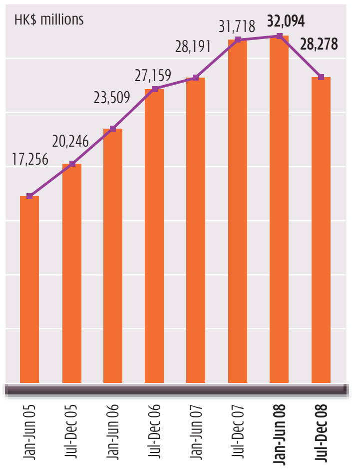
3 Group

	2008 HK$ millions	2007 HK$ millions	Change
Total Revenue	**60,372**	59,909	**+1%**
EBIT	**(10,857)**	(17,938)	**+39%**

Total Registered 3G Customers



3 Group's Total Revenue



The **3** Group comprises the 3G mobile operations in the UK, Ireland, Italy, Sweden, Denmark, Austria and Australia, and also a licence for the development of a 3G network in Norway.

Despite worsening economic conditions in most of its markets, overall the **3** Group continued to grow its customer and revenue bases, reduce operating losses and cash outflows by focusing on effective cost reduction measures, acquiring and retaining higher value contract customers, reducing churn and offering higher margin services to maintain its 3G market leading position in the countries it operates in.

The Group's registered 3G customer base (including the 3G customers of Hong Kong, Macau and Israel under HTIL) grew 17% during the year to over 20.0 million at 31 December 2008 and currently totals over 20.7 million. The proportion of active customers in the **3** Group's registered customer base and contract customer base was approximately 79% and 97% respectively at the end of the year, compared to 79% and 98% respectively at the end of 2007. Most of the 3G mobile operations within the **3** Group continued to increase their respective market share in 2008, measured by customer numbers, particularly in the UK, Denmark, Austria, and Australia, which have achieved strong customer growth. ARPU, on a 12-month trailing average basis, decreased 16% in 2008 to €33.50, largely due to regulatory reductions on mobile termination and roaming rates and the continuing increase in the proportion of mobile broadband customers added during the year. Mobile broadband customers characteristically generate lower ARPU, but higher gross margins than handset customers. As a result of the growth in the customer base partially offset by lower ARPU, the **3** Group reported total revenue of HK$60,372 million, a 1% increase from 2007.

Growth of higher margin non-voice revenues continued to be a key focus of the **3** Group in 2008. Average non-voice revenue per active user as a percentage of ARPU for 2008, increased to around 33%, compared to 28% in 2007. In order to meet the increasing demand of mobile broadband services and to further enhance its mobile services to customers, all **3** Group's networks have been upgraded to provide High Speed Downlink Packet Access ("HSDPA") mobile broadband services, supporting data downlink transmission speeds of up to 3.6 megabits per second. In some regions, up to 7.2 megabits HSDPA downlink transmission speeds and up to 1.6 megabits per second for High Speed Uplink Packet Access ("HSUPA") services are also supported. Competitively priced HSDPA handsets, datacards and other mobile broadband access devices continue to be increasingly popular and the take up of mobile broadband services has been encouraging. At 31 December 2008, over 2.5 million customers, representing 14% of the total **3** Group customer base, have mobile broadband access, an increase of 305% from last year. As a result of the success in increasing the proportion of higher gross margin customers, all operations reported increased gross margin as a percentage of revenues compared to 2007.

To further maximise the customer experience with the **3** Group's high-speed mobile broadband network, **3** Group has designed and developed innovative yet affordable and simple-to-use consumer mobile devices that put social networking, email and instant messaging at the heart of mass-market mobiles. Sales of the **3** Group's extensive range of mobiles, including **3** Skype phones and the recently launched INQ[1] have been encouraging. The latter won the GSM Association global award for the "Best Mobile Handset or Device" for 2009.

Management continues to focus on reducing churn through adapting marketing strategies according to the various markets' needs, retaining and acquiring high quality customers by heightening controls over distribution channels and increasing the use of directly owned retail stores, enhancing customer satisfaction with the quality of the networks, developing new service offerings and offering a full range of leading edge handsets and other mobile devices. Although the average monthly customer churn rate increased slightly from 2.6% in 2007 to 2.7% in 2008, the churn rate of contract customers have improved significantly from 2.3% last year to 1.9% this year, reflecting the success in retaining higher quality customers.

Gross margins also continued to improve due to the economies of scale from a larger customer base, the increased number of mobile broadband customers, stringent controls over operating costs and outsourcing the operational management of certain network infrastructure. The **3** Group continues to explore opportunities

● **3** Sweden's newest store, located on a prime site among other brand shops in Gränby Shopping Center in university town Uppsala, is always busy.

● The INQ[1] is the world's first social mobile phone and is judged "Best Mobile Handset or Device" for 2009 by the GSM Association.

to reduce operating costs and maximise the benefits from its investments in mobile networks through cell site and network sharing arrangements.

With the continued focus on acquiring and retaining lower risk, higher value contract customers during the year, the proportion of contract customers, as a percentage of the registered customer base, has increased from 47% last year to 55% at the end of 2008. In the current difficult global economic conditions and intense market competition, the **3** Group continues to focus on growing its businesses and its market share. Customer acquisition costs ("CACs") totalling HK$20,392 million in 2008 were 18% higher than 2007, due to an increase in the number of customers acquired and retained during the year, partially offset by a 17% reduction in the unit cost to acquire a customer that averaged €141 per customer, on a 12-month trailing basis, in 2008, compared to €170 for 2007. This favourable declining trend of average CAC reflects the lower cost of handsets and mobile broadband access product costs, as well as the increased focus on acquiring higher gross margin mobile broadband customers.

Depreciation and amortisation expense, which includes the depreciation of networks, amortisation of licence fees, content and other rights and amortisation of capitalised contract CACs, decreased 13% to HK$26,737 million in 2008. LBIT reduced 39% compared to last year, to total HK$10,857 million.

The **3** Group's capital expenditure amounted to HK$12,726 million in 2008, a 13% reduction compared to the HK$14,591 million in 2007, mainly due to the completion of most of the major network expansion activities. Capital expenditure during the year related primarily to network upgrades for HSDPA and HSUPA capabilities.

Key Business Indicators

Key business indicators for the **3** Group businesses and HTIL's 3G customers are as follows:

	Customer Base					
	Registered Customers at 25 March 2009 ('000)			Registered Customer Growth (%) from 31 December 2007 to 31 December 2008		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
UK & Ireland	1,728	3,653	**5,381**	3%	35%	**23%**
Italy	5,972	2,913	**8,885**	-3%	29%	**5%**
Australia[(1)]	241	1,949	**2,190**	12%	31%	**29%**
Sweden & Denmark	130	1,163	**1,293**	37%	37%	**37%**
Austria	180	533	**713**	17%	32%	**28%**
3 Group Total	8,251	10,211	**18,462**	-1%	33%	**15%**
Hong Kong and Macau[(2)]	95	1,245	**1,340**	59%	22%	**24%**
Israel[(2)]	–	951	**951**	–	50%	**50%**
Total	8,346	12,407	**20,753**	–	33%	**17%**

	Customer Service Revenue and Gross Margin								
	Revenue for the twelve months ended 31 December 2008 (millions)					Growth (%) compared to the twelve months ended 31 December 2007			
		% of total		% of total		Revenue			Gross Margin [(3)]
	Prepaid	Revenue	Postpaid	Revenue	Total	Prepaid	Postpaid	Total	Total
UK & Ireland[(4)]	£168.8	11%	£1,390.5	89%	**£1,559.3**	14%	8%	**9%**	**19%**
Italy	€551.6	32%	€1,174.0	68%	**€1,725.6**	-32%	-2%	**-15%**	**-11%**
Australia[(1)]	A$77.0	5%	A$1,390.9	95%	**A$1,467.9**	5%	27%	**25%**	**27%**
Sweden & Denmark	SEK94.0	2%	SEK4,468.3	98%	**SEK4,562.3**	22%	17%	**17%**	**27%**
Austria	€5.2	3%	€164.7	97%	**€169.9**	-10%	-5%	**-5%**	**4%**
3 Group Total	€821.0	16%	€4,331.8	84%	**€5,152.8**	-25%	–	**-5%**	**1%**

	12-month Trailing Average Revenue per Active User ("ARPU")[(5)] to 31 December 2008					
	Total				Non-voice	
	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2007	ARPU	% of total ARPU
UK & Ireland[(4)]	£15.77	£38.91	**£33.57**	-14%	£11.25	**33.5%**
Italy	€13.42	€43.50	**€25.34**	-14%	€8.03	**31.7%**
Australia[(1)]	A$37.04	A$69.67	**A$66.54**	-3%	A$20.76	**31.2%**
Sweden & Denmark	SEK122.01	SEK396.77	**SEK379.18**	-12%	SEK137.74	**36.3%**
Austria	€15.11	€34.34	**€33.04**	-22%	€12.00	**36.3%**
3 Group Average	€14.92	€43.88	**€33.50**	-16%	€11.00	**32.8%**

Note 1: Revenue, ARPU and active customers of 31 December 2008 as announced by listed subsidiary HTAL with active customers updated for net additions to 25 March 2009.

Note 2: Hong Kong and Macau active customers and Israel customers as announced by listed subsidiary HTIL as at 4 March 2009.

Note 3: The percentage represents the increase or decrease in the amount of the gross margin profit reported.

Note 4: As mentioned in the Group's annual results announcement for 2007, **3** UK has discontinued promotional discount offerings in 2008. For better comparison purposes, the % increase KBIs have been calculated to measure against the previous year's amounts after deducting promotional discounts.

Note 5: ARPU equals total revenue excluding handset and connection revenues, divided by the average number of active customers during the period, where an active customer is one that has generated revenue from either an outgoing or incoming call or 3G service in the preceding three months.

UK and Ireland

The combined registered customer base of wholly-owned subsidiaries, **3** UK and **3** Ireland, where the 3G businesses are still at a relatively early stage of development, has grown by 23% from 31 December 2007 to over 5.2 million at 31 December 2008, and currently the combined base totals over 5.3 million. The growth in the overall combined customer base is attributable to a continuation of the strategy to focus on higher value contract customers, which represented 68% of the combined registered base at the end of 2008 (2007 – 62%), while continuing to limit activity in the prepaid customer market. Active customers, as a proportion of the combined registered base, was 87% at 31 December 2008, an increase compared to the 76% reported last year. Of the combined contract customer base, 97% are active, in line with last year, and contributed 89% of the combined revenue base. The average combined monthly customer churn rate decreased from 3.6% in 2007 to 2.6% in 2008 and, encouragingly, the average combined monthly chum rate of contract customers also improved from 2.6% last year to 1.6% this year. The combined ARPU, on a 12-month trailing average basis, declined from £39.11 in 2007 to £33.57, mainly due to the adverse impact of the regulated interconnection and international roaming fee reductions in the UK and also the nine-fold increase of the combined mobile broadband customers to over 1.0 million. Although these mobile broadband customers generate lower average ARPU, they contribute higher gross margins. The proportion of revenue from the higher margin non-voice services increased slightly to 34% of combined ARPU compared to 33% in 2007. Combined revenue, in British pounds, grew 9% during the year to £1,559 million, reflecting increased revenue from the enlarged customer base, partially offset by the adverse impact on the UK regulations and the shift towards mobile broadband customers as mentioned above.

3 UK continued to build its business, reporting LBIT before including non-recurring foreign exchange gains, of £172 million, a 70% improvement from last year. This improved result reflects improved gross margins, tight cost controls, reduced amortisation of contract CACs capitalised in prior period and reduced depreciation charges. Combined LBIT for **3** UK and **3** Ireland, before including non-recurring foreign exchange gains, in British pounds, improved 66% compared to 2007.

The rollout of the UK network sharing arrangement with another UK mobile network operator is progressing well together with the network upgrade to roll out HSDPA services. In December, **3** Ireland was awarded the contract for the rollout of broadband services by the Irish Government aimed at delivering broadband to those in Ireland without access to the technology.

Italy

The Group has a 97.4% interest in **3** Italia at 31 December 2008. The registered customer base grew 5% in 2008 to total 8.6 million at 31 December 2008 and is currently over 8.8 million. **3** Italia continued to focus on higher value contract customers which represented 32% of the registered base at the end of 2008 (2007 – 26%). Active customers, as a proportion of the total registered customer base and contract customer base at the end of 2008, was 67% and 94% respectively, compared to 75% and 97% respectively at the end of 2007. Although the average monthly customer churn rate increased from 2.4% in 2007 to 3.1% in 2008, the churn rate of contract customers improved from 3.2% last year to 3.0% this year. ARPU, on a 12-month trailing average basis, declined from €29.30 to €25.34 in 2008, which was adversely affected by regulatory actions on top up charges and mobile termination rates, and also competition. Although gross margin improved as a percentage of revenue in 2008, total revenue was adversely impacted by regulatory actions and intense competition. **3** Italia's revenue and LBIT, before including the non-recurring foreign exchange gains in both years, in local currency, declined 15% and increased 16% respectively.

3 Italia is currently assessing infrastructure outsourcing and other opportunities to further reduce its costs and develop synergies.

Australia

The Group's 52.03% owned, listed subsidiary in Australia, Hutchison Telecommunications (Australia) Limited ("HTAL"), announced total revenue of A$1,623 million, a 23% increase over the previous year, and a net loss for the year attributable to shareholders of A$163 million, a 43% improvement from last year's results. HTAL also announced a 29% growth of its active customer base from 31 December 2007 to total 2.0 million at 31 December 2008, and the base currently totals over 2.1 million active customers. Contract customers represented 91% of the active customer base at the end

3 Australia continues to maintain strong customer growth.

of the year, an increase compared to the 89% reported last year, and contributed approximately 95% of the revenue. The average monthly contract customer churn rate increased slightly from 1.1% in 2007 to 1.2% in 2008. ARPU, on a 12-month trailing average basis, continues to be adversely affected by regulated interconnection fee reductions introduced on 1 July 2007, declining 3% to A$66.54 in 2008. ARPU has also been affected by the number of mobile broadband customers added during the year, which now stands at over 526,000, a 170% increase from 2007. The proportion of revenue from the higher margin non-voice services increased to 31% of ARPU from 27% in 2007. HTAL reached another major milestone, exiting 2008 with fourth quarter EBIT positive results.

In February 2009, HTAL announced an agreement to combine its businesses with Vodafone's businesses in Australia. On completion of the transaction, which is subject to shareholders and regulatory approvals, HTAL and Vodafone will each have equal 50% interests in the combined businesses.

Other 3 Group Operations in Europe

In Sweden and Denmark, where the Group has 60% interest in its **3** Group operations, the combined registered customer base grew 37% to over 1.23 million at 31 December 2008 and currently totals over 1.29 million. Contract customers at 31 December 2008 represented 90% of the combined registered customer base, in line with last year. Active customers, as a proportion of the total combined registered customer base and the combined contract customer base at 31 December 2008, was 96% and 100% respectively, and is comparable to the 97% and 100% respectively reported last year. The average combined monthly customer churn rate improved from 2.4% in 2007 to 2.1% in 2008. Although ARPU, on a 12-month trailing average basis, decreased 12% to SEK379.18, combined revenue in Swedish Kronas increased by 17% compared to 2007, primarily due to the enlarged customer base. The proportion of revenue from the higher margin non-voice services increased from 26% of ARPU in 2007 to 36% in 2008. The combined operation achieved a major milestone of positive EBITDA after all CACs, in Swedish Kronas, in the second half of the year and as a result, LBIT for 2008 improved 29% compared to 2007.

The registered customer base of **3** Austria increased by 28% during 2008 to 654,000 at 31 December 2008 and currently stands at 713,000. The proportion of contract customers at 31 December 2008 represented 74% of the total registered customer base, an increase compared to the 72% reported last year. Active customers, as a proportion of the total registered customer base and the contract customer base at 31 December 2008, was 78% and 99% respectively, and is comparable to the 77% and 99% reported last year. The average monthly customer churn rate increased from 1.1% in 2007 to 1.6% in 2008. ARPU, on a 12-month trailing average basis, declined 22% from €42.54 in 2007 to €33.04, mainly due to lower customer tariff plans driven by market competition and a decline in interconnection revenues due to regulatory actions. The proportion of revenue from the higher margin non-voice services increased from 26% of ARPU in 2007 to 36% in 2008. Although revenue in local currency declined 5% compared to last year, LBIT, before including the non-recurring foreign exchange gains, improved 24%, mainly due to improved gross margins and cost reductions achieved.

Interest Expense, Finance Costs and Tax

The Group's interest expense and finance costs for the year, including its share of associated companies' and jointly controlled entities' interest expense, amortisation of finance costs and after deducting interest capitalised to assets under development, amounted to HK$20,508 million, a decrease of 9% when compared to 2007, mainly due to lower effective market interest rates. Further information on these expenses can be found in the "Group Capital Resources and Liquidity" section of the annual report.

The Group recorded current and deferred tax charges totalling HK$7,010 million for the year, a decrease of 18%, mainly due to a HK$2,764 million adjustment to deferred tax, partially offset by higher assessable profits of certain established businesses in 2008.

Summary

The 2008 results reflect the improved performance from the Group's established businesses and the continuing progress made by the **3** Group. The Group faces a challenging year in 2009, with the world's major economies in recession, which will affect the Group's operations in varying degrees around the world. All of the Group's businesses are closely monitoring these effects and are focused on cost controls to meet these challenges.

The 2008 results were achieved through the dedicated efforts and hard work of the Group's employees and I would like to join our Chairman in thanking them for their continuing support and contributions throughout the year.

Fok Kin-ning, Canning
Group Managing Director

Hong Kong, 26 March 2009

Group Capital Resources and Liquidity

Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures approved by the Executive Directors, which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuation in interest rates and exchange rates and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. The Group cautiously uses derivatives, principally interest rate and foreign currency swaps and forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

Cash Management and Funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, which change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

Interest Rate Exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses a combination of interest rate swaps and forward rate agreements to manage its long-term interest rate exposure and exposure to short-term interest rate volatility respectively. The Group's main interest rate exposures relate to US dollar, British Pound, Euro and HK dollar borrowings.

At 31 December 2008, approximately 49% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 51% were at fixed rates. The Group has entered into various interest rate agreements with major creditworthy financial institutions to swap approximately HK$48,750 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$3,013 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. The agreements have fixed interest payments at rates ranging from 5.3% to 6.8% with expiry in 2010. After taking into consideration these interest rate swaps, approximately 67% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 33% were at fixed rates at 31 December 2008.

Foreign Currency Exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinancing these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. During the year, the currencies of most of those countries where the Group has overseas operations weakened against the HK dollar. This gave rise to an unrealised loss of HK$38,917 million (2007 – gain of HK$6,788 million) on translation of these operations' net assets to the Group's HK dollar reporting currency, which was reflected as a movement in the Group's reserves.

At 31 December 2008, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$62 million to non-US dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's total principal amount of bank and other debts are denominated as follows: 15% in HK dollars, 35% in US dollars, 33% in Euro, 6% in British Pounds and 11% in others currencies. During 2008, HTIL closed out all foreign exchange swap contracts (remaining contracts at 31 December 2007 amounted to US$1,095 million) under which HTIL agreed to sell Thai Baht and buy US dollar at pre-agreed rates. HTIL entered into these contracts solely to fulfill local exchange control requirements when HTIL injected additional funding into Thailand for repayment of its outstanding external debt in 2007. HTIL recognised a loss of HK$20 million in its profit and loss account in respect of these transactions in 2008.

Credit Exposure

The Group's holdings of cash, managed funds and other liquid investments, and interest rate and foreign currency swaps and forward currency contracts with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements, credit ratings and setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, which is continuously monitored by the local operational management.

Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A3 on the Moody's Investor Service scale, A- on the Standard & Poor's Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. At 31 December 2008, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch and all ratings are with a stable outlook.

Market Price Risk

The Group's main market price risk exposures relate to listed debt and equity securities described in "liquid assets" below and the interest rate swap as described in "interest rate exposure" above. The Group's holding of listed debt and equity securities represented approximately 33% (2007 – approximately 35%) of the liquid assets. The Group controls this risk through monitoring the price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

Liquid Assets

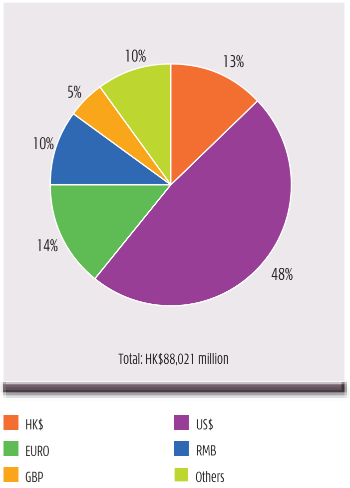
The Group continues to have a healthy financial position benefiting from both the steady cash flow from its established businesses and improving cash flow from the **3** Group businesses. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK$88,021 million at 31 December 2008, 51% lower than the balance as at 31 December 2007 of HK$180,499 million. The lower liquid assets balance at 31 December 2008 is mainly due to the Group's utilisation of cash deposits on hand to repay debts, as they matured and also to repay certain debts maturing in late 2008 and in 2009 totalling HK$83,729 million. Of the liquid assets, 13% were denominated in HK dollars, 48% in US dollars, 14% in Euro, 10% in Renminbi, 5% in British Pounds and 10% in other currencies.

Cash and cash equivalents represented 65% (2007 – 62%) of the liquid assets, US Treasury notes and listed fixed income securities 29% (2007 – 29%), listed equity securities 5% (2007 – 7%) and long-term deposits and others 1% (2007 – 2%).

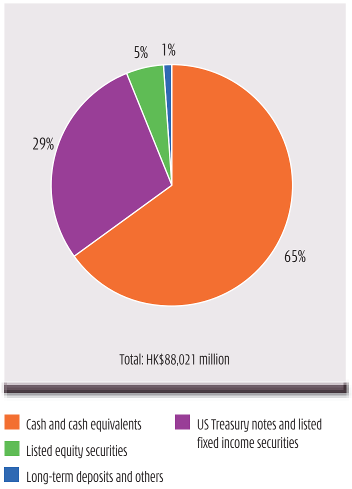
Group Capital Resources and Liquidity

The US Treasury notes and listed fixed income securities, including those held under managed funds, consisted of supranational notes (27%), government guaranteed notes (25%), financial institutions issued notes (21%), government related entities issued notes (17%) and US Treasury notes (10%). Of these US Treasury notes and listed fixed income securities, 73% are rated at Aaa/AAA with an average maturity of less than one year on the overall portfolio. The Group has no exposure in mortgage backed securities, collateralised debt obligations or similar asset classes.

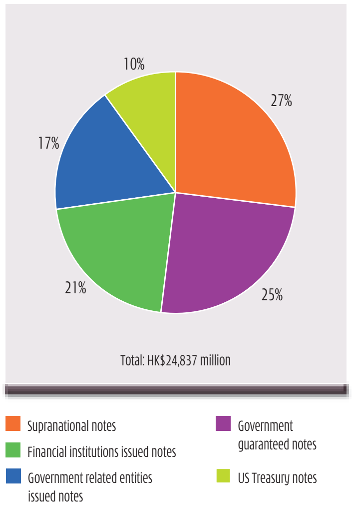
Liquid assets by currency denomination at 31 December 2008



Liquid assets by type at 31 December 2008



US Treasury notes and listed fixed income securities by type at 31 December 2008



Cash Flow

Consolidated EBITDA before all CACs amounted to HK$96,392 million (2007 – HK$129,305 million) for 2008, a 25% decrease from last year, mainly due to the Group's share of one-time cash profits arising from the then associated company HTIL's disposal of its indirect interests in its mobile telecommunications operations in India totalling HK$35,820 million in 2007. Excluding the cash profits from disposal of investments and others in both years, EBITDA before all CACs increased 4% to HK$94,971 million (2007 – HK$91,451 million) for the year. Consolidated funds from operations ("FFO"), before cash profits from disposals, capital expenditures, investment in all CACs and changes in working capital amounted to HK$42,500 million (2007 – HK$65,290 million), a 35% decrease from last year, mainly due to the receipt of a HK$16,037 million special dividend from the then associated company HTIL in 2007. Excluding this special dividend, FFO before cash profits from disposals, capital expenditures, investment in all CACs and changes in working capital decreased 14% from HK$49,253 million in 2007 to HK$42,500 million in 2008, mainly due to higher profits on the disposal of certain listed equity investments recognised in 2007 of HK$9,754 million, compared to HK$2,084 million in 2008. FFO from the Group's established businesses, excluding the aforementioned special dividend from HTIL and profits on disposal of certain listed equity investments, increased 3% from HK$33,103 million in 2007 to HK$34,198 million in 2008.

The **3** Group's investment in CACs totalled HK$20,392 million for the year, an 18% increase from 2007 of HK$17,211 million, mainly due to the increased number of customers acquired and retained during the year, and in particular, the acquisition and retention of contract customers, partially offset by lower cost per customer. Prepaid CACs and other customer acquisition costs which are expensed as incurred, totalled HK$3,457 million, a 40% decrease compared to HK$5,732 million last year. **3** Group's cost of contract customers acquired and retained, which are capitalised, totalled HK$16,935 million during the year, an increase of 48% compared to HK$11,479 million last year.

In 2008, the Group's capital expenditures decreased 3% to total HK$28,712 million (2007 – HK$29,614 million). The decrease in the Group's total capital expenditures is primarily due to reduced expenditures by the **3** Group, partially offset by the full year consolidation of the capital expenditures of HTIL in 2008 as HTIL became subsidiary of the Group on 14 June 2007. Capital expenditures for the ports and related services division amounted to HK$9,502 million (2007 – HK$9,404 million); for the property and hotels division HK$89 million (2007 – HK$89 million); for the retail division HK$1,686 million (2007 – HK$1,843 million); for the energy and infrastructure division HK$92 million (2007 – HK$183 million); for the finance and investments division HK$14 million (2007 – HK$50 million); for HTIL HK$4,519 million (2007 – HK$3,352 million); for the others HK$84 million (2007 – HK$102 million) and for the **3** Group HK$12,726 million (2007 – HK$14,591 million).

The capital expenditures of the Group are primarily funded by cash generated from operations, cash on hand and to the extent appropriate, by external borrowings.

Debt Maturity and Currency Profile

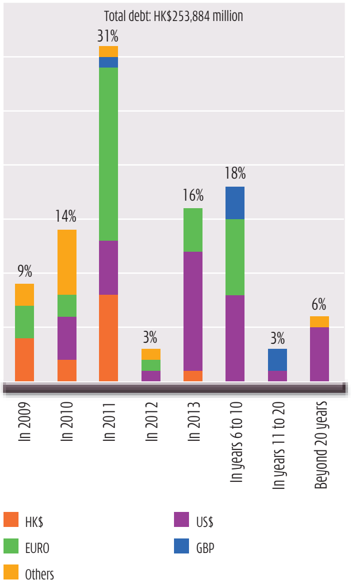
The Group's total principal amount of bank and other debts at 31 December 2008 decreased 18% to total HK$253,884 million (2007 – HK$311,279 million). The net decrease in principal amount of bank and other debts was mainly due to the repayment of debts as they matured and also prepayment of certain debts maturing in late 2008 and in 2009 totalling HK$83,729 million net of increased borrowings of HK$41,267 million, as well as the favourable effect of the translation of foreign currency denominated loans to HK dollars of HK$15,288 million. The Group's weighted average cost of debt for the year to 31 December 2008 reduced 0.7% to 5.2% (year ended 31 December 2007 – 5.9%). Interest bearing loans from minority shareholders, which are viewed as quasi-equity, totalled HK$13,348 million at 31 December 2008 (2007 – HK$12,508 million).

The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2008 is set out below:

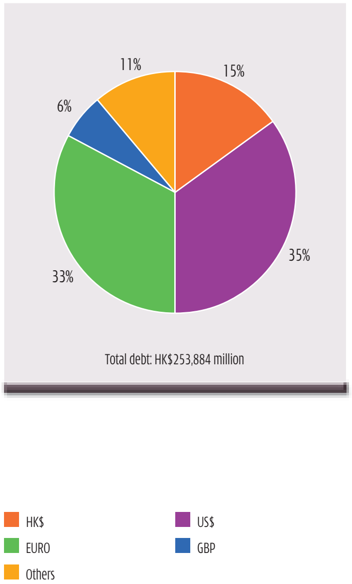
	HK$	US$	Euro	GBP	Others	Total
In 2009	4%	–	3%	–	2%	9%
In 2010	2%	4%	2%	–	6%	14%
In 2011	8%	5%	16%	1%	1%	31%
In 2012	–	1%	1%	–	1%	3%
In 2013	1%	11%	4%	–	–	16%
In years 6 to 10	–	8%	7%	3%	–	18%
In years 11 to 20	–	1%	–	2%	–	3%
Beyond 20 years	–	5%	–	–	1%	6%
Total	15%	35%	33%	6%	11%	100%

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's consolidated borrowings, as a matter of policy, have credit rating triggers that would accelerate the maturity dates of the debt outstanding.

Debt maturity profile by year and currency denomination at 31 December 2008



Debt profile by currency denomination at 31 December 2008



Group Capital Resources and Liquidity

Changes in Financing

The significant financing activities in 2008 were as follows:

- In March, repaid at maturity, fixed rate notes of A$800 million (approximately HK$5,968 million);
- In March, repaid at maturity, fixed rate notes of €99.8 million (approximately HK$1,157 million);
- In April, obtained a two-year, floating rate bank loan facility of €100 million (approximately HK$1,214 million), primarily to refinance existing indebtedness.
- In May, listed subsidiary HTIL obtained a 364-day, floating rate HK$9,000 million loan facility from a group of ten banks, to refinance its Hong Kong operations and to finance the development of its Indonesia operations.
- In May, listed subsidiary HTIL fully repaid a floating rate HK$4,000 million syndicated bank loan at its maturity date;
- In May, obtained a five-year, floating rate term loan facility of HK$1,400 million, to refinance existing indebtedness due in 2008;
- In June, obtained a short term six-month, floating rate term loan facility of £350 million (approximately HK$5,373 million), to refinance existing indebtedness;
- In June, obtained an 18-month, floating rate term loan facility of €450 million (approximately HK$5,458 million), to refinance existing indebtedness;
- In June, obtained three short term six-month, floating rate term loan facilities totalling €388 million (approximately HK$4,712 million), and these facilities were fully repaid in October and December;
- In July, obtained a three-year, floating rate syndicated term loan facility of HK$3,800 million, to refinance existing indebtedness due in 2008;
- In August, listed subsidiary CKI obtained two 35-month, floating rate term loan facilities totalling £100 million (approximately HK$1,498 million), to refinance existing indebtedness due in 2008;
- In September, prepaid floating rate term loan facilities totalling £1,200 million (approximately HK$16,451 million);
- In October, obtained a three-year, floating rate syndicated term loan facility of HK$5,500 million, to refinance existing indebtedness due in 2008;
- In October, prepaid €180 million (approximately HK$1,910 million) of a debt due in April 2009;
- In November, repaid at maturity, a floating rate syndicated term loan of HK$3,000 million;
- In December, listed subsidiary CKI obtained an 18-month, floating rate term loan facility of A$210 million (approximately HK$1,085 million), to refinance existing indebtedness due in 2008;
- In December, listed subsidiary HTAL prepaid various floating rate term loans totalling A$1,100 million (approximately HK$5,627 million);
- In December, repaid at maturity, a floating rate term loan of €100 million (approximately HK$1,038 million); and
- In December, prepaid a floating rate syndicated term loan of €1,280 million (approximately HK$13,645 million).

Capital, Net Debt and Interest Coverage Ratios

The Group's total shareholders' funds decreased 12% to HK$271,576 million at 31 December 2008 compared to HK$310,014 million at 31 December 2007. The decrease in shareholders' funds is mainly due to the non-cash unfavourable effect of HK$38,917 million arising from the translation of overseas subsidiaries net assets at 31 December 2008 exchange rates, which in the case of Euro and British Pounds, were at substantially lower rates to the HK dollar than the prior year end's rates. This decrease was partially offset by the profit for the year ended 31 December 2008 net of dividends paid and augmented by the unfavourable change in valuation of certain equity investments as recorded in reserves. At 31 December 2008, the consolidated net debt of the Group, excluding interest bearing loans from minority shareholders which are viewed as quasi-equity, unamortised loan facilities fee and premium or discount on issue and fair value changes of interest rate swap contracts, was HK$165,863 million (2007 – HK$130,780 million), a 27% increase from the beginning of the year. The Group's net debt to net total capital ratio was affected each year by foreign currency translation effects on shareholders' funds and also on loans. This ratio, before the effects of foreign currency translation and other non-cash movement, at 31 December 2008 was 32%, and increased to 34% after this effect (2007 – 26%).

As additional information, the following table shows the net debt to net total capital ratio calculated on the basis of including interest bearing loans from minority shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at 31 December 2008.

Net debt/Net total capital ratios at 31 December 2008:	**Before the effect of foreign currency translation and other non-cash movements**	**After the effect of foreign currency translation and other non-cash movements**
A1 – excluding interest bearing loans from minority shareholders from debt	32%	34%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	30%	33%
B1 – including interest bearing loans from minority shareholders as debt	34%	37%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	33%	35%

The Group's consolidated gross interest expense and other finance costs of subsidiaries, before capitalisation, decreased 8% to total HK$17,891 million in 2008, compared to HK$19,550 million last year, mainly due to lower effective market interest rate in 2008 and lower interest expenses obligation as a result of the previously mentioned debt repayments in 2008.

Consolidated EBITDA and FFO before all CACs for the year covered consolidated net interest expense and other finance costs 7.5 times and 4.4 times respectively (2007 – 9.8 times and 6.2 times).

Secured Financing

At 31 December 2008, assets of the Group totalling HK$10,857 million (2007 – HK$30,700 million) were pledged as security for bank and other debts.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 31 December 2008 amounted to the equivalent of HK$13,342 million (2007 – HK$14,300 million).

Contingent Liabilities

At 31 December 2008, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and jointly controlled entities of HK$3,749 million (2007 – HK$6,690 million), and provided performance and other guarantees of HK$7,820 million (2007 – HK$9,390 million).

Risk Factors

The Group's business, financial condition and results of operations may be affected by risks and uncertainties pertaining to the Group's businesses. The factors set out below are those that the Group believes could result in the Group's financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Industry Trends and Interest Rates

The Group's results are affected by trends in the industries in which it operates, including the ports and related services, property and hotels, retail, infrastructure and energy, and telecommunications industries. While the Group believes that its diverse operations, geographical spread and extensive customer base reduce its exposure to particular industry cycles, its results have, in the past, been adversely affected by industry trends, for example, declining property values in Hong Kong, lower oil and gas prices, cyclical downturn in the business of shipping lines, decline in the value of securities investments, and also volatility in interest rates. There can be no assurance that the combination of industry trends and interest rates experienced by the Group in the future will not adversely affect its financial condition and results of operations.

In particular, income from the Group's finance and treasury operations is dependent upon the interest rate and currency environment and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial condition and results of operations.

Cashflow and Liquidity

From time to time, the Group accesses short-term and long-term capital markets to obtain financing. The availability of financing with acceptable terms and conditions are impacted by many factors which, among others, include the liquidity in the capital markets and the Group's credit ratings. Although the Group aims to maintain a capital structure that is appropriate for long-term investment gradings, the actual credit ratings may depart from these levels due to economic circumstances. If the liquidity in the capital markets declines and/or the credit ratings of the Group decline, the availability and cost of borrowings could be affected and thereby impact the Group's financial condition and results of operations.

Currency Fluctuations

The Group reports its results in Hong Kong dollars but its subsidiaries and associated companies in various countries around the world receive revenue and incur expenses in approximately 48 different local currencies. The Group's subsidiaries and associated companies also incur debt in these local currencies. The Group is thereby exposed to the potentially adverse impact of currency fluctuations on translation of the accounts and debts of these subsidiaries and associates and also on the repatriation of earnings, equity investments and loans. Although the Group actively manages its currency exposures, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's financial condition and results of operations.

Crude Oil and Natural Gas Markets

Husky Energy Inc.'s ("Husky") financial performance is highly sensitive to the volatility of crude oil and natural gas prices. Fluctuations in crude oil or natural gas prices could have a material effect on Husky's operations, financial condition, proved reserves value and cash flow. Political developments and compliance or non-compliance with quotas imposed upon members of the Organization of Petroleum Exporting Countries can affect world oil supply and oil prices. Natural gas prices realised by Husky are affected primarily by supply and demand as well as transportation infrastructure in North America and by prices of alternative sources of energy. The development of oil and natural gas discoveries in offshore areas and the development of oil sands projects are particularly dependent upon the outlook for oil and natural gas prices due to the large capital expenditure required for development prior to commencing production. Volatility in crude oil and natural gas prices could adversely affect the Group's financial condition and results of operations.

Highly Competitive Markets

The Group's principal business operations face significant competition across the diverse markets in which they operate. New market entrants, the intensification of price competition by existing competitors, product innovation or technological advancement could adversely affect the Group's financial condition and results of operations. Competitive risks faced by the Group include:

- vertical integration of international shipping lines, who are major clients of the Group's port operations. Shipping lines are increasingly investing in seaports and in their own dedicated terminal facilities and, going forward, may not require the use of the Group's terminal facilities;
- aggressive tariff plans and customer acquisition strategies by telecommunications competitors may impact the Group's pricing plans, rate of customer acquisition and retention costs, rate of customer growth and retention prospects and hence the revenue it receives as a major provider of telecommunications services;
- risk of competition from entities providing alternate telecommunications technologies and potential competition in the future from substitute technologies being developed or to be developed;
- an increasing number of developers undertaking property investment and development in the Mainland, which may result in lower returns achieved on the Group's property developments; and
- expected continuous significant competition and pricing pressure from retail competitors in Asia and Europe which may adversely affect the financial performance of the Group's retail operations.

Strategic Partners

The Group conducts some of its businesses through non-wholly-owned subsidiaries, associated companies and jointly controlled entities in which it shares control (in whole or in part) and has formed strategic alliances with certain leading international companies, government authorities and other strategic partners. There can be no assurance that any of these strategic or business partners will wish to continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non-wholly-owned subsidiaries, associated companies and jointly controlled entities and the markets in which they operate. Furthermore, other investors in the Group's non-wholly-owned subsidiaries, associated companies and jointly controlled entities may undergo a change of control or financial difficulties which may affect the Group's financial condition and results of operations.

Future Growth

The Group continues to expand the scale and geographical spread of its established businesses through investment in organic growth and selective acquisitions. Success of the Group's acquisitions will depend, among other things, on the ability of the Group to realise the expected synergies, cost savings and growth opportunities upon integration of the acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the acquired businesses successfully and thereby not achieve the expected financial benefits, may not adversely affect the Group's financial condition and results of operations.

The Group has made substantial investments in acquiring 3G licences and developing its 3G networks in Europe, Australia, Israel, Hong Kong and Macau. In order to grow its customer base, the Group has made significant investments in customer acquisition costs in each of **3** Group's markets. The Group may need to incur more capital expenditure to expand or improve its 3G network and incur more customer acquisition costs to build **3** Group's customer base. To achieve profitability and the expected return on the Group's investment, the 3G businesses need to continue to increase customer levels and operating margins in order to cover running operating costs, customer acquisition costs and capital expenditure requirements. If the Group is unable to significantly increase customer levels and operating margins, the cost of operating its 3G businesses could increase the total investment and funding requirement for these businesses and impact the Group's financial condition and results of operations.

As at 31 December 2008, the Group had a total deferred tax asset balance of HK$13,248 million, of which HK$12,002 million was attributable to the Group's 3G operations in the UK. The ultimate realisation of these deferred tax assets depends principally on the Group's businesses achieving profitability and generating sufficient taxable profits to utilise these unused tax losses. If there is a significant adverse change in the projected performance and resulting taxable profits of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the profit and loss account, which would have an adverse effect on the Group's financial condition and results of operations. In the UK, the Group enjoys the availability of group relief in relation to taxation losses generated by its 3G operations to offset taxable profits from its other established businesses in the same period. In addition, in the UK taxation losses can be carried forward indefinitely.

Impact of National and International Regulations

As a global business, the Group is exposed to local business risks in several different countries, which could have an adverse effect on its financial condition or results of operations. The Group operates in many countries around the world, and one of its strategies is to expand outside its traditional market in Hong Kong. The Group is, and may increasingly become, exposed to different and changing political, social, legal and regulatory requirements at the national or international level, such as those required by the European Union ("EU") or the World Trade Organisation.
These include:

- changes in tariffs and trade barriers;
- changes in taxation regulations and interpretations;
- competition (anti-trust) law applicable to all of the Group's activities, including the regulation of monopolies and conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and law requiring the approval of certain mergers, acquisition and joint ventures which could restrict the Group's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions;
- delays in the process of obtaining or maintaining licences, permits and governmental approvals necessary to operate certain businesses, particularly certain of the Group's infrastructure businesses and certain of its property development joint ventures in the Mainland;
- telecommunications and broadcasting regulations; and
- environmental laws and regulations.

There can be no assurance that the European institutions and/or the regulatory authorities of the EU member states in which the **3** Group operates will not make decisions or interpret and implement the EU or national regulations in a manner that does not adversely affect the Group's financial condition and results of operations in the future.

Ports are often viewed by governments as critical national assets and in many countries are subject to government control and regulations. Regime changes or sentiment changes in less politically stable countries may affect port concessions granted to foreign international port operations, including the Group's port operations.

The Group's joint venture development projects in the Mainland are dependent on obtaining the approval of various governmental authorities at different levels, receipt of which cannot be assured. Changes in the government policies may affect, among others, the level of investment and funding requirements from the Group in these joint venture development projects and henceforth the overall return attributable to the Group.

Husky's business is subject to environmental laws and regulations similar to other companies in the oil and gas industry. In meeting its regulatory obligations, Husky incurs costs for preventative and corrective actions. There can be no assurance that changes to such regulations will not adversely affect Husky's, and therefore the Group's, financial condition and results of operations.

New policies or measures by governments, whether fiscal, regulatory or other competitive changes, may pose a risk to the overall investment return of the Group's infrastructure and energy businesses and may delay or prevent the commercial operation of a business with a resulting loss of revenue and profit.

The Group is only permitted to provide telecommunications services and operate networks under licences granted by competent authorities in individual countries. All of these licences have historically been issued for a set duration and renewed, however renewal may not be guaranteed, or, if the licenses are renewed, their terms may be changed. These licences contain a number of requirements and carrier obligations regarding the way the Group must conduct its businesses, as well as regarding network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the licences. Decisions by regulators regarding the granting, amendment or renewal of licences to the Group or other parties (including spectrum allocation to other parties or relaxation of constraints with respect to the technology or specific service that may be deployed in given spectrum band), could result in the Group facing unforeseen competition, and could adversely affect the Group's financial condition and results of operations.

The Group's overall success as a global business depends, in part, upon its ability to succeed in different economic, social and political conditions. There can be no assurance that the Group will continue to succeed in developing and implementing policies and strategies that are effective in each location where it conducts business.

Hong Kong and the Mainland

A significant portion of the Group's operations are conducted in Hong Kong. As a result, the Group's financial condition and results of operations may be influenced by the political situation in Hong Kong and by the general state of the Hong Kong economy and the economies in the surrounding region, particularly the Mainland. There can be no assurance that the Group's financial condition and results of operations will not be adversely affected as a consequence of the exercise of Chinese sovereignty over Hong Kong. In addition, political, social and economic developments in the Mainland and the Mainland's trading relationships with other countries have, from time to time, adversely affected the Hong Kong economy and property market.

The Group currently has investments in many joint venture companies in the Mainland, and could decide to invest considerable capital resources to enter various markets in the Mainland. The value of the Group's investments therein may be adversely affected by significant political, social or legal uncertainties. The Chinese government has been reforming its economic and political systems since the late 1970s. The continued implementation of reforms may be influenced by internal political, social and economic factors. Changes in economic policy or legal requirements may have adverse effects on the Chinese economy and could discourage foreign investments.

Impact of New Accounting Standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") is continuing its policy of issuing Hong Kong Financial Reporting Standards ("HKFRS") and interpretations which fully converge with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The Commission of the European Communities has recently issued a report confirming that Hong Kong is identified as a region which has fully adopted or implemented IFRS. HKICPA has issued and may in the future issue more new and revised standards and interpretations, including those required to conform with standards and interpretations issued from time to time by the IASB. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new HKFRS will not have a significant impact on the Group's financial position and results of operations.

Impact of accounting issue under review by the US Securities and Exchange Commission

As part of its periodic review of the company filings of HTIL, the Group's subsidiary company listed on the New York Stock Exchange, the US Securities and Exchange Commission ("SEC") sent HTIL comments in August 2008 regarding its Annual Report on Form 20-F for the year ended 31 December 2007. One comment that remains unresolved relates to the accounting treatment of sale and leaseback transactions for base station tower sites entered into by HTIL's Indonesia subsidiary, PT Hutchison CP Telecommunications, in 2008. These transactions were disclosed as a subsequent event in the HTIL's 2007 accounts, and details of the transactions and the applicable accounting treatment are disclosed in HTIL's 2008 Annual Report. The Group believes the accounting treatment HTIL has adopted is appropriate, and is continuing to engage with and provide further requested information to the SEC. The Group cannot predict the outcome of this review, and there is a risk that an adjustment to the Group's accounts may be required in order to account for the sale and leaseback transactions as a finance lease. If the Group were required to account for the sale and leaseback transactions as a finance lease, the Group would not recognise a gain from the sales of the base station tower sites or an operating lease expense. Instead, the Group would be required to recognise the leased assets and the related finance lease obligations on the balance sheet and to recognise depreciation expense on the leased asset and an interest element of the lease payment as interest expense.

Outbreak of Highly Contagious Disease

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS") in the Mainland, Singapore, Hong Kong, other Asian countries and Canada. The SARS outbreak had a significant adverse impact on the economies of the affected countries. Recently, there have been media reports regarding the spread of the H5N1 virus or "Avian Influenza A" among birds, poultry and, in some isolated cases, transmission of Avian Influenza A virus from animals to human beings. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease. If such an outbreak were to occur, it may have an adverse impact on the operations of the Group and its financial position and results of operations may be adversely affected.

Natural Disasters

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods and similar events and the occurrence of any of these events could disrupt the Group's business and materially and adversely affect the Group's financial condition and results of operations. For example, the Mainland recently experienced a severe earthquake that caused significant property damage and loss of life.

Although the Group has not experienced any major structural damage to development projects or ports or other facilities from earthquakes to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to the Group's development projects or ports or other facilities on the general supporting infrastructure facilities in the vicinity, which could adversely effect the Group's financial condition and results of operations.

Employee Relations

The hard-work and dedication of employees throughout the Group are the foundations to the success and growth of the company. With over 220,000 dedicated individuals, the Group's businesses have continued to break new ground in 2008 while establishing the framework for the long-term success of the Group as a world-leading multi-national corporation.

Development and advancement opportunities abound for dedicated and motivated employees as the Group expands its businesses world-wide. The Group's companies invest heavily in their employees' professional growth as well as personal development. Furthermore, the Group is committed to providing a safe, effective and congenial work environment for all our staff.

Development

The Group provides a wide range of internal and external training courses as well as e-learning programmes so that employees can expand their business expertise and skill sets. Furthermore, tailor-made programmes are developed to help employees meet the ever-changing challenges of the marketplace. Education subsidies or study leave applications are also available for employees looking to deepen their knowledge on topics relevant to their jobs or functions. The Group believes that investment in its employees will pay dividends to the company's success in the long term.

Diversity

Diversity is ingrained in the Group. Spanning 54 countries, the Group attracts the top talent irrespective of race, colour, gender, or religious belief for its different posts. The Group holds firm to its policy of ensuring all employees and job applicants enjoy equal opportunities and are treated with fairness.

More than 400 Drogas employees from all the three Baltic States (Estonia, Latvia and Lithuania) gather for the annual Sun & Fun Day.

Approximately 7,000 HWL employees and their families enjoy a fun-filled day at Ocean Park in Hong Kong.

Remuneration

In a highly competitive market, investing in and rewarding employees according to their performance and productivity is crucial to retaining talent. The Group reviews its remuneration scheme annually to ensure remuneration packages are competitive. Our employees enjoy comprehensive medical, life and disability insurance plans and retirement schemes. To promote camaraderie across the Group, employees are also privy to a wide range of product and service discounts offered by various Group companies.

Fellowship

Furthermore, to enhance the sense of belonging and fellowship among employees, the Group organises numerous employee activities throughout the year. A variety of programmes of various scopes and genres were organised for their enjoyment. They ranged from opportunities to improve relationships with colleagues and their families across the Group to activities that serve the local communities.

Corporate Social Responsibility

- Thanks to a **3** Italia programme, 11 hectares of woods at Milan's northern park was reforested.
- Port of Felixstowe helps the refurbishment of the Langer Primary School's library and participates in the opening of the latter.

With a portfolio of businesses that span across the globe, HWL works and plans diligently to build on our success to achieve long-term growth. Businesses are encouraged to innovate and individuals are given creative platforms to explore. At the same time, each business is managed prudently to ensure steady growth through sustainable business models.

Each of the Group's businesses work hard to build a strong foundation in its local market through delivering quality products and services, and through contribution to charitable activities and sponsorship initiatives to connect with the local communities.

Giving Back to Society

Giving back to the community is an important element to being a responsible corporation. The Group serves local communities through volunteerism, charitable activities and sponsorship initiatives that span the spectrum to improve the overall standard of living for those around us. The following are some examples of the activities the Group was involved in last year.

Environment

The Group seeks to improve the environment not only for future generations of mankind but also to ensure the survival of wildlife.

Husky announced a C$1.625 million commitment over five years towards a biofuels research programme at the University of Manitoba. Husky's contribution will be used to establish the Husky Biofuel Research Fund to help the University of Manitoba create two research chairs in biofuels focusing on ethanol.

In Italy, to help offset carbon emissions, **3** Italia launched a handset "Re-generation campaign" that inaugurated 11 hectares of woods. **3** Italia also uses renewable energies for its power needs.

HK Electric donated over HK$1 million to sponsor renewable energy projects at local schools in Hong Kong to encourage the study and application of renewable energy. HK Electric also donated HK$125,000 to the World Wide Fund for Nature Hong Kong to support their work in environmental protection and education. In addition to financial contributions, HK Electric volunteers and family members also took part in weed-clearing, tree-planting and eco-tour projects to help promote environmental awareness in the community.

Combining technological innovation and environmental protection, HIT deployed electric rubber-tyred gantry cranes as part of an electrification programme that will reduce diesel emissions.

Other HPH subsidiaries are also very active in local environmental projects. For example, Lazaro Cardenas Terminal Porturia de Contenedores, a port in Mexico, supports "Save the Turtles", a programme to protect local turtles and their breeding grounds and educate the community about the dangers the animals face.

Community

Volunteerism is encouraged across the Group and our employees have enthusiastically served the communities with their time, talents, and heart. The HWL Volunteer Team, formed by the Group's employees in Hong Kong, has contributed time and energy to help children and families lead a harmonious, healthy and happy life. Over the past year, HWL Volunteers have put on a range of activities for the community in conjunction with various social organisations.

This year, under the motto of the 3Hs – Harmony, Health and Happiness, HWL Volunteers brought youths from minority groups together with local children to visit the Olympic Equestrian facilities. The programme helped promote diversity and understanding for the children as well as introducing them to the Olympic Sport that Hong Kong hosted. The Volunteer Team also initiated a programme with the Hospital Authority to serve terminally ill cancer patients and their families at several hospital's hospice centres.

Many businesses look for innovative ways to help their community. In Beijing, Great Wall Sheraton Hotel organised blood drives and a separate programme to donate bicycles to financially strapped schools and families. In Hong Kong, Metro Broadcast partnered with celebrities and artistes to sell cookies to raise funds for the elderly.

In Australia, **3** Australia volunteered at the Royal Institute for Deaf and Blind Children, helping organise a sports day and barbeque for the children, families and friends.

In Israel, some employees painted the homes of the elderly while others organised sporting activities for children recuperating from cancer.

TOM donated books to encourage children and youngsters to spend more time reading. TOM also held a charity book sale with the proceeds going to the reconstruction of an orphanage in Jin Tang County, the Mainland.

HK Electric donated over HK$450,000 to 19 elderly service agencies in Hong Kong to promote life-long learning and volunteerism among retirees. Over 6,500 senior citizens benefited from the project. HK Electric also donated HK$100,000 to the Music Concert for Youth.

Marionnaud France raised €112,000 on International Women's Day to help domestically abused women overcome their sufferings.

The Kowloon Hotel participated in the "School-Company Partnership" programme organised by Youth Entrepreneurs Development Council. Through group discussion, games and various activities, the programme introduced entrepreneurship to youngsters at the early stage of career planning and let them gain exposure to the business world.

Putting on a different hat, chefs and volunteers from Harbour Plaza North Point and the Hong Kong Rugby Team spent a sunny and sporty morning with children from Precious Blood Children's Home where the children were given tips to making Swan Cream Puff and a taste of rugby.

Education

Education is the best way to invest in the future by nurturing talents for tomorrow.

HWL donated £564,000 to the Hutchison Chevening Scholarships that will fund 75 young postgraduates from Hong Kong and the Mainland to pursue their studies in British Universities. Over 420 scholars have benefited from the scheme since its inception.

HK Electric sponsored HK$340,000 to the Centenary Trust Scholarship to provide financial assistance to secondary students in need. In Israel, Partner donated computers to schools and libraries around the country.

HPH, through its renowned Dock School Programme, continues the tradition of encouraging the educational development of the communities they operate in. The Korean, Ningbo and Xiamen ports were among the many who offered scholarships to local students to support their studies. Employees like those at the Port of Felixstowe, volunteered at their local schools. Other ports such as the Mexican and Guangxi ports helped by donating teaching equipment such as computers and servers so that students will have access to these important educational aids.

Medical / Healthcare

The Group is keen to support initiatives that promote public health and medical research and development.

In the UK, Superdrug organised a fundraising ball "Out of this World", raising a total of over £300,000 for three charities including the Teenage Cancer Trust. **3** UK colleagues scaled the 5,895-metre high Mount Kilimanjaro, raising £12,000 for the Macmillan Cancer Foundation.

In Canada, Husky donated C$500,000 to Husky Energy Easter Seals House, an accessible recreational facility for children with disabilities in St John's, Newfoundland and Labrador. The state-of-the-art facility will benefit more than 1,500 children. The donation was in addition to the C$250,000 Husky Energy donated the year before.

In addition to watching the Olympic Equestrian Games, volunteer programme "Go! Go! Go! Olympics" provides a series of equestrian related activities to integrate 60 students of different nationalities during the summer.

Corporate Social Responsibility

Participants busily prepare healthy dishes at HK Electric's "Healthy Eating and Smart Cooking Competition" under the Company's annual Smart Power Campaign in June 2008.

Arts and Culture

Part of the support for the community is through donations to cultural events so that communities can have a better understanding of different countries and territories and their cultures.

In 2008, the Group contributed HK$150,000 to the Le French May festival in Hong Kong to help promote art and cultural exchanges.

Hutchison Whampoa Property Group is very active in introducing different arts and cultural activities for residents and the local communities. These initiatives include Chinese opera, lion dance, arts education, fashion shows and even automobile shows.

HK Electric donated HK$220,000 to community groups and rural Committees for various cultural projects including traditional festival celebrations and the Dragon Boat races.

Sports

The Group is a firm supporter of sports development and encourages its employees to lead a healthy lifestyle. This year, the Mainland's capital hosted the world's biggest sporting event, the Beijing 2008 Olympic Games. The Group and its subsidiaries were pleased to support the Games and promote the Chinese cities' people and culture to people around the world. Headquartered in one of the co-host cities, Hong Kong, the Group also had the opportunity to initiate a variety of programmes to encourage the community's participation in sporting events and promote camaraderie and a healthy lifestyle.

The A S Watson Group Hong Kong Student Sports Awards honoured 802 primary, secondary and special school student athletes. The programme also brought student athletes to a preview tour of the Olympic Stadiums.

Following the Olympic Games, Hong Kong is gearing up for the next major sports event in the city. Watsons Water has thrown in its support of the 2009 East Asian Games as a diamond partner.

Disaster Relief

The year 2008 was marked by several major natural disasters around the world. Our Group spared no time to respond to the catastrophes and show support to the colleagues, families and the communities that are affected by the crises. As time is critical in such circumstances, the Group responded with financial support or delivery of daily necessities in order to meet the most urgent needs of the victims.

In May, one of the deadliest earthquakes of all time hit the Sichuan province in the Mainland. The earthquake, measuring 8 on the Richter scale, killed over 60,000 people and left hundreds of thousands injured and millions homeless.

HWL, along with Cheung Kong Holdings and the Li Ka Shing Foundation, donated over RMB135 million to different projects to aid victims of the Sichuan earthquake and help with the rebuilding process. Among the programmes are financial aid for students affected by the quake. Many of the Group's businesses initiated fund-raising activities as a show of support for the people in Sichuan.

Cyclone Nargis hit southeast Myanmar on 9 May 2008 displacing 100,000 people. Through a matching programme by the HWL Volunteer Fund, the Group raised over HK$450,000 for UNICEF's emergency efforts in Myanmar.

HPH and Mexico's Union of Entrepreneurs for Technology in Education jointly open a computer lab for students in Ensenada, Mexico.

- Husky Energy Easter Seals House is named in recognition of Husky's donation of C$750,000.
- A S Watson Group Hong Kong Student Sports awardees visit the National Stadium, the Aquatics Centre and the National Sport Training Centre in Beijing.

Stakeholder Engagement

As a multi-national corporation operating with a diverse business portfolio, the Group and its operating companies hold dialogues with different stakeholders including shareholders, employees, suppliers, customers, regulators, academics and non-governmental organisations. In a difficult economic environment, we listen to the differing opinions of the stakeholders and seek a balance when planning the best way forward for the company and the communities we are in.

The Group understands that through constructive dialogue, we can all strive for a world that is better for future generations.

It is through engaging stakeholders and committing to the community, we believe we can make a positive impact to the world we live in and generate long-term value for our shareholders.

Shareholders

The Group is committed to enhancing shareholder value through long-term planning and effective execution of approved plans. Management is tasked to be diligent in the allocation of the Group's resources and to minimise risk while maximizing returns in a prudent manner.

For transparency, the Group carries frequent conversations with the financial community including analysts, fund managers, and other investors.

Suppliers

Upholding local and international laws and treating individuals with respect and dignity is the responsibility of all corporations. At the Head Office, we look to lead by example. We have instituted a policy that vendors and suppliers who wish to provide printing services, including the Annual Report, have to agree to a covenant based on the United Nations Global Compact. The principles include non-discriminatory hiring and employment practices, a safe and healthy workplace, complying with environmental laws and prohibition of child labour. In Europe, A S Watson Group joined the Business Social Compliance Initiative which calls for, among other things, strict legal compliance of all applicable national laws, regulations, industry minimum standards and ILO and UN Conventions.

Government

As the Group operates across a wide-spectrum of industries around the world, operating companies are not only compliant with the laws and regulations in the countries that they operate, they will, on occasion, work with local authorities and organisations to improve industry standards and trade practices.

Customers

Customer feedback is important especially in the face of the changing economic situation. The Group's subsidiaries have numerous mechanisms to gather feedback from customers about their products and services.

Education programmes to help customers make informed choices not only benefit the customers, they help bring back return business. One of the Group's retailers, PARKnSHOP, pioneered "Farm Check", a barcode tracing system to track down vegetable to the farms they were grown, in addition to "Fishipedia", a resource for customers to find the perfect fish, an important ingredient to Chinese cuisine, Hygiene is a top priority as fish counter staff are examined by doctors and trained at PARKNSHOP's Fresh Check Food Hygiene Academy before qualifying as fresh food handlers.

The motto of the HWL Volunteer Team, "the 3Hs – Harmony, Health and Happiness", encompasses the common themes of the myriad of community programmes the Group is involved in around the world. We are looking to promote harmony acceptance and celebrate differences. It is through constructive dialogues and interaction with the community that will help the Group grow and prosper.

Biographical Details of Directors and Senior Management

LI Ka-shing

KBE, GBM, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, Commandeur de la Légion d'Honneur, JP, aged 80, has been Executive Director and the Chairman of the Company since 1979 and 1981 respectively. He is also the Chairman of the Remuneration Committee of the Company. He is the founder and chairman of Cheung Kong (Holdings) Limited ("Cheung Kong"), a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and has been engaged in many major commercial developments in Hong Kong for more than 50 years. Mr Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities in the Mainland and overseas. Mr Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr Li has received Honorary Doctorates from Peking University, The University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor, Deputy Chairman of the Company and the brother-in-law of Mr Kam Hing Lam, Executive Director of the Company.

LI Tzar Kuoi, Victor

aged 44, has been Executive Director and Deputy Chairman of the Company since 1995 and 1999 respectively. He is deputy chairman and managing director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO, chairman of Cheung Kong Infrastructure Holdings Limited ("CKI") and CK Life Sciences Int'l., (Holdings) Inc. ("CKLS"), executive director of Hongkong Electric Holdings Limited ("HEH"), co-chairman of Husky Energy Inc. ("Husky") and director of The Hongkong and Shanghai Banking Corporation Limited. In addition, he is director of Continental Realty Limited ("CRL"), Honourable Holdings Limited ("HHL"), Winbo Power Limited ("WPL"), Polycourt Limited ("PL") and Well Karin Limited ("WKL"). CRL is a substantial shareholder of the Company within the meaning of Part XV of the SFO and HHL, WPL, PL and WKL are companies which have interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Mr Li serves as a member of the Standing Committee of the 11th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Commission on Strategic Development, the Greater Pearl River Delta Business Council and the Council for Sustainable Development of the Hong Kong Special Administrative Region, and vice chairman of Hong Kong General Chamber of Commerce. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering. Mr Li Tzar Kuoi, Victor is a son of Mr Li Ka-shing, Chairman of the Company and a nephew of Mr Kam Hing Lam, Executive Director of the Company.

FOK Kin-ning, Canning

aged 57, has been Executive Director and Group Managing Director of the Company since 1984 and 1993 respectively. He is chairman of Hutchison Harbour Ring Limited ("HHR"), Hutchison Telecommunications International Limited ("HTIL"), Hutchison Telecommunications (Australia) Limited ("HTAL"), HEH and Partner Communications Company Ltd. ("Partner") and co-chairman of Husky. He is also deputy chairman of CKI and non-executive director of Cheung Kong. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Australian Institute of Chartered Accountants.

CHOW WOO Mo Fong, Susan

aged 55, has been Executive Director and Deputy Group Managing Director of the Company since 1993 and 1998 respectively. She is also executive director of CKI, HHR and HEH, non-executive director of HTIL and TOM Group Limited ("TOM") and director of HTAL and Partner. She is a solicitor and holds a Bachelor's degree in Business Administration.

Frank John SIXT

aged 57, has been Executive Director and Group Finance Director of the Company since 1991 and 1998 respectively. He is non-executive chairman of TOM. He is also executive director of CKI and HEH, non-executive director of Cheung Kong and HTIL and director of HTAL, Husky and Partner. In addition, he is director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, all being substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

LAI Kai Ming, Dominic

aged 55, has been Executive Director of the Company since 2000. He is also deputy chairman of HHR and director of HTAL. He has over 25 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

KAM Hing Lam

aged 62, has been Executive Director of the Company since 1993. He is deputy managing director of Cheung Kong, group managing director of CKI and president and chief executive officer of CKLS. He is also executive director of HEH and non-executive director of Spark Infrastructure Group. Mr Kam is a member of the 11th Beijing Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr Kam is the brother-in-law of Mr Li Ka-shing, Chairman of the Company and an uncle of Mr Li Tzar Kuoi, Victor, Deputy Chairman of the Company.

The Hon Sir Michael David KADOORIE

GBS, Officier de la Légion d'Honneur, Commandeur de 1'Ordre de Léopold II, Commandeur de 1'Ordre des Arts et des Lettres, aged 67, has been a Director of the Company since 1995 and is currently an Independent Non-executive Director. He is chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels, Limited, as well as Heliservices (Hong Kong) Limited. He is also an alternate director of Hong Kong Aircraft Engineering Company Limited.

Holger KLUGE

aged 67, has been an Independent Non-executive Director of the Company since 2004. He is also a member of the Audit Committee and the Remuneration Committee of the Company. He worked 40 years for Canadian Imperial Bank of Commerce ("CIBC"), one of North America's largest financial institutions. From 1990 until his retirement in 1999, he was president and chief executive officer of CIBC's Personal and Commercial Bank. He is an independent non-executive director of HEH and a director of Husky and Shoppers Drug Mart Corporation. He holds a Bachelor of Commerce degree and a Master's degree in Business Administration.

George Colin MAGNUS

OBE, BBS, aged 73, has been a Director of the Company since 1980. He served as Deputy Chairman of the Company from 1984 to 1993, and is currently a Non-executive Director. He is also a non-executive director of Cheung Kong, CKI and HEH. He holds a Master's degree in Economics.

William Elkin MOCATTA

aged 56, has been Alternate Director to The Hon Sir Michael David Kadoorie, an Independent Non-executive Director, since 1997. He is chairman of CLP Power Hong Kong Limited and CLP Properties Limited. He is also vice chairman of CLP Holdings Limited and director of The Hongkong and Shanghai Hotels, Limited. He is a Fellow of The Institute of Chartered Accountants in England and Wales.

OR Ching Fai, Raymond

JP, aged 59, has been a Director of the Company since 2000 and is currently an Independent Non-executive Director. He is vice-chairman and chief executive of Hang Seng Bank Limited, a director of The Hongkong and Shanghai Banking Corporation Limited and 2009 East Asian Games (Hong Kong) Limited and an independent non-executive director of Cathay Pacific Airways Limited and Esprit Holdings Limited. He was also chairman of the Hong Kong Association of Banks in 2000 and 2003.

William SHURNIAK

aged 77, has been a Director of the Company since 1984 and is currently a Non-executive Director. He is also a member of the Audit Committee of the Company. He is director and chairman of Northern Gas Networks Limited as well as director and deputy chairman of Husky. He has broad banking experience and he holds Honorary Doctor of Laws degrees from the University of Saskatchewan and The University of Western Ontario in Canada.

WONG Chung Hin

CBE, JP, aged 75, has been a Director of the Company since 1984 and is currently an Independent Non-executive Director. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. In addition, he is an independent non-executive director of The Bank of East Asia, Limited and HEH. He is a solicitor.

The Executive Directors of the Company are also the Senior Managers of the Group.

Report of the Directors

The Directors have pleasure in submitting to shareholders their report and statement of audited accounts for the year ended 31 December 2008.

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 193 to 198.

Group Profit

The consolidated profit and loss account is set out on page 115 and shows the Group profit for the year ended 31 December 2008.

Dividends

An interim dividend of HK$0.51 per share was paid to shareholders on 3 October 2008 and the Directors recommend the declaration of a final dividend at the rate of HK$1.22 per share payable on 22 May 2009 to all persons registered as holders of shares on 21 May 2009. The Register of Members will be closed from 14 May 2009 to 21 May 2009, both dates inclusive.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 45 and note 32 to the accounts on pages 191 to 192 and 174 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK$105,000,000 (2007 – approximately HK$87,000,000).

Fixed Assets

Particulars of the movements of fixed assets are set out in note 11 to the accounts.

Share Capital

Details of the share capital of the Company are set out in note 31 to the accounts.

Directors

The board of Directors of the Company (the "Board") as at 31 December 2008 comprised Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt, Mr Lai Kai Ming, Dominic, Mr Kam Hing Lam, The Hon Sir Michael David Kadoorie, Mr Holger Kluge, Mr George Colin Magnus, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr Or Ching Fai, Raymond, Mr William Shurniak and Mr Wong Chung Hin.

Mr Li Ka-shing, Mrs Chow Woo Mo Fong, Susan, Mr Lai Kai Ming, Dominic, Mr Or Ching Fai, Raymond and Mr William Shurniak will retire at the forthcoming annual general meeting under the provisions of Article 85 of the Articles of Association of the Company. Mr Or Ching Fai, Raymond will not offer himself for re-election at the annual general meeting whereas the other four retiring Directors, being eligible, will offer themselves for re-election at the annual general meeting.

The Company received confirmation from the Independent Non-executive Directors of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considered all the Independent Non-executive Directors as independent.

The Directors' biographical details are set out on pages 70 to 71.

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

During the year and up to the date of this report, the Group conducted the following transactions which constituted and/or would constitute connected transactions for the Company under the Listing Rules:

Subsidiaries of the Company (the "HWL Group") provided financial assistance to associates of Cheung Kong (Holdings) Limited ("Cheung Kong"), a "substantial shareholder" of the Company, which constituted "connected transactions" for the Company within the meanings of the Listing Rules. All contribution to the registered capital of, and any shareholders' loans to, the associates which took the form of joint ventures between the HWL Group and the Cheung Kong Group are expected to be made by the HWL Group and the Cheung Kong Group in proportion to their respective equity interests in such joint ventures:

Date	Connected Persons/Joint Ventures receiving the Financial Assistance by the HWL Group	Description of Financial Assistance
19 February 2008	Joint Group Enterprises Limited ("JGEL", a company indirectly owned as to 50% by each of the Company and Cheung Kong), and its wholly foreign owned enterprises, Hutchison Whampoa Properties (Changzhou) Limited ("Changzhou JV").	Financial assistance was or would be provided to JGEL to fund the costs of land, construction and development into commercial and residential properties of a piece of land of approximately 80,600 square metres located at east of Hongmei Park and north of Wuqing Road, Changzhou, PRC and acquired at a total consideration of approximately RMB1,200 million by Changzhou JV. The proposed total investment and registered capital of Changzhou JV was RMB1,486 million and RMB1,297 million respectively.
28 March 2008	Billion Rise Limited ("BRL", a company indirectly owned as to 50% by each of the Company and Cheung Kong) and/or a 50/50 indirect joint venture company to be established by the Company and Cheung Kong ("Project Co").	Financial assistance was or would be provided to BRL and/or Project Co for the purpose of the acquisition of the lease and the development of the parcel of land at West Coast Crescent in Singapore with a site area of approximately 12,000 square metres into residential properties at a total consideration of S$110,440,000 (approximately HK$623 million).

Continuing Connected Transactions

Pursuant to a marketing agreement dated 14 August 1996 (the "Thai Marketing Agreement") and made between Hutchison CAT Wireless MultiMedia Limited ("Hutchison CAT", a company consolidated into the financial statements of Hutchison Telecommunications International Limited ("HTIL") and its subsidiaries (the "HTIL Group") as subsidiary) and CAT Telecom Public Company Limited ("CAT"), Hutchison CAT has continued to market the CDMA2000 1X network services of CAT under the Hutch brand name in 25 provinces located in central Thailand and provide after-sales services and other supplementary services relating to such sales are marketing activities on an exclusive basis, in return for a percentage of the access fees, monthly services fees and sign-on fees paid by the subscribers.

The transactions contemplated under the Thai Marketing Agreement constituted continuing connected transactions ("Continuing Connected Transactions") for the Company under the Listing Rules during the year ended 31 December 2008 as HTIL being a subsidiary of the Company and by virtue of CAT being a substantial shareholder holding approximately 26% interest of and in Hutchison CAT.

The aggregate amounts for the year ended 31 December 2008 attributable to the Continuing Connected Transactions subject to annual review requirements under the Listing Rules was HK$889 million in respect of the revenue to the HTIL Group.

Annual Review of Continuing Connected Transactions

All the Independent Non-executive Directors of the Company have reviewed the Continuing Connected Transactions and confirmed that the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Company or of its subsidiaries (together the "Group"); (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the work performed, the auditor of the Company has confirmed in a letter to the Board of Directors of the Company to the effect that the Continuing Connected Transactions (i) had received approval of the Board of Directors of HTIL; (ii) were in accordance with the pricing policies of the HTIL Group; (iii) were entered into in accordance with the terms of the Thai Marketing Agreement governing such transactions; and (iv) did not exceed the cap amounts for the financial year ended 31 December 2008 as referred to in the announcement of HTIL on 27 March 2007.

Directors' Service Contract

None of the Directors of the Company who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2008, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

(I) Interests and short positions in the shares, underlying shares and debentures of the Company

Long positions in the shares of the Company

Name of Director		Capacity		Nature of interests	Number of shares held	Total	Approximate % of shareholding
Li Ka-shing	(i)	Founder of discretionary trusts	(i)	Other interest	2,141,698,773 [(1)]		
	(ii)	Interest of controlled corporations	(ii)	Corporate interest	49,177,000 [(2)]	2,190,875,773	51.3883%
Li Tzar Kuoi, Victor	(i)	Beneficiary of trusts	(i)	Other interest	2,141,698,773 [(1)]		
	(ii)	Interest of controlled corporations	(ii)	Corporate interest	1,086,770 [(3)]	2,142,785,543	50.2604%
Fok Kin-ning, Canning		Interest of a controlled corporation		Corporate interest	4,310,875 [(4)]	4,310,875	0.1011%
Chow Woo Mo Fong, Susan		Beneficial owner		Personal interest	150,000	150,000	0.0035%
Frank John Sixt		Beneficial owner		Personal interest	50,000	50,000	0.0012%
Lai Kai Ming, Dominic		Beneficial owner		Personal interest	50,000	50,000	0.0012%
Kam Hing Lam	(i)	Beneficial owner	(i)	Personal interest	60,000		
	(ii)	Interest of child	(ii)	Family Interest	40,000	100,000	0.0023%
Michael David Kadoorie		Founder of a discretionary trust(s)		Other interest	15,984,095 [(5)]	15,984,095	0.3749%
Holger Kluge		Beneficial owner		Personal interest	40,000	40,000	0.0009%
George Colin Magnus	(i)	Founder and beneficiary of a discretionary trust	(i)	Other interest	950,100 [(6)]		
	(ii)	Beneficial owner	(ii)	Personal interest	40,000		
	(iii)	Interest of spouse	(iii)	Family interest	9,900	1,000,000	0.0235%
William Shurniak		Beneficial owner		Personal interest	165,000	165,000	0.0039%

Notes:

(1) The two references to 2,141,698,773 shares of the Company relate to the same block of shares comprising:

(a) 2,130,202,773 shares held by certain subsidiaries of Cheung Kong. Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). 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 Unity Holdco. TUT1 is only interested in the shares of Cheung Kong by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of Cheung Kong independently without any reference to Unity Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

As Mr Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies and the said shares of the Company held by the subsidiaries of Cheung Kong under the SFO as directors of Cheung Kong. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of Cheung Kong and has no duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

(b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3").

Mr Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). 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 Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.

As Mr Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 under the SFO as Directors of the Company. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of the Company held by TUT3 as trustee of UT3 under the SFO.

(2) Such shares were held by certain companies of which Mr Li Ka-shing is interested in the entire issued share capital.

(3) Such shares were held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

(4) Such shares were held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.

(5) Such shares were indirectly held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is the founder and a discretionary beneficiary.

(6) Such shares were indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and a discretionary beneficiary.

(II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

Long positions in the shares, underlying shares and debentures of the associated corporations of the Company

As at 31 December 2008, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

(i) (a) 1,912,109,945 ordinary shares, representing approximately 84.82% of the then issued share capital, in Cheung Kong Infrastructure Holdings Limited ("CKI") of which 1,906,681,945 ordinary shares were held by a wholly owned subsidiary of the Company and 5,428,000 ordinary shares were held by TUT1 as trustee of UT1; and

(b) 2 underlying shares in CKI by virtue of the HK$300,000,000 capital guaranteed notes due 2009 held by a wholly owned subsidiary of Cheung Kong;

(ii) 6,399,728,952 ordinary shares, representing approximately 71.50% of the then issued share capital, in Hutchison Harbour Ring Limited ("HHR") held by certain wholly owned subsidiaries of the Company;

(iii) 2,958,068,120 ordinary shares, representing approximately 61.44% of the then issued share capital, in HTIL of which 52,092,587 ordinary shares and 2,905,822,253 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3;

(iv) 829,599,612 ordinary shares, representing approximately 38.87% of the then issued share capital, in Hongkong Electric Holdings Limited ("HEH") which shares were held by certain wholly owned subsidiaries of CKI;

(v) 1,429,024,545 ordinary shares, representing approximately 36.70% of the then issued share capital, in TOM Group Limited ("TOM") of which 476,341,182 ordinary shares and 952,683,363 ordinary shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively;

(vi) 293,618,956 common shares, representing approximately 34.57% of the then issued share capital, in Husky Energy Inc. ("Husky") held by a wholly owned subsidiary of the Company; and

(vii) all interests in shares, underlying shares and/or debentures in all associated corporations of the Company.

As Mr Li Ka-shing may be regarded as a founder of DT3 for the purpose of SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of DT3 as disclosed in Note (1) above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 305,603,402 common shares, representing approximately 35.98% of the then issued share capital, in Husky which were held by a company in respect of which TDT3 as trustee of DT3 is indirectly entitled to substantially all the net assets thereof and of which Mr Li Ka-shing is additionally entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings. In addition, Mr Li Ka-shing had, as at 31 December 2008, corporate interests in (i) a nominal amount of US$30,200,000 in the 6.988% Notes due 2037 issued by Hutchison Whampoa Finance (CI) Limited; and (ii) 266,621,499 ordinary shares, representing approximately 5.54% of the then issued share capital, in HTIL, which were held by companies of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2008, the following interests:

(i) family interests in 151,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HEH held by his spouse; and

(ii) corporate interests in (a) a nominal amount of US$21,000,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited ("HWI(03/13)"); (b) a nominal amount of US$12,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited; (c) a nominal amount of US$8,000,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited ("HWI(03/33)"); (d) a nominal amount of US$15,000,000 in the 7.45% Notes due 2033 issued by HWI(03/33); and (e) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in HTIL, which were held by companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

Mr Fok Kin-ning, Canning had, as at 31 December 2008, the following interests:

(i) corporate interests in (a) a nominal amount of US$2,500,000 in the 6.5% Notes due 2013 issued by HWI(03/13); (b) a nominal amount of US$2,000,000 in the 7.45% Notes due 2033 issued by HWI(03/33); (c) a nominal amount of US$2,500,000 in the 5.45% Notes due 2010 issued by HWI(03/33); and (d) a nominal amount of US$2,500,000 in the 6.25% Notes due 2014 issued by HWI(03/33);

(ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.06% of the then issued share capital, in HHR;

(iii) 5,100,000 ordinary shares, representing approximately 0.68% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("HTAL") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;

(iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the then issued share capital, in HTIL;

(v) corporate interests in 200,000 common shares, representing approximately 0.02% of the then issued share capital, in Husky; and

(vi) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.14% of the then issued share capital, in Partner Communications Company Ltd ("Partner").

Mr Fok Kin-ning, Canning held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2008, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 31 December 2008, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.13% of the then issued share capital, in HTAL; and (ii) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 31 December 2008, personal interests in 100,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in CKI.

Mr Holger Kluge in his capacity as a beneficial owner had, as at 31 December 2008, personal interests in (i) 200,000 ordinary shares, representing approximately 0.03% of the then issued share capital, in HTAL; and (ii) 20,000 common shares and 8,170 unlisted and physically settled Deferred Share Units (each representing 1 common share), in aggregate representing approximately 0.003% of the then issued share capital, in Husky.

Mr George Colin Magnus had, as at 31 December 2008, the following interests:

(i) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in HTIL comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and

(ii) personal interests in 25,000 American Depositary Shares (each representing 1 ordinary share), representing approximately 0.02% of the then issued share capital, in Partner held in his capacity as a beneficial owner.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2008, personal interests in 6,099 common shares, representing approximately 0.0007% of the then issued share capital, in Husky.

Save as disclosed above, as at 31 December 2008, none of the Directors or Chief Executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Directors or Chief Executive of the Company, as at 31 December 2008, other than the interests and short positions of the Directors or Chief Executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

(I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,130,202,773 (1)	49.97%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773 (1)	49.97%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773 (1)	49.97%
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interest of controlled corporations	2,130,202,773 (1)	49.97%
Continental Realty Limited	Beneficial owner	465,265,969 (2)	10.91%

(II) Interests and short positions of other persons in the shares and underlying shares of the Company

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Honourable Holdings Limited	Interest of controlled corporations	322,942,375 (2)	7.57%
Winbo Power Limited	Beneficial owner	236,260,200 (2)	5.54%
Polycourt Limited	Beneficial owner	233,065,641 (2)	5.47%
Well Karin Limited	Beneficial owner	226,969,600 (2)	5.32%

Notes:

(1) The four references to 2,130,202,773 shares of the Company relate to the same block of shares of the Company which represent the total number of shares of the Company held by certain wholly owned subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under the SFO. In addition, by virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same 2,130,202,773 shares of the Company held by Cheung Kong as described in Note (1)(a) of the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".

(2) These are wholly owned subsidiaries of Cheung Kong and their interests in the shares of the Company are duplicated in the interests of Cheung Kong.

Save as disclosed above, as at 31 December 2008, there was no other person (other than the Directors or Chief Executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Share Option Schemes

The Company has no share option scheme but certain of the Company's subsidiary companies have adopted share option schemes. The principal terms of such share option schemes are summarised as follows:

(I) **3** Italia S.p.A. ("**3** Italia")

The purpose of the employee share option plan of **3** Italia (the "**3** Italia Plan") is to provide **3** Italia with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to any employee of **3** Italia and any other company of which **3** Italia has control from time to time (the "**3** Italia Participating Company") or any director of any **3** Italia Participating Company who is required to devote to his duties a substantial part of his working hours (the "**3** Italia Eligible Employees").

The remuneration committee of the board of directors of **3** Italia (the "**3** Italia Remuneration Committee") may grant share options under the **3** Italia Plan to acquire the ordinary shares in the capital of **3** Italia (the "**3** Italia Shares") to individuals who are **3** Italia Eligible Employees, subject always to any limits and restrictions specified in the rules of the **3** Italia Plan as amended from time to time.

The form, manner and timing of grant of the share options, the maximum number of **3** Italia Shares in respect of each share option, the price at which each **3** Italia Share subject to a share option may be acquired on the exercise of that share option being subject to adjustment in case of reorganisation of capital structure (the "Subscription Price"), any condition on exercise of each share option, and all other terms relating or attaching to such grant shall be at the absolute discretion of the **3** Italia Remuneration Committee subject to compliance with the Listing Rules.

A **3** Italia Eligible Employee is not required to pay for the grant of a share option under the **3** Italia Plan.

The Subscription Price will be, (i) in the case of the one time initial grants of share options recognising the long service and ongoing contribution of those **3** Italia Eligible Employees who were **3** Italia Eligible Employees prior to 31 July 2001 and who at the date on which a share option is granted under the **3** Italia Plan (the "**3** Italia Date of Grant") remain so employed and who the **3** Italia Remuneration Committee determines should receive such an initial grant, the price as determined by the **3** Italia Remuneration Committee, and (ii) in any other case the market value of the **3** Italia Share at the **3** Italia Date of Grant as determined by the **3** Italia Remuneration Committee but in any event not being less than the nominal value (if any) of such **3** Italia Share at the **3** Italia Date of Grant.

In respect of any share option granted either: (i) after the Company has resolved to seek a separate listing and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the Stock Exchange in relation to a listing on the Main Board of the Stock Exchange (or an equivalent application in the case of a listing on the Growth Enterprise Market of the Stock Exchange or an overseas exchange) up to the date of the listing, and where the Subscription Price notified to a share option holder is less than the issue price of the **3** Italia Shares on listing, the Subscription Price shall be adjusted to the issue price of the **3** Italia Shares on listing and no share option (to which the rules of the **3** Italia Plan applies) shall be exercised at a Subscription Price below such issue price.

Subject always to the paragraph below, no share option shall be granted under the **3** Italia Plan which would, at the **3** Italia Date of Grant, cause the number of **3** Italia Shares which shall have been or may be issued both in pursuance of share options granted under the **3** Italia Plan and under any other share option scheme (the "**3** Italia Option Plan Shares") to exceed 5% of the number of the **3** Italia Shares in the capital of **3** Italia in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the **3** Italia Plan. This limit may only be exceeded with approval of the shareholders of both **3** Italia and the Company in general meetings in accordance with the requirements of the Listing Rules. As at the date of this report, the total number of **3** Italia Shares available for issue under the **3** Italia Plan is 37,682,571, which represented approximately 2.89% of the total number of **3** Italia Shares in issue as at that date.

No share option shall be granted under the **3** Italia Plan which would, at the **3** Italia Date of Grant, cause the number of **3** Italia Option Plan Shares which shall have been or may be issued both in pursuance of the share options granted under the **3** Italia Plan and under any other share option scheme to exceed 130,185,000 without the prior written consent of the board of Directors of the Company.

The limit on the number of **3** Italia Shares which may be issued upon exercise of all outstanding share options granted and not yet exercised under the **3** Italia Plan and under any other share option scheme to **3** Italia Eligible Employees must not exceed 30% of the number of **3** Italia Shares in issue from time to time.

The **3** Italia Remuneration Committee shall not grant any share options (the "**3** Italia Relevant Options") to any **3** Italia Eligible Employee which, if exercised, would result in such **3** Italia Eligible Employee becoming entitled to subscribe for such number of **3** Italia Shares as, when aggregated with the total number of **3** Italia Shares already issued or to be issued to him under all share options granted to him (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the **3** Italia Date of Grant of the **3** Italia Relevant Options, exceed 1% of the number of **3** Italia Shares in issue at such date. Notwithstanding this, the **3** Italia Remuneration Committee may grant share options to any **3** Italia Eligible Employee causing this limit to be exceeded, but only with the approval of the shareholders of **3** Italia and the Company in general meetings (with such **3** Italia Eligible Employee and his Associates (as defined in the Listing Rules) abstaining from voting in favour) in compliance with the requirements of the Listing Rules.

A share option may be exercised in whole or in part by a share option holder or where appropriate by his legal personal representatives at any time during the period commencing with a listing and terminating with the lapse of the relevant share option. Share options must be exercised with the period of eight years from the **3** Italia Date of Grant.

The **3** Italia Remuneration Committee may at any time, commencing on 20 May 2004 (being the date of adoption of the **3** Italia Plan) and until the eighth anniversary thereof grant share options under the **3** Italia Plan to individuals who are **3** Italia Eligible Employees.

The following share options were outstanding under the **3** Italia Plan during the year ended 31 December 2008:

Name or category of participant	Effective date of grant or date of grant of share options [(1)]	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/ cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options	Price of 3 Italia Share: At grant date of share options [(3)]	Price of 3 Italia Share: At exercise date of share options
								€	€	€
Employees in aggregate	20.5.2004	16,347,200	-	-	(1,555,882)	14,791,318	From Listing [(2)] to 16.7.2009	5.17	5.00	N/A
	20.11.2004	2,111,767	-	-	(621,458)	1,490,309	From Listing to 16.7.2009	5.17	5.00	N/A
	2.2.2005	335,320	-	-	(335,320)	0	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	2,710,875	-	-	(225,037)	2,485,838	From Listing to 16.7.2009	5.17	5.00	N/A
Total:		21,505,162	-	-	(2,737,697)	18,767,465				

Notes:

(1) The share options shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.

(2) Listing refers to an application being made to the competent listing authority for admission to trading on a recognised stock exchange of the ordinary share capital of **3** Italia.

(3) Nominal value of **3** Italia Shares on date of grant set out for reference only.

As at the date of this report, **3** Italia had 18,461,952 share options outstanding under the **3** Italia Plan, which represented approximately 1.42% of the **3** Italia Shares in issue as at that date.

No share option had been granted under the **3** Italia Plan during the year ended 31 December 2008.

(II) Hutchison 3G UK Holdings Limited ("**3** UK")

The purpose of the employee share option plan of **3** UK (the "**3** UK Plan") is to provide **3** UK with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible employees of **3** UK (the "**3** UK Eligible Employees"), being:

(a) any employee of **3** UK and any other company of which **3** UK has control from time to time (collectively the "**3** UK Participating Company"); or

(b) any director of any **3** UK Participating Company who is required to devote to his duty substantially the whole of his working hours being not less than 25 hours per week.

The remuneration committee of the board of **3** UK (the "**3** UK Remuneration Committee") may grant share options under the **3** UK Plan to acquire the ordinary shares in the capital of **3** UK (the "**3** UK Shares") to individuals who are **3** UK Eligible Employees, subject always to any limits and restrictions specified in the rules of the **3** UK Plan as amended from time to time.

An **3** UK Eligible Employee is not required to pay for the grant of a share option under the **3** UK Plan.

The subscription price for **3** UK Shares will be, (i) in the case of the one time initial grants of share options recognising the long service and ongoing contribution of the founders and other **3** UK Eligible Employees who were **3** UK Eligible Employees prior to 31 March 2001 and who at the date on which a share option is granted under the **3** UK Plan (the "**3** UK Grant Date") remain so employed and who the **3** UK Remuneration Committee determines should receive such an initial grant, the price as determined by the **3** UK Remuneration Committee (not being less than £1.00 per share); and (ii) in any other case the market value of the **3** UK Shares at the **3** UK Grant Date as determined by the **3** UK Remuneration Committee but in any event not being less than the nominal value (if any) of such **3** UK Share at the **3** UK Grant Date.

In respect of any share option granted either: (i) after the Company has resolved to seek a separate listing and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the Stock Exchange in relation to a listing on the Main Board of the Stock Exchange (or an equivalent application in case of a listing on the Growth Enterprise Market of the Stock Exchange, London Stock Exchange plc or an overseas exchange) up to the date of listing, and where the subscription price notified to a share option holder is less than the issue price of the **3** UK Shares on listing, the subscription price shall be adjusted to the issue price of the **3** UK Shares on listing and no share option (to which the rules of the **3** UK Plan applies) shall be exercised at a subscription price below such issue price.

Subject always to the paragraph below, no share option shall be granted under the **3** UK Plan which would, at the **3** UK Grant Date, cause the number of **3** UK Shares which shall have been or may be issued both in pursuance of share options granted under the **3** UK Plan and under any share option scheme (the "**3** UK Option Plan Shares") to exceed 5% of the number of **3** UK Shares in the capital of **3** UK in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the **3** UK Plan. This limit may only be exceeded with the approval of the shareholders of both **3** UK and the Company in general meetings in accordance with the requirements of the Listing Rules. As at the date of this report, the total number of **3** UK Shares available for issue under the **3** UK Plan is 222,274,337, which represented 5% of the total number of **3** UK Shares in issue as at that date.

No share option shall be granted under the **3** UK Plan which would, at the **3** UK Grant Date, cause the number of **3** UK Option Plan Shares to exceed 4% of the number of **3** UK Shares in issue at the date of approval of the **3** UK Plan without the prior written consent of the board of Directors of the Company.

The limit on the number of **3** UK Shares which may be issued upon exercise of all outstanding share options granted and not yet exercised under the **3** UK Plan and under any other share option scheme to **3** UK Eligible Employees must not exceed 30% of the number of **3** UK Shares in issue from time to time.

The **3** UK Remuneration Committee shall not grant any share options (the "**3** UK Relevant Options") to any **3** UK Eligible Employee which, if exercised, would result in such **3** UK Eligible Employee becoming entitled to subscribe for such number of **3** UK Shares as, when aggregated with the total number of **3** UK Shares already issued or to be issued to him under all share options granted to him (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the **3** UK Grant Date of the **3** UK Relevant Options, exceed 1% of the number of **3** UK Shares in issue at such date. Notwithstanding this, the **3** UK Remuneration Committee may grant share options to any **3** UK Eligible Employee causing this limit to be exceeded, but only with the approval of the shareholders of **3** UK and the Company in general meeting (with such **3** UK Eligible Employee and his Associates (as defined in the Listing Rules) abstaining from voting in favour) in compliance with the requirements of the Listing Rules.

A share option may be exercised in whole or in part by the share option holder or where appropriate by his legal personal representatives at any time during the period commencing with a listing and terminating with the lapse of the relevant share option. Share options must be exercised within the period of 10 years from the **3** UK Grant Date.

The **3** UK Remuneration Committee may at any time commencing on 20 May 2004 (being the date of adoption of the **3** UK Plan) and until the tenth anniversary thereof, grant share options under the **3** UK Plan to individuals who are **3** UK Eligible Employees.

The following share options were outstanding under the **3** UK Plan during the year ended 31 December 2008:

Name or category of participant	Effective date of grant or date of grant of share options [(1)]	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/ cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options	Price of 3 UK Share: At grant date of share options [(3)]	Price of 3 UK Share: At exercise date of share options
								£	£	£
Employees in aggregate	20.5.2004	6,719,500	-	-	(445,000)	6,274,500	From Listing [(2)] to 18.4.2011	1.00	1.00	N/A
	20.5.2004	29,090,000	-	-	(3,319,750)	25,770,250	From Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	3,519,250	-	-	(305,500)	3,213,750	From Listing to 20.8.2011	1.35	1.00	N/A
	20.5.2004	420,000	-	-	-	420,000	From Listing to 18.12.2011	1.35	1.00	N/A
	20.5.2004	367,750	-	-	(120,000)	247,750	From Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	1,877,750	-	-	(140,000)	1,737,750	From Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	317,500	-	-	(45,000)	272,500	From Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	550,000	-	-	(120,000)	430,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	1,455,000	-	-	(290,000)	1,165,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	1,567,250	-	-	(20,000)	1,547,250	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	545,500	-	-	(67,750)	477,750	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	4,163,250	-	-	(1,102,750)	3,060,500	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		50,592,750	-	-	(5,975,750)	44,617,000				

Notes:

(1) The share options granted to certain founders of **3** UK shall vest as to 50% on the date of (and immediately following) a Listing, as to a further 25% on the date one calendar year after a Listing and as to the final 25% on the date two calendar years after a Listing. The share options granted to non-founders of **3** UK shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.

(2) Listing refers to an application being made to the Financial Services Authority for admission to the official list of the ordinary share capital of **3** UK or to have the shares of **3** UK admitted to trading on the Alternative Investment Market operated by London Stock Exchange plc ("AIM") or in the United Kingdom or elsewhere.

(3) Nominal value of **3** UK Shares on date of grant set out for reference only.

As at the date of this report, **3** UK had 43,567,000 share options outstanding under the **3** UK Plan, which represented approximately 0.98% of the **3** UK Shares in issue as at that date.

3 UK is an unlisted wholly owned subsidiary of the Company and the share options relate to these unlisted shares. Based on the best estimate of the Directors of the Company and taking into consideration the losses incurred by **3** UK, prevailing market perception, the share option exercise price and **3** UK being an unlisted company, the value of the share options were estimated to be not material to the Group.

No share option had been granted under the **3** UK Plan during the year ended 31 December 2008.

(III) Hutchison China MediTech Limited ("Chi-Med")

The purpose of the share option scheme of Chi-Med (the "Chi-Med Plan") is to provide Chi-Med with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Chi-Med Eligible Persons. An "Chi-Med Eligible Person" shall be any person who is (or will be on and following the date of offer of the relevant share option) a director (other than an independent non-executive director) or an employee of Chi-Med, its listed parent(s) (ie, currently the Company) and any of their subsidiaries, and any holding company, subsidiaries or affiliates of Chi-Med or other companies which the board of directors of Chi-Med (the "Chi-Med Board") determines will be subject to the Chi-Med Plan, who is notified by the Chi-Med Board that he or she is an eligible person. Actual participation is at the discretion of the Chi-Med Board.

The Chi-Med Board may offer the grant to an Chi-Med Eligible Person, a share option to subscribe for such number of ordinary shares in the share capital of Chi-Med (the "Chi-Med Shares").

The maximum number of Chi-Med Shares to be allotted and issued subject to the Chi-Med Plan is as follows:-

(a) The total number of Chi-Med Shares issued or issuable pursuant to share options granted under all employees' share schemes of Chi-Med must not in aggregate exceed 5% of the Chi-Med Shares in issue on the date on which the Chi-Med Shares are listed to trading on a recognised stock exchange (including the AIM) (the "Chi-Med Listing").

(b) However, the Chi-Med Board may refresh and recalculate the limit by reference to the issued share capital of Chi-Med then prevailing with the approval of the shareholders of its listed parent (ie, currently the Company) if required under the Listing Rules in general meeting, provided that the total number of Chi-Med Shares issued and issuable pursuant to the exercise of share options under all employees' share schemes of Chi-Med may not exceed 10% of the issued ordinary share capital on the date of the approval of the refreshed limit. Share options previously granted under the Chi-Med Plan and any other employee share schemes of Chi-Med (including those outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the limit as refreshed. As at the date of this report, the total number of Chi-Med Shares available for issue under the Chi-Med Plan is 2,560,606 which represent 4.99% of the total number of Chi-Med Shares in issue as at that date.

(c) Share options may be granted to any Chi-Med Eligible Person or Chi-Med Eligible Persons specifically identified by the Chi-Med Board in excess of the limit, including the refreshed limit, under paragraphs (a) and (b) above, with the approval of the shareholders of Chi-Med in general meeting and by the shareholders of the listed parent if required under the Listing Rules and subject to paragraphs (d) and (e) below and restrictions on grant to key individuals under the Chi-Med Plan.

(d) (i) No Chi-Med Eligible Person may be granted a share option if as an result the total number of Chi-Med Shares over which that Chi-Med Eligible Person holds share options granted in the previous 12 months, when added to the number of Chi-Med Shares the subject of the proposed grant, would exceed 1% of the issued ordinary share capital of Chi-Med on that date; and

(ii) Notwithstanding paragraph (d)(i) above, share options may be granted to any Chi-Med Eligible Person or Chi-Med Eligible Persons which would cause the limit under paragraph (d)(i) above to be exceeded, but only with the approval of the shareholders of the listed parent in general meeting and subject to paragraph (e) below.

(e) Notwithstanding the above, under no circumstances may share options be outstanding over more than 10% of the issued ordinary share capital of Chi-Med at any time.

Subject to and in accordance with the rules of the Chi-Med Plan, a share option may be exercised during a period which is notified at the offer date of the share option, such period not to exceed the period of 10 years from such offer date.

Share option holders are not required to pay for the grant of any share option.

The exercise price, subject to any adjustment according to the rules of the Chi-Med Plan, for the share options will be:

(a) in the case of the one time initial grants of share options by Chi-Med under the Chi-Med Plan to founders and non-founders prior to the Chi-Med Listing, the price determined by the Chi-Med Board and notified to the relevant share option holder; and

(b) in respect of any other share option, the Market Value (as defined below) of the Chi-Med Shares as at the offer date.

"Market Value" on any particular day on or after the Chi-Med Listing means: the higher of (a) the average of the closing prices of the Chi-Med Shares on the five dealing days immediately preceding the offer date; (b) the closing price of the Chi-Med Shares as stated on a recognised stock exchange's daily quotations sheet of such shares on the offer date; and (c) the nominal value of the Chi-Med Shares.

Subject to the termination provisions in the Chi-Med Plan, the Chi-Med Plan shall be valid and effective for a period of 10 years commencing on 18 May 2006, being the date of adoption of the Chi-Med Plan, after which period no further share options will be granted but the provisions of the Chi-Med Plan shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior to the expiry of the 10-year period and which are at that time or become thereafter capable of exercise under the rules of the Chi-Med Plan, or otherwise to the extent as may be required in accordance with the provisions of the Chi-Med Plan.

The following share options were outstanding under the Chi-Med Plan during the year ended 31 December 2008:

Name or category of participant	Effective date of grant or date of grant of share options	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/ cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options	Price of Chi-Med Share At grant date of share options	Price of Chi-Med Share At exercise date of share options
								£	£	£
Employees in aggregate	19.5.2006 (1)	1,638,787	-	-	(266,922)	1,371,865	19.5.2006 to 3.6.2015	1.09	2.505 (4)	N/A
	11.9.2006 (1)	120,810	-	-	(40,352)	80,458	11.9.2006 to 18.5.2016	1.715	1.715 (5)	N/A
	23. 3. 2007 (2)	25,606	-	-	(17,071)	8,535	23.3.2007 to 22.3.2017	1.75	1.75 (5)	N/A
	18. 5. 2007 (2)	311,146	-	-	(220,848)	90,298	18.5.2007 to 17.5.2017	1.535	1.535 (5)	N/A
	24. 8. 2007 (2)	322,608	-	-	(66,548)	256,060	24.8.2007 to 23.8.2017	1.685	1.685 (5)	N/A
	25. 8. 2008 (3)	N/A	256,146	-	-	256,146	25.8.2008 to 24.8.2018	1.26	1.26 (5)	N/A
Total:		2,418,957	256,146	-	(611,741)	2,063,362				

Notes:

(1) The share options granted to certain founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 50% on 19 May 2007 and 25% on each of 19 May 2008 and 19 May 2009. The share options granted to non-founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of 19 May 2007, 19 May 2008 and 19 May 2009.

(2) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.

(3) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.

(4) The stated price was the closing price of the Chi-Med Shares quoted on the AIM on the date of admission of listing of the Chi-Med Shares.

(5) The stated price was the closing price of the Chi-Med Shares quoted on the AIM on the trading day immediately prior to the date of grant of the share options.

As at the date of this report, Chi-Med had 1,892,569 share options outstanding under the Chi-Med Plan, which represented approximately 3.69% of the Chi-Med shares in issue as at that date.

The fair value of share options granted during the year, determined using the Binomial Model was as follows:

Value of each share option	£0.569
Significant inputs into the valuation model:	
Exercise price	£1.260
Share price at effective grant date	£1.260
Expected volatility	35%
Risk-free interest rate	4.7%
Expected life of share options	7.1 to 8.0 years
Expected dividend yield	0%

The volatility of the underlying stock during the life of the share options is estimated with reference to the volatility of Chi-Med two years prior to the issuance of share options.

(IV) Hutchison Harbour Ring Limited ("HHR")

The purpose of the share option scheme of HHR (the "HHR Plan") is to enable HHR and its subsidiaries (the "HHR Group") to grant share options to selected participants as incentives or rewards for their contribution to the HHR Group, to continue and/or render improved service with the HHR Group, and/or to establish a stronger business relationship between the HHR Group and such participants.

The directors of HHR (the "HHR Directors") (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for shares in the ordinary capital of HHR (the "HHR Shares"):

(a) any employee/consultant (as to functional areas of finance, business or personnel administration or information technology) or proposed employee/consultant (whether full time or part time, including any executive director but excluding any non-executive director) of HHR (the "HHR Eligible Employee"), any of its subsidiaries or any entity (the "HHR Invested Entity") in which any member of the HHR Group holds any equity interest;

(b) any non-executive directors (including independent non-executive directors) of HHR, any of its subsidiaries or any HHR Invested Entity;

(c) any supplier of goods or services to any member of the HHR Group or any HHR Invested Entity;

(d) any customer of any member of the HHR Group or any HHR Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the HHR Group or any HHR Invested Entity;

(f) any shareholder of any member of the HHR Group or any HHR Invested Entity or any holder of any securities issued by any member of the HHR Group or any HHR Invested Entity;

(g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the HHR Group; and

(h) any company wholly owned by one or more persons belonging to any of the above classes of participants.

For the avoidance of doubt, the grant of any share options by HHR for the subscription of HHR Shares or other securities of the HHR Group to any person who falls within any of the above classes of participants shall not, by itself, unless the HHR Directors otherwise determine, be construed as a grant of share option under the HHR Plan.

The eligibility of any of the above class of participants to the grant of any share options shall be determined by the HHR Directors from time to time on the basis of their contribution to the development and growth of the HHR Group. The maximum number of HHR Shares to be allotted and issued is as follows:

(a) The maximum number of HHR Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 30% of the relevant class of securities of HHR (or its subsidiaries) in issue from time to time.

(b) The total number of HHR Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HHR Plan and any other share option scheme of the HHR Group) to be granted under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 6% of the relevant class of securities of HHR (or its subsidiaries) in issue as at 20 May 2004, being the date of passing the relevant resolution adopting the HHR Plan (the "HHR General Scheme Limit"). As at the date of this report, the total number of HHR Shares available for issue under the HHR Plan is 402,300,015, which represented 4.5% of the total number of HHR Shares in issue as at that date.

(c) Subject to (a) above and without prejudice to (d) below, HHR may seek approval of its shareholders (the "HHR Shareholders") in general meeting to refresh the HHR General Scheme Limit provided that the total number of HHR Shares which may be allotted and issued upon the exercise of all share options to be granted under the HHR Plan and any other share option scheme of the HHR Group must not exceed 10% of the relevant class of securities of HHR (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options including those outstanding, cancelled, lapsed or exercised in accordance with the HHR Plan and any other share option scheme of the HHR Group will not be counted.

(d) Subject to (a) above and without prejudice to (c) above, HHR may seek separate approval of the HHR Shareholders in general meeting to grant share options beyond the HHR General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by HHR before such approval is sought.

The total number of HHR Shares issued and which may fall to be issued upon the exercise of the share options granted under the HHR Plan and any other share option scheme of the HHR Group (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of HHR for the time being (the "HHR Individual Limit"). Any further grant of share options in excess of the HHR Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the approval of the HHR Shareholders in a general meeting of HHR with such participant and his Associates abstaining from voting. The number and terms (including the exercise price) of the share options to be granted (and share options previously granted to such participant) must be fixed before the approval of the HHR Shareholders and the date of the board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) of the Listing Rules.

A share option may be exercised in accordance with the terms of the HHR Plan at any time during a period to be determined on the date of offer for the grant of share option and notified by the HHR Directors to each grantee, which period may commence, once the offer for the grant is accepted within the prescribed time by the grantee, from the date of the offer for the grant of share options but shall end in any event not later than 10 years from the date on which the offer for the grant of the share option is made, subject to the provisions for early termination thereof. Unless otherwise determined by the HHR Directors and stated in the offer of the grant of share options to a grantee, there is no minimum period required under the HHR Plan for the holding of a share option before it can be exercised.

The subscription price for HHR Shares under the HHR Plan shall be a price determined by the HHR Directors but shall not be less than the highest of (i) the closing price of HHR Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HHR Shares on the date of the offer of grant which must be a business day; (ii) the average closing price of HHR Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HHR Shares for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (iii) the nominal value of the HHR Shares. A nominal consideration of HK$1 is payable on acceptance of the grant of a share option.

The HHR Plan will remain in force for a period of 10 years commencing on the date on which the HHR Plan becomes unconditional.

The following share options were outstanding under the HHR Plan during the year ended 31 December 2008:

Name or category of participant	Date of grant of share options (1)	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/ cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options	Price of HHR Share: At grant date of share options (2)	Price of HHR Share: At exercise date of share options (3)
								HK$	HK$	HK$
Employees in aggregate	3.6.2005	58,500,000	-	-	(21,900,000)	36,600,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
	25.5.2007	32,600,000	-	(1,208,000)	(5,868,000)	25,524,000	25.5.2008 to 24.5.2017	0.616	0.61	0.70
Total:		91,100,000	-	(1,208,000)	(27,768,000)	62,124,000				

Notes:

(1) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.

(2) The stated price was the closing price of the HHR Shares quoted on the Stock Exchange on the trading day immediately prior to the date of grant of the share options.

(3) The stated price was the weighted average closing price of the HHR Shares immediately before the dates on which the share options were exercised.

As at the date of this report, HHR had 48,856,000 share options outstanding under the HHR Plan, which represented approximately 0.55% of the HHR Shares in issue as at that date.

No share option had been granted under the HHR Plan during the year ended 31 December 2008.

(V) Hutchison Telecommunications (Australia) Limited ("HTAL")

The purpose of the employee option plan of HTAL (the "HTAL Plan") is to provide HTAL with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to any person who is a full time or part time employee (including a director employed in an executive capacity) or a non-executive director (including any independent non-executive director) of HTAL and any of its related body corporate (within the meaning given by section 50 of the Corporations Act 2001 (Cth) of the Commonwealth of Australia (the "Corporations Act")) (the "HTAL Eligible Person") and is declared by the board of directors of HTAL (the "HTAL Board") to be an eligible person for the purposes of the HTAL Plan.

The HTAL Board may at its discretion grant a right to an HTAL Eligible Person to acquire (in the case of a share option that has an exercise price, by subscription or purchase) ordinary shares in HTAL (the "HTAL Shares") (the "Right"). No payment is required for the grant of a Right unless the HTAL Board determines otherwise.

The maximum number of HTAL Shares which may be allotted and issued pursuant to the HTAL Plan is as follows:

(a) The maximum number of HTAL Shares which may be allotted and issued upon exercise of all outstanding Rights and share options granted and yet to be exercised under the HTAL Plan and any other share option scheme of HTAL or any of its subsidiaries ("Other HTAL Plan") must not in aggregate exceed 30% of the HTAL Shares in issue from time to time. No share options may be granted under the HTAL Plan or Other HTAL Plan if the grant of such share option will result in the limit referred to in this paragraph being exceeded.

(b) The total number of HTAL Shares which may be allotted and issued upon the exercise of all Rights and share options (excluding, for this purpose, Rights and share options which have lapsed in accordance with the terms of the HTAL Plan and Other HTAL Plan) to be granted under the HTAL Plan and Other HTAL Plan must not in aggregate exceed 10% of the HTAL Shares in issue as at 1 June 2007 (the "Adoption Date"), being the date of passing the relevant resolution adopting the HTAL Plan (the "HTAL General Scheme Limit") provided that:

    (i) Subject to paragraph (a) above and without prejudice to paragraph (b)(ii) below, the HTAL Board may, with the approval of the shareholders of the Company in general meeting if required to do so and in compliance with other applicable requirements under the Listing Rules, refresh the HTAL General Scheme Limit provided that the total number of HTAL Shares which may be allotted and issued upon exercise of all Rights and share options under the HTAL Plan and Other HTAL Plan must not exceed 10% of the HTAL Shares in issue at the date on which shareholders of the Company approve such refreshed limit (where applicable) and for the purpose of calculating the limit, the Rights and share options (including those outstanding, cancelled, lapsed or exercised in accordance with the HTAL Plan and Other HTAL Plan) previously granted under the HTAL Plan and Other HTAL Plan will not be counted; and

    (ii) subject to paragraph (a) and without prejudice to paragraph (b)(i) above, the HTAL Board may, with the approval of the Company's shareholders in general meeting if required to do so and in compliance with the other applicable requirements under the Listing Rules, grant Rights beyond the HTAL General Scheme Limit or, if applicable, the extended limit referred to in paragraph (b)(i) to the participants specifically identified by the HTAL Board before such approval is sought.

(c) The limits prescribed in this paragraph are subject to any issue limitation prescribed in the Australian Securities & Investments Commission Class Order 03/184 (or any such replacement or amendment). As at the Adoption Date, the Class Order prescribes a limit of that number of HTAL Shares to be issued on exercise of a Right when aggregated with:

 (i) the number of HTAL Shares which would be issued were each outstanding Right to be exercised; and

 (ii) the number of HTAL Shares issued during the previous five years pursuant to the HTAL Plan or any other employee share plan,

 (but disregarding any Rights acquired or HTAL Shares issued by way of or as a result of an offer to a person situated at the time of receipt of the offer outside Australia, or an offer that was an excluded offer or invitation within the meaning of the Corporations Act, or an offer that did not require disclosure to investors or the giving of a product disclosure statement because of section 1012D of the Corporations Act, or an offer made under a disclosure document or product disclosure statement) shall not exceed 5% of the total number of HTAL Shares at the time of the grant date of such Right.

Except with the approval of the shareholders of the Company in general meetings if required to do so and in compliance with the other applicable requirements under the Listing Rules, the total number of HTAL Shares issued and which may fall to be issued upon exercise of the share options granted under the HTAL Plan and Other HTAL Plan (including both exercised and outstanding share options) to each participant in any 12-month period shall not exceed 1% of the HTAL Shares in issue for the time being.

Subject to and in accordance with the rules of the HTAL Plan, a Right lapses on the date stated by the HTAL Board in the offer of the Rights as the "Expiry Date", or fixed by a method of calculation prescribed by the HTAL Board in the offer being no later than the date falling 10 years from the grant date of the Right.

The exercise price (if any) for a Right, subject to any adjustment according to the rules of the HTAL Plan, will be determined by the HTAL Board or by the application of a method of calculating the exercise price that is prescribed by the HTAL Board provided that it shall not be less than the higher of:

(a) the closing price of the HTAL Shares as quoted by the Australian Securities Exchange ("ASX") on the grant date; and

(b) the average closing price of the HTAL Shares as quoted by the ASX for the five business days immediately preceding the grant date.

A HTAL Share does not have any nominal value.

Subject to the termination provisions in the HTAL Plan, the HTAL Plan shall be valid and effective for a period of 10 years from the Adoption Date, after which date no further Rights may be issued but the provisions of the HTAL Plan shall remain in full force and effect to the extent necessary to the exercise of any Rights granted or exercised prior thereto and which are at any time or become thereafter capable of exercise under the HTAL Plan, or otherwise as may be required in accordance with the provisions of the HTAL Plan.

The following share options were outstanding under the HTAL Plan during the year ended 31 December 2008:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/ cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options (2)	Price of HTAL Share At grant date of share options (3)	Price of HTAL Share At exercise date of share options
								A$	A$	A$
Employees in aggregate	14.6.2007 (1a)	28,920,000	-	-	(1,520,000)	27,400,000	1.7.2008 to 13.6.2012	0.145	0.145	N/A
	14.11.2007 (1b)	300,000	-	-	-	300,000	1.1.2009 to 13.11.2012	0.20	0.20	N/A
	21.5.2008 (1c)	-	200,000	-	-	200,000	1.1.2010 to 20.5.2013	0.165	0.165	N/A
	4.6.2008 (1c)	-	300,000	-	-	300,000	1.1.2010 to 3.6.2013	0.139	0.139	N/A
Total:		29,220,000	500,000	-	(1,520,000)	28,200,000				

Notes:

(1) (a) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on 1 July 2008, one-third on 1 January 2009 and the remaining one-third on 1 January 2010.

(b) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-half on 1 January 2009 and the remaining one-half on 1 January 2010.

(c) The share options are exercisable, subject to amongst other relevant vesting criteria, on 1 January 2010.

(2) The stated exercise price of share option was the higher of (i) the closing price of the HTAL Shares on the ASX on the day on which the share options are granted; and (ii) the average closing price of the HTAL Shares for the five trading days immediately preceding the day on which the share options are granted.

(3) The stated price was the ASX closing price of the HTAL Shares on the trading day immediately prior to the date of grant of the share options.

As at the date of this report, the total number of HTAL shares available for issue under the HTAL plan (excluding the share options granted but yet to be exercised) is 5,931,271 shares, which represented approximately 0.79% of the HTAL shares in issue as at that date.

As at the date of this report, HTAL had 28,000,000 share options outstanding under the HTAL plan, which represented approximately 3.71% of the HTAL Shares in issue as at that date.

The fair value of share options granted during the year, determined using the Binomial Approximation Model, was A$0.04 per HTAL Share. The significant inputs into the model were weighted average share price of A$0.149 at the grant date, weighted average of expected price volatility of HTAL Shares of 34%, weighted average expected life of share options of 3.5 years, zero expected dividend yield and weighted average risk-free interest rate of 6.41%. The expected price volatility is based on the historical 12-month period prior to the grant date. Changes in such subjective input assumptions could affect the fair value estimate.

(VI) Hutchison Telecommunications International Limited ("HTIL")

The purpose of the share option scheme of HTIL (the "HTIL Plan") is to enable HTIL and its subsidiaries (the "HTIL Group") to grant share options to selected participants as incentives or rewards for their contribution to the HTIL Group.

The directors of HTIL (the "HTIL Directors") (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for shares in the ordinary share capital of HTIL (the "HTIL Shares").

HTIL Plan has a term of 10 years commencing from 19 May 2005, being the date on which the HTIL Plan becomes unconditional and has a remaining term of approximately six years as at the date of this report. Selected participants to the HTIL Plan including but not limited to:

(a) any employee or consultant in the areas of finance, business or personnel administration or information technology (whether full-time or part-time, including any executive director but excluding any non-executive director) of HTIL, any of its subsidiary companies or any entity in which any member of the HTIL Group holds any equity interest, which is also referred to as an invested entity;

(b) any non-executive directors (including independent non-executive directors) of HTIL, any of HTIL's subsidiary companies or any invested entity;

(c) any supplier of goods or services to any member of the HTIL Group or any invested entity;

(d) any customer of any member of the HTIL Group or any invested entity;

(e) any person or entity that provides research, development or other technological support to any member of the HTIL Group or any invested entity;

(f) any shareholders or security holders of any member of the HTIL Group or any invested entity;

(g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the HTIL Group; and

(h) any company wholly owned by any one or more persons belonging to any of the above classes of participants.

The grant of any share options by HTIL for the subscription of HTIL Shares or other securities of HTIL to any person who falls within any of the above classes of participants shall not, by itself, unless the HTIL Directors otherwise determine, be construed as a grant of share options under the HTIL Plan. The eligibility of any of the foregoing classes of participants to receive a grant of any share options shall be determined by the HTIL Directors from time to time on the basis of their contribution to the development and growth of the HTIL Group.

The maximum number of HTIL Shares that may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HTIL Plan and any other share option plan adopted by the HTIL Group ("Other HTIL Plan") must not in the aggregate exceed 30% of the HTIL Shares issued and outstanding from time to time. The total number of HTIL Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HTIL Plan and Other HTIL Plan) to be granted under the HTIL Plan and Other HTIL Plan must not in the aggregate exceed 10% of the relevant class of securities of HTIL (or its subsidiaries) in issue, being 450,000,000 HTIL Shares, as at 15 October 2004, the date on which the HTIL Shares were first listed and upon refreshing this general plan limit, the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the HTIL Plan and Other HTIL Plan must not exceed 10% of the relevant class of securities of HTIL in issue as at the date of approval of the limit by its shareholders in general meeting. HTIL may seek separate approval of its shareholders in a general meeting to grant share options beyond these limits.

The total number of HTIL Shares issued and which may fall to be issued upon exercise of the share options (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of HTIL's issued share capital for the time being. Any grant of share options in excess of 1% in any such 12-month period must be approved by shareholders of HTIL in a general meeting with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of the share options to be granted (and share options previously granted to such participant) must be fixed before the approval of the shareholders of HTIL and the date of the board meeting of HTIL proposing such further grant will be the date of grant for the purpose of calculating the exercise price if such grant is approved.

Any grant of share options under the HTIL Plan to a HTIL Director or chief executive or substantial shareholder of HTIL or any of their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is also the grantee of the share options) of HTIL. Approval of shareholders of HTIL in a general meeting is required if any grant of share options to a substantial shareholder, an independent non-executive director or any of their respective associates could result in the HTIL Shares issued and to be issued upon the exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (1) representing in the aggregate over 0.1% of the HTIL Shares in issue; and (2) having an aggregate value, based on the closing price of the HTIL Shares at the date of each grant, in excess of HK$5,000,000. Any such meeting must be in accordance with the Listing Rules. Any change in the terms of share options granted to a substantial shareholder, an independent non-executive director or any of their respective Associates must also be approved by shareholders of HTIL in a general meeting.

A share option may be accepted by a participant within 21 days from the date of the offer of grant of the share option. The subscription price for HTIL Shares under the HTIL Plan shall be a price determined by the HTIL Directors but shall not be less than the highest of: (1) the closing price of HTIL Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HTIL Shares on the date of the offer of grant which must be a business day; (2) the average closing price of HTIL Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HTIL Shares for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (3) the nominal value of the HTIL Shares. A nominal consideration of HK$1 is payable on acceptance of the grant of a share option.

On 8 May 2007 and 22 May 2008, the shareholders of HTIL and the Company respectively approved (i) the downward adjustment to the exercise price of share options outstanding and unvested at the date of payment of a special cash dividend declared and paid by HTIL during the year ended 31 December 2007 on a dollar-for-dollar basis; and (ii) the change of terms of the HTIL Plan (the "Share Option Terms Change"), under which, among others, downward adjustment to the exercise price of the share options granted but not exercised as at the date of each payment of special dividend by HTIL shall be made by an amount which the HTIL Directors consider as reflecting the impact such payment will have or will likely to have on the trading prices of the HTIL Shares, provided that, among others, (a) the amount of the downward adjustment shall not exceed the amount of such special dividend to be paid; (b) such adjustment shall take effect on the date of payment by HTIL of such special dividend; and (c) the adjusted exercise price of the share options shall not, in any case, be less than the nominal value of the HTIL Shares.

The following share options were outstanding under the HTIL Plan during the year ended 31 December 2008:

Name or category of participant	Date of grant of share options [1]	Number of share options held at 1 January 2008	Granted during 2008 [5]	Exercised during 2008	Lapsed/ cancelled during 2008	Number of share options held at 31 December 2008	Exercise period of share options	Exercise price of share options [2]	Price of HTIL Share At grant date of share options [3]	Price of HTIL Share At exercise date of share options [4]
								HK$	HK$	HK$
Employees in aggregate	8.8.2005	33,933,333	-	(32,183,333)	(1,750,000)	-	8.8.2006 to 7.8.2015	1.95	8.60	9.94
	23.11.2007	13,850,000	-	-	(5,083,334)	8,766,666	23.11.2008 to 22.11.2017	4.51	11.26	N/A
	12.12.2008	-	5,000,000	-	-	5,000,000	12.12.2009 to 11.12.2018	2.20	2.22	N/A
	15.12.2008	-	4,383,334	-	-	4,383,334	15.12.2008 to 14.12.2018	4.51	2.09	N/A
Total:		47,783,333	9,383,334	(32,183,333)	(6,833,334)	18,150,000				

Notes:

(1) The share options will be vested according to a schedule, namely, as to as close to one-third of the shares of HTIL which are subject to the share options as possible by each of the three anniversaries of the date of offer of the share options and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as delineated in the HTIL Plan) on such vesting date, except for 4,383,334 share options granted on 15 December 2008 which are vested immediately on the grant date.

(2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTIL Plan (as amended). The exercise price of 8,766,666 share options (being share options granted on 23 November 2007 which remained outstanding and unvested immediately before the payment of a special dividend by HTIL on 2 December 2008 (the "Payment")) was adjusted, with effect from 2 December 2008, from HK$11.51 to HK$4.51 per HTIL Share (the "2008 Exercise Price Adjustment") as a result of the Payment and pursuant to the terms of the Share Option Terms Change.

(3) The stated price was the Stock Exchange closing price of the HTIL Shares on the trading day immediately prior to the date of grant of the share options.

(4) The stated price was the weighted average closing price of the HTIL Shares immediately before the dates on which the share options were exercised.

(5) 4,383,334 share options granted on 23 November 2007 at exercise price of HK$11.51 per HTIL Share and vested before the Payment, were cancelled and replaced by new share options with an exercise price of HK$4.51 on 15 December 2008 (the "Replacement options").

Subsequent to the 2008 Exercise Price Adjustment, the fair value of 8,766,666 share options granted on 23 November 2007 was re-determined using Black-Scholes model. The weighted average fair value of share options was increased from HK$2.66 to HK$2.84 at measurement date. The significant inputs into the model to determine the change in fair value were standard deviation of expected share price returns of 37.68%, expected life of share options of 5.0 to 5.5 years and annual risk-free interest rate of 1.626%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily HTIL Share prices over the last one year up to 24 November 2008.

The weighted average fair value of 5,000,000 share options granted during the year ended 31 December 2008 was determined using Black-Scholes model. The significant inputs into the model were standard deviation of expected share price returns of 37.68%, expected life of share options of 5.5 to 6.5 years and annual risk-free interest rate of 1.559%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily HTIL Share prices over the last one year up to 24 November 2008.

The fair value of the Replacement options was determined using Black-Scholes model. The weighted average fair value of the share options was increased from HK$2.53 to HK$2.77 at measurement date. The significant inputs into the model were standard deviation of expected share price returns of 37.68%, expected life of share options of 4.5 years and annual risk-free interest rate of 1.496%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily HTIL Share prices over the last one year up to 24 November 2008.

As at the date of this report, HTIL had 18,150,000 share options outstanding under the HTIL Plan, which represented approximately 0.38% of the HTIL shares in issue as at that date. As at the date of this report, the maximum number of share options which may be granted under the HTIL Plan is 365,666,667, which represented approximately 7.60% of the issued share capital of HTIL as at the date of this report.

(VII) Partner Communications Company Ltd. ("Partner")

Prior to Partner becoming a subsidiary of the Company held through HTIL and before HTIL became a subsidiary of the Company on 14 June 2007, Partner had adopted four share option plans with details as follows:

1998 Employee Stock Option Plan, 2000 Employee Stock Option Plan and 2003 Amended Plan

The 1998 Employee Stock Option Plan (the "1998 Plan") and 2000 Employee Stock Option Plan (the "2000 Plan") were adopted by Partner in 1998 and 2000 respectively. Until November 2003, Partner granted share options to senior managers and other employees pursuant to the 1998 Plan and the 2000 Plan. In November 2003, the 1998 Plan and the 2000 Plan were amended to conform with the changes in the Israeli Income Tax Ordinance (New Version), 1961. As a result, any grant of share options after November 2003 would be subject to the terms of the 2000 Plan as so amended, referred to as the 2003 Amended Plan. Share options granted under the 1998 Plan, 2000 Plan and 2003 Amended Plan, which were approved by Partners prior to Partner becoming a subsidiary of the Company's then listed subsidiary, HTIL, in April 2005, will remain valid but no further grant of share options will be made under the said three plans without the board of directors of Partner approving relevant amendments being made necessary by the changes in Israeli laws and other regulatory requirements, as applicable and until they are approved by shareholders of HTIL and the Company respectively. On 26 March 2008, the board of directors of Partner approved the termination of the 1998 Plan, the 2000 Plan and 2003 Amended Plan. Since then, no further share options will be granted under these three plans, and all outstanding share options thereunder will remain valid and bear all terms and conditions of the relevant option plans.

2004 Share Option Plan

The purpose of the 2004 Share Option Plan (the "2004 Plan") is to promote the interests of Partner and its shareholders by providing employees, officers and advisors of Partner with appropriate incentives and rewards to encourage them to enter into and continue in the employment of or service to Partner and to acquire a proprietary interest in the long-term success of Partner. The 2004 Plan will remain in force for 10 years from its adoption on 12 July 2004 (the "2004 Plan Adoption Date").

A total number of 13,917,000 ordinary shares of Partner (the "Partner Shares"), representing approximately 8.81% of the total issued share capital of Partner as at the date of this report, may be issued under the 2004 Plan. The maximum number of Partner Shares which may be issued and allotted to each participant upon the exercise of share options under the 2004 Plan in any 12-month period shall not exceed 1,834,615 Partner Shares, representing approximately 1% of the total number of shares in issue as at the 2004 Plan Adoption Date.

A share option shall become cumulatively vested as to one-fourth (25%) of the shares covered thereby on each of the first, second, third and fourth anniversaries of the date of the relevant grant, unless otherwise set by the compensation committee of Partner (the "Partner Compensation Committee") being appointed by Partner's board of directors to administer the 2004 Plan, in the relevant grant instrument. The exercise period during which a share option may be exercised will be determined by the Partner Compensation Committee and will not exceed 10 years from the date of grant of share options. No payment is required to be made by the grantee on application or acceptance of a share option.

The Partner Compensation Committee has the authority to determine the exercise price per share (the "Option Exercise Price"). The Option Exercise Price will be determined taking into consideration the fair market value of a Partner Share at the time of grant. Such fair market value on any date will be equal to the average of the closing sale price of the Partner Shares during the preceding 30 trading days, as such closing sale price is published by the national securities exchange in Israel on which the Partner Shares are traded, or if there is no sale of Partner Shares on such date, the average of the bid and asked prices on such exchange at the closing of trading on such date, or if Partner Shares are not listed on a securities exchange in Israel or the over the counter market, the fair market value on such date as determined in good faith by the Partner Compensation Committee.

At each of the annual general meeting of HTIL and the Company held on 6 May 2008 and 22 May 2008 respectively, the respective shareholders of HTIL and the Company approved the refreshment of the maximum number of Partner Shares which may be issued upon the exercise of all share options to be granted under the 2004 Plan and any other share option scheme(s) of Partner, by up to 8,142,000 Partner Shares to be issued pursuant to the 2004 Plan, representing approximately 5.17% of Partner Shares in issue as at the date of approval. On the same date, the shareholders of the Company also approved certain additional amendments to the 2004 Plan, which include, among others, (i) increasing the total number of Partner Shares reserved for issuance upon exercise of share options to be granted under the 2004 Plan by 8,142,000 Partner Shares, (ii) introducing provisions to allow acceleration in vesting of unvested share options or the exercise of vested share options in the event of change in control or voluntary winding up of Partner, and (iii) allowing upon compliance with conditions specified therein, cashless exercise of vested share options under the 2004 Plan.

On 23 February 2009, the board of directors of Partner approved certain amendments to the 2004 Plan, which include among others, (i) to amend Section 8.1 of the 2004 Plan to allow (a) with respect to share options granted on or after 23 February 2009, a dividend adjustment mechanism for the downward adjustment of the exercise price of such share options following each dividend distribution made in the ordinary course and meeting the criteria set forth in the amended form of Section 8.1; and (b) with respect to all share options granted under the 2004 Plan, following each dividend distribution not made in the ordinary course, the downward adjustment of the exercise price by an amount determined by the board of directors of Partner; and (ii) to amend Section 8.6 of the 2004 Plan (a) to include, with respect to share options granted on or after 23 February 2009, provisions authorising the board of directors of Partner to allow share option holders to exercise their vested share options during a fixed period, only through a cashless exercise procedure, pursuant to which each vested share option will entitle its holder to the right to purchase the Partner Shares (subject to any adjustments) in accordance with the specified cashless formula referred to in the amended form of Section 8.6; and (b) to fine-tune the said cashless formula. Such proposed amendments to the 2004 Plan are subject to, and conditional upon, the relevant approvals in the general meetings of the shareholders of Partner, HTIL and the Company respectively.

The following share options were outstanding under the 1998 Plan, the 2000 Plan, the 2003 Amended Plan and the 2004 Plan during the year ended 31 December 2008:

Name or category of participant	Date of grant of share options (1)	Number of share options held at 1 January 2008	Granted during 2008	Exercised during 2008	Lapsed/ cancelled during 2008	Number of share options held at 31 December 2008 (1)	Exercise period of share options (2)	Exercise price of share options	Price of Partner Share At grant date of share options (3)	Price of Partner Share At exercise date of share options (4)
								US$/NIS	NIS	NIS
Employees in aggregate										
1998 Plan	5.11.1998 to 22.12.2002	3,386	-	(3,383)	(3)	-	5.11.1999 to 15.12.2011	US$0.343 and NIS 20.45	0.01	76.16
2000 Plan	3.11.2000 to 30.12.2003	193,500	-	(48,700)	-	144,800	3.11.2000 to 30.12.2012	NIS 17.25 to NIS 27.35	17.25 to 27.35	75.32
2003 Amended Plan	30.12.2003	-	-	-	-	-	N/A	NIS 20.45	34.12	N/A
2004 Plan	29.11.2004 to 19.2.2008	2,666,932	76,000	(514,531)	(142,014)	2,086,387	29.11.2004 to 19.2.2018	NIS 26.74 to NIS 66.05	31.45 to 78.90	76.75
Total:		2,863,818	76,000	(566,614)	(142,017)	2,231,187				

Notes:

(1) The number of share options disclosed is the aggregate figure of share options held at 31 December 2008 under each of the four employee stock option plans. The share options were granted on various date(s) during the corresponding period(s) and in respect of the 2003 Amended Plan, on the date of grant as disclosed.

(2) Subject to the terms of individual stock option plans, vesting schedules are in general: 25% of the share options become vested on each of the first, second, third and fourth anniversary of the date of employment of the grantee or date of grant, unless otherwise specified by the Partner Compensation Committee.

(3) The stated price was the average closing price of the Partner Shares as recorded by the Tel Aviv Stock Exchange 30 days prior to the date of grant of the share options.

(4) The stated price was the weighted average closing price of the Partner Shares immediately before the dates on which the share options were exercised.

As at the date of this report, Partner had 4,431,755 share options outstanding under the 2004 Plan and 140,300 share options outstanding under the 2000 Plan, which represented in aggregate approximately 2.89% of Partner Shares in issues as at that date. No share option was outstanding under the 1998 Plan or the 2003 Amended Plan.

The fair value of share options granted during the year ended 31 December 2008 was determined using the Black-Scholes valuation model. The significant inputs into the model were standard deviation of expected share price returns of 24%, weighted average dividend yield of 6.2%, expected life of share options of three years and annual risk-free interest rate of 4.25%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over three years immediately preceding the grant date. Changes in such subjective input assumptions could affect the fair value estimate.

Save as disclosed above, 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' Interests in Competing Business

During the year ended 31 December 2008, the following Directors of the Company had interests in the following businesses (apart from the Company's businesses) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company conducted during the year required to be disclosed pursuant to Rule 8.10 of the Listing Rules:

Name of Director	Name of company	Nature of interest	Nature of competing business
Li Ka-shing	Cheung Kong	Chairman	- Property and hotels - Finance & investments and others
Li Tzar Kuoi, Victor	Cheung Kong	Managing Director and Deputy Chairman	- Property and hotels - Finance & investments and others
	CKI	Chairman	- Energy, infrastructure, finance & investments and others
	CKLS	Chairman	- Retail (research and development, manufacturing, commercialization, marketing and selling of environmental and human health products) - Finance & investments and others
	HEH	Executive Director	- Energy
	Husky	Co-Chairman	- Energy
Fok Kin-ning, Canning	Cheung Kong	Non-executive Director	- Property and hotels - Finance & investments and others
	CKI	Deputy Chairman	- Energy, infrastructure, finance & investments and others
	HEH	Chairman	- Energy
	HHR	Chairman	- Property
	HTAL	Chairman	- Telecommunications
	Husky	Co-Chairman	- Energy
	Partner	Chairman	- Telecommunications
Chow Woo Mo Fong, Susan	CKI	Executive Director	- Energy, infrastructure, finance & investments and others
	HEH	Executive Director	- Energy
	HHR	Executive Director	- Property
	HTAL	Director	- Telecommunications
	Partner	Director	- Telecommunications
	TOM	Non-executive Director	- Telecommunications (Internet, outdoor publishing, television and entertainment across markets in Mainland China, Taiwan and Hong Kong)

Name of Director	Name of company	Nature of interest	Nature of competing business
Frank John Sixt	Cheung Kong	Non-executive Director	- Property and hotels - Finance & investments and others
	CKI	Executive Director	- Energy, infrastructure, finance & investments and others
	HEH	Executive Director	- Energy
	HTAL	Director	- Telecommunications
	Husky	Director	- Energy
	Partner	Director	- Telecommunications
	TOM	Non-executive Chairman	- Telecommunications (Internet, outdoor publishing, television and entertainment across markets in Mainland China, Taiwan and Hong Kong)
Lai Kai Ming, Dominic	HHR	Deputy Chairman	- Property
	HTAL	Director	- Telecommunications
Kam Hing Lam	Cheung Kong	Deputy Managing Director	- Property and hotels - Finance & investments and others
	CKI	Group Managing Director	- Energy, infrastructure, finance & investments and others
	CKLS	President and Chief Executive Officer	- Retail (research and development, manufacturing commercialization, marketing and selling of environmental and human health products) - Finance & investments and others
	HEH	Executive Director	- Energy
	Spark Infrastructure Group	Non-executive Director	- Energy
George Colin Magnus	Cheung Kong	Non-executive Director	- Property and hotels - Finance & investments and others
	CKI	Non-executive Director	- Energy, infrastructure, finance & investments and others
	HEH	Non-executive Director	- Energy
William Shurniak	Husky	Director and Deputy Chairman	- Energy

As the Board of Directors is independent of the boards of the above entities, the Company has therefore been capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

During the year, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan and Mr Frank John Sixt are non-executive directors of HTIL, a subsidiary of the Company which is engaged in telecommunications businesses, and Mrs Chow is also an alternate director to each of Mr Fok and Mr Sixt. The non-competition agreement entered into by the Company and HTIL on 24 September 2004 maintained a clear geographical delineation, underpinned by the regulatory regime, of the two groups' respective businesses ensuring there would be no competition between them.

The exclusive territory of the Group comprised the member countries of the European Union (prior to its enlargement in 2004), the Vatican City, the Republic of San Marino, the Channel Islands, Monaco, Switzerland, Norway, Greenland, Liechtenstein, Australia, New Zealand, the United States of America, Canada and, unless and until such time as the HTIL group exercises its option to acquire our Group's interest in Hutchison Telecommunications Argentina S.A., Argentina. The exclusive territory of the HTIL group comprised all the remaining countries of the world. On 25 February 2008, under and in accordance with the requirements of the 2004 non-competition agreement, the Company granted consent to the establishment of a joint venture between Hutchison Global Communications Limited (an indirect wholly owned subsidiary of HTIL) and the Philippine Long Distance Telephone Company Group under the co-operation agreement dated 12 March 2008 for operating a mobile virtual network operator business in Italy. Save for the aforesaid business, there is no single country in which both groups have competing operations.

Purchase, Sale or Redemption of Shares

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

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.

Public Float

As at the date of this report, based on information available to the Company and within the knowledge of the Directors of the Company, the public float capitalisation amounted to approximately HK$79,620 million, representing approximately 48% of the issued share capital of the Company.

Auditor

The accounts have been audited by PricewaterhouseCoopers, who will retire and, being eligible, will offer themselves for re-appointment.

By order of the Board

Edith Shih
Company Secretary

Hong Kong, 26 March 2009

Corporate Governance Report

The Company strives to attain and maintain the highest standards of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder value and safe guarding interests of shareholders and other stakeholders. The Company has accordingly adopted sound corporate governance principles that emphasise a quality board of Directors (the "Board"), effective internal control, stringent disclosure practices and transparency and accountability to all stakeholders. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

For the year ended 31 December 2008, the Company is fully compliant with all code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). It also adopts a number of recommended practices stated therein. The key corporate governance principles and practices are as follows:

The Board

The Board is responsible for directing the strategic objectives of the Company and overseeing the management of the business. Directors are charged with the task of promoting the success of the Company and making decisions in the best interest of the Company.

The Board, led by the Chairman, Mr Li Ka-shing, approves and monitors Group wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Company (the "Management"). Management is responsible for the day-to-day operations of the Group under the leadership of the Group Managing Director.

As at 31 December 2008, the Board comprised 13 Directors, including the Chairman, Deputy Chairman, Group Managing Director, Deputy Group Managing Director, Group Finance Director, two Executive Directors, two Non-executive Directors and four Independent Non-executive Directors. The representation of Independent Non-executive Directors exceeded the minimum requirement of the Listing Rules throughout the year. Biographical details of the Directors are set out in the Directors and Senior Management Section on pages 70 to 71 and on the Group's website (www.hutchison-whampoa.com).

For a Director to be considered independent, the Board must be satisfied that the Director does not have any direct or indirect material relationship with the Group. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules and considers all of the Independent Non-executive Directors as independent.

The roles of the Chairman and the Deputy Chairman are separate from that of the Group Managing Director. Such division of responsibilities helps to reinforce their independence and accountability.

The Chairman, assisted by the Deputy Chairman, Mr Li Tzar Kuoi, Victor, is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. The Chairman is responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors and Company Secretary for inclusion in the agenda. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly informed of issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman also actively encourages Directors to be fully engaged in the Board's affairs and contribute to the Board's functions. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders and other stakeholders, as outlined later in the report.

The Group Managing Director, Mr Fok Kin-ning, Canning, assisted by the Deputy Group Managing Director, Mrs Chow Woo Mo Fong, Susan, is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal manager of the Group's businesses, the Group Managing Director attends to developing strategic operating plans that reflect the longer-term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Group. Working with the Deputy Group Managing Director and the Group Finance Director, Mr Frank John Sixt, other Executive Directors and the executive management team of each core business division, he presents annual budgets to the Board for consideration and approval, and ensures that the Board is fully apprised of the funding requirements of the businesses of the Group. With the assistance of the Group Finance Director, the Group Managing Director sees to it that the funding requirements of the businesses are met and closely monitors the operating and financial results of the businesses against plans and budgets, taking remedial action if necessary. He maintains an ongoing dialogue with the Chairman, the Deputy Chairman and all Directors to keep them fully informed of all major business development and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

The Board meets regularly, and at least four times a year which are scheduled at the beginning of the year. Between scheduled meetings, senior management of the Group provides information to Directors on a regular basis on the activities and development in the businesses of the Group. Throughout the year, Directors participate in the consideration and approval of routine and operational matters of the Company by way of circular resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Company Secretary and other executives as and when required. Details of material or notable transactions of subsidiary and associated companies are provided to the Directors as appropriate. Whenever warranted, additional Board meetings are held. In addition, Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors.

With respect to regular meetings of the Board, Directors receive written notice of the meeting at least 14 days in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Articles of Association of the Company, a Director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration abstains from voting on the relevant resolution and such Director is not counted for quorum determination purposes.

The Board held four meetings in 2008 with 100% attendance.

	Name of Director	**Attended/Eligible to attend**
Chairman	Li Ka-shing [(1)]	4/4
Executive Directors	Li Tzar Kuoi, Victor [(1)] *(Deputy Chairman)*	4/4
	Fok Kin-ning, Canning *(Group Managing Director)*	4/4
	Chow Woo Mo Fong, Susan *(Deputy Group Managing Director)*	4/4
	Frank John Sixt *(Group Finance Director)*	4/4
	Lai Kai Ming, Dominic	4/4
	Kam Hing Lam [(1)]	4/4
Non-executive Directors	George Colin Magnus	4/4
	William Shurniak	4/4
Independent Non-executive Directors	Michael David Kadoorie	4/4
	Holger Kluge	4/4
	Or Ching Fai, Raymond	4/4
	Wong Chung Hin	4/4

Note:

(1) Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor and brother-in-law of Mr Kam Hing Lam.

In addition to Board meetings, the Chairman holds regular meetings with Executive Directors and at least two meetings with Non-executive Directors (including Independent Non-executive Directors) annually without the presence of Executive Directors.

All Non-executive Directors are engaged on service contracts for 12 month periods. All Directors are subject to re-election by shareholders at annual general meetings and at least about once every three years on a rotation basis in accordance with the Articles of Association of the Company.
A retiring Director is eligible for re-election and re-election of retiring Directors at general meetings is dealt with by separate individual resolutions. None of the Directors who is proposed for re-election at a general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation). Where vacancies arise at the Board, candidates are proposed and put forward to the Board for consideration and approval, with the objective of appointing to the Board individuals with expertise in the businesses of the Group and leadership qualities so as to complement the capabilities of the existing Directors thereby enabling the Company to retain as well as improve its competitive position.

Upon appointment to the Board, Directors receive a package of orientation materials on the Group and are provided with a comprehensive induction to the Group's businesses by senior executives. Continuing education and information are provided to Directors regularly to help ensure that Directors are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses.

The Board has adopted the Model Code for Securities Transactions by Directors of Listed issuers of the Listing Rules (the "Model Code") as the Group's code of conduct regarding Directors' securities transactions. All Directors confirmed that they have complied with the Model Code in their securities transactions throughout 2008. A revised Model Code incorporating the recent amendments to the Listing Rules which took effect after 1 January 2009 has also been adopted by the Company.

Board Committees

The Board is supported by the Audit Committee and the Remuneration Committee, details of which are described later in this report. The terms of reference of these Committees adopted by the Board are published on the Group's website (www.hutchison-whampoa.com).

Company Secretary

The Company Secretary, Ms Edith Shih, is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through the adherence to proper Board processes and the timely preparation and dissemination to Directors and Board Committees of comprehensive meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record sufficient detail the matters considered and decisions reached by the Board or Committee, including any concerns raised or dissenting views voiced by any Director. The minutes are available for inspection at any reasonable time and on reasonable notice by any Director.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, she organises seminars on specific topics of significance and interest and disseminate relevant reading materials to the Directors for their reference.

The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including publication and dissemination of annual reports and interim reports within the periods laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

The Company Secretary advises the Directors on their obligations for disclosure of interests in securities, connected transactions and price-sensitive information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

Remuneration of Directors and Senior Management

Remuneration Committee

The Remuneration Committee comprises three members with expertise in human resources and personnel emoluments. The Committee is chaired by the Chairman Mr Li Ka-shing with Messrs Holger Kluge and Wong Chung Hin, both Independent Non-executive Directors, as members. The Committee meets towards the end of each year for the determination of the remuneration package of Directors and senior management of the Group. In addition, the Committee also meets as and when required to consider remuneration related matters.

The responsibilities of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating employees of the highest calibre and experience needed to shape and execute strategy across the Group's substantial, diverse and international business operations. It assists the Group in the administration of a fair and transparent procedure for setting remuneration policies including assessing the performance of Directors and senior executives of the Group and determining their remuneration packages.

The remuneration of Directors and senior executives is determined with reference to the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

All members of the Remuneration Committee met in November 2008 to review background information on market data (including economic indicators, recommendation from Employers' Federation of Hong Kong and 2009 Remuneration Review Guidelines of the Group), the Group's business activities and human resources issues, and headcount and staff costs. Prior to the end of the year, the Committee reviewed and approved the proposed 2008 and 2009 directors' fees, year end bonus and 2009 remuneration package of Executive Directors and senior management of the Company and made recommendation to the Board on the directors' fees for Non-executive Directors. Executive Directors do not participate in the determination of their own remuneration.

Directors' emoluments comprise payments to Directors from the Company and its Group companies. The emoluments of each of the Directors exclude amounts received from the Company's listed subsidiaries or associated companies and paid to the Company. The amounts paid to each Director for 2008 are as below:

Name of directors	Director's Fees HK$ millions	Basic Salaries, Allowances and Benefits-in-Kind HK$ millions	Bonuses HK$ millions	Provident Fund Contributions HK$ millions	Inducement or Compensation Fees HK$ millions	Total Emoluments HK$ millions
LI Ka-shing [1], [6]	0.05	–	–	–	–	0.05
LI Tzar Kuoi, Victor						
Paid by the Company	0.12	4.44	32.40	–	–	36.96
Paid by Cheung Kong Infrastructure Holdings Limited ("CKI")	0.07	–	9.90	–	–	9.97
Paid to the Company	(0.07)	–	–	–	–	(0.07)
	0.12	4.44	42.30	–	–	46.86
FOK Kin-ning, Canning [2]	0.12	10.26	120.79	2.13	–	133.30
CHOW WOO Mo Fong, Susan [2]	0.12	7.64	28.08	1.55	–	37.39
Frank John SIXT [2]	0.18	7.63	26.88	0.67	–	35.36
LAI Kai Ming, Dominic [2]	0.12	5.18	23.75	0.98	–	30.03
KAM Hing Lam [2]						
Paid by the Company	0.12	2.25	6.12	–	–	8.49
Paid by CKI	0.07	4.20	4.32	–	–	8.59
Paid to the Company	(0.07)	(4.20)	–	–	–	(4.27)
	0.12	2.25	10.44	–	–	12.81
George Colin MAGNUS [4]						
Paid by the Company	0.12	–	–	–	–	0.12
Paid by CKI	0.07	–	–	–	–	0.07
	0.19	–	–	–	–	0.19
William SHURNIAK [4], [5]	0.25	–	–	–	–	0.25
Michael David KADOORIE [3]	0.12	–	–	–	–	0.12
Holger KLUGE [3], [5], [6]	0.31	–	–	–	–	0.31
OR Ching Fai, Raymond [3]	0.12	–	–	–	–	0.12
WONG Chung Hin [3], [5], [6]	0.31	–	–	–	–	0.31
Total:	2.13	37.40	252.24	5.33	–	297.10

Notes:

(1) No remuneration was paid to Mr Li Ka-shing during the year other than Director's fees of HK$50,000 which he paid to Cheung Kong (Holdings) Limited.

(2) Directors' fees received by these Directors from the Company's listed subsidiaries during the period they served as Executive Directors that have been paid to the Company are not included in the amounts above.

(3) Independent Non-executive Directors. The total emoluments of the Independent Non-executive Directors of the Company are HK$860,000.

(4) Non-executive Directors.

(5) Members of the Audit Committee.

(6) Members of the Remuneration Committee.

Accountability and Audit

Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half year.

The responsibility of Directors in relation to the financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 114 which acknowledges the reporting responsibility of the Group's Auditor.

Annual Report and Accounts

The Directors acknowledge their responsibility for the preparation of the Annual Report and financial statements of the Company to ensure that these financial statements give a true and fair presentation in accordance with Hong Kong Companies Ordinance and the applicable accounting standards.

Accounting Policies

The Directors consider that in preparing the financial statements, the Group has applied appropriate accounting policies that are consistently adopted and made judgements and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position of the Group upon which financial statements of the Group could be prepared in accordance with the Group's accounting policies.

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group.

Going Concern

The Directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

Audit Committee

The Audit Committee comprises two Independent Non-executive Directors and one Non-executive Director who possess the relevant business and financial management experience and skills to understand financial statements and internal controls. It is chaired by Mr Wong Chung Hin with Messrs Holger Kluge and William Shurniak as members.

Under its terms of reference, the Audit Committee is required to oversee the relationship between the Company and its external auditors, review the Group's preliminary results, interim results and annual financial statements, monitor compliance with statutory and Listing Rules requirements, review the scope, extent and effectiveness of the activities of the Group's Internal Audit function, engage independent legal and other advisers and perform investigations as it determines is necessary.

The Audit Committee held four meetings in 2008 with 100% attendance.

Name of Members	Attended/Eligible to attend
Wong Chung Hin *(Chairman)*	4/4
Holger Kluge	4/4
William Shurniak	4/4

Financial Statements

The Audit Committee meets with the Group Finance Director and other senior management of the Group from time to time to review the interim and final results, the interim report and annual report and other financial, internal control and risk management matters of the Group. It considers and discusses the reports and presentations of Management, the Group's internal and external auditors, with a view of ensuring that the Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong. It also meets with the Group's principal external auditor, PricewaterhouseCoopers ("PwC"), to consider their reports on the scope and outcome of their independent review of the interim financial report and their annual audit of the consolidated financial statements.

External Auditor

The Audit Committee reviews and monitors the external auditor's independence and objectivity and effectiveness of the audit process. It receives each year the letter from the external auditor confirming their independence and objectivity and holds meetings with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditor.

The Group's policy regarding the engagement of PwC for the various services listed below is as follows:

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by external auditor.

- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, for example, audits of the Group's pension plans, due diligence and accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that it must or is best placed to undertake in their capacity as auditor.

- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group uses the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.

- Other services – include, for example, risk management diagnostics and assessments, and non-financial systems consultations. The external auditor is also permitted to assist management and the Group's internal auditor with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.

- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

An analysis of the fees of PwC and other external auditor is shown in note 43 to the accounts. In the year ended 31 December 2008, the fees paid to PwC, amounting to HK$215 million, were primarily for audit services and those for non-audit services amounted to HK$29 million, 11.9% of the total fees payment.

Review of Risk Management and Internal Control

The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed. It reviews with the Group's Internal Auditor the work plan for their audits together with their resource requirements and considers the report of the Group Internal Audit General Manager to the Audit Committee on the effectiveness of internal controls in the Group business operations. In addition, it also receives the report from the Head Group General Counsel on the Group's material litigation proceedings and compliance status on regulatory requirements. These reviews and reports are taken into consideration by the Audit Committee when it makes its recommendation to the Board for approval of the consolidated financial statements for the year.

Internal Control and Group Risk Management

The Board has overall responsibility for the Group's system of internal control and assessment and management of risks.

In meeting its responsibility, the Board seeks to increase risk awareness across the Group's business operations and has put in place policies and procedures, including parameters of delegated authority, which provide a framework for the identification and management of risks. It also reviews and monitors the effectiveness of the systems of internal control to ensure that the policies and procedures in place are adequate. Reporting and review activities include review by the Executive Directors and the Board and approval of detailed operational and financial reports, budgets and plans provided by the management of the business operations, review by the Board of actual results against the budgets, review by the Audit Committee of the ongoing work of the Group's internal audit function and risk management function, as well as regular business reviews by Executive Directors and the executive management team of each core business division.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses or fraud.

Internal Control Environment

The Board is overall responsible for monitoring the operations of the businesses within the Group. Executive Directors are appointed to the Boards of all material operating subsidiaries and associates for monitoring those companies, including attendance at Board meetings, review and approval of business strategies, budgets and plans, and setting of key business performance targets. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies and similarly the management of each business is accountable for its conduct and performance.

The Group's internal control procedures include a comprehensive system for reporting information to the executive management teams of each core business and the Executive Directors.

Business plans and budgets are prepared annually by the management of individual businesses and subject to review and approval by both the executive management teams and the Executive Directors as part of the Group's five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Directors review monthly management reports on the financial results and key operating statistics of each business and hold monthly meetings with the executive management team and senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, finance directors and financial controllers of the executive management teams of each of the major businesses attend monthly meetings with the Group Finance Director and members of his finance team to review monthly performance against budget and forecast, and to address accounting and finance related matters.

The Group maintains a centralised cash management system for its unlisted subsidiary operations and the Group's Treasury function oversees the Group's investment and lending activities. Treasury reports on the Group's cash and liquid investments, borrowings and movements thereof are distributed weekly.

The Group Finance Director has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval prior to commitment by the Group Finance Director or Executive Directors are required for unbudgeted expenditures and material expenditures within the approved budget. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

The General Manager of the Group's internal audit function, reporting to the Group Finance Director on a day to day basis and also directly to the Audit Committee, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. Using risk assessment methodology and taking into account the dynamics of the Group's activities, internal audit derives its yearly audit plan which is reviewed by the Audit Committee, and reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. Internal audit is responsible for assessing the Group's internal control system, formulating an impartial opinion on the system, and reporting its findings to the Audit Committee, the Group Finance Director and the senior management concerned as well as following up on all reports to ensure that all issues have been satisfactorily resolved. In addition, a regular dialogue is maintained with the Group's external auditor so that both are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by the internal audit function includes financial and operations reviews, recurring and surprise audits, fraud investigations and productivity efficiency reviews.

Reports from the external auditor on internal controls and relevant financial reporting matters are presented to the General Manager of the Group's internal audit function and, as appropriate, to the Group Finance Director and the finance director or financial controller of the relevant executive management team. These reports are reviewed and the appropriate actions are taken.

Group Risk Management

The Group Managing Director and the General Manager of the Group's risk management department have the responsibility of developing and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risks. The General Manager of the Group's risk management department, working with business operations worldwide, is responsible for arranging appropriate insurance coverage and organising Group wide risk reporting. Directors and Officers Liability Insurance is also in place to protect Directors and officers of the Group against their potential legal liabilities.

Review of Internal Control Systems

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 December 2008 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate.

Code of Conduct

The Group places utmost importance on employees' ethical, personal and professional standards. Every employee is provided with the Group's Code of Conduct booklet, and all employees are expected to adhere to the highest standards set out in the Code of Conduct.

Relationship with Shareholders and other Stakeholders

Investor Relations and Shareholders' Rights

The Group actively promotes investor relations and communication with the investment community when the interim and year end financial results are announced and during the course of the year. Through its Chairman, Group Managing Director, Group Finance Director and the Group Corporate Affairs Department, the Group responds to requests for information and queries from the investment community including institutional shareholders, analysts and the media through regular briefing meetings, conference calls and presentations.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports. Moreover, additional information is also available to shareholders through the Investor Relations page on the Group's website.

Shareholders are encouraged to attend all general meetings of the Company. All shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders by sending to the Company Secretary at the registered office address a written request for such general meetings together with the proposed agenda items. All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Group's Share Registrars. The results of the poll are published on the websites of the Group and Hong Kong Exchanges and Clearing Limited ("Stock Exchange"). Financial and other information on the Group is made available on the Group's website, which is regularly updated.

The last shareholders' meeting of the Company was the 2008 Annual General Meeting which was held on 22 May 2008 at Harbour Plaza Hong Kong, Hung Hom, Kowloon, Hong Kong attended by the Chairman of the Board, Audit Committee and Remuneration Committee and Directors. Separate resolutions were proposed at that meeting on each substantive issue and the percentage of votes cast in favour of such resolutions are set out below:-

Resolutions		**Percentage of Votes**
1	Adoption of the Statement of Audited Accounts and Reports of the Directors and Auditor for the year ended 31 December 2007	99.90%
2	Declaration of a final dividend	99.99%
3(1)	Re-election of Mr Li Tzar Kuoi, Victor as a Director	99.73%
3(2)	Re-election of Mr Fok Kin-ning, Canning as a Director	99.73%
3(3)	Re-election of Mr Kam Hing Lam as a Director	85.19%
3(4)	Re-election of Mr Holger Kluge as a Director	99.82%
3(5)	Re-election of Mr Wong Chung Hin as a Director	99.73%
4	Appointment of Auditor and authorisation of the Directors to fix the Auditor's remuneration	99.99%
5(1)	Granting of a general mandate to Directors to issue additional shares in the Company	80.91%
5(2)	Purchase by the Company of its own shares	99.65%
5(3)	Extension of the general mandate regarding issue of additional shares	82.34%
6(1)	Approval of the 2004 share option plan of Partner Communications Company Ltd. ("Partner")	85.03%
6(2)	Approval of the plan mandate limit refreshment proposal of Partner	85.80%
6(3)	Approval of the plan amendment proposal of Partner	85.11%
7(1)	Approval of the change of terms of share options of Hutchison Telecommunications International Limited ("HTIL")	85.78%
7(2)	Approval of the change of terms of the share option scheme of HTIL	85.71%

All resolutions put to shareholders at the meeting were passed. The results of the voting by poll were published on the websites of the Group and the Stock Exchange.

Other corporate information is set out in the "Information for Shareholders" section of this annual report. This includes, among others, dates for key corporate events for 2009 and public float capitalisation as at 31 December 2008.

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions are welcome and can be addressed to the Group Corporate Affairs Department or the Company Secretary by mail or by e-mail to the Group at info@hutchison-whampoa.com.

Corporate Social Responsibility

The Group has adopted a proactive approach to corporate social responsibility and undertakes a wide range of philanthropic efforts as well as community initiatives. Details of these initiatives are set out on pages 66 to 69.

By order of the Board

Edith Shih
Company Secretary

Hong Kong, 26 March 2009

Independent Auditor's Report

To the Shareholders of Hutchison Whampoa Limited

(incorporated in Hong Kong with limited liability)

We have audited the consolidated accounts of Hutchison Whampoa Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 115 to 198, which comprise the consolidated and Company balance sheets as at 31 December 2008, and the consolidated profit and loss account, the consolidated statement of recognised income and expense and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the accounts

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated accounts in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated accounts based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2009

Consolidated Profit and Loss Account

for the year ended 31 December 2008

2008 US$ millions		Note	2008 HK$ millions	2007 HK$ millions
	Company and subsidiary companies:			
30,187	Revenue	3, 4	235,461	218,726
(9,930)	Cost of inventories sold		(77,460)	(73,977)
(4,109)	Staff costs		(32,053)	(29,325)
(443)	**3** Group telecommunications expensed customer acquisition costs		(3,457)	(5,732)
(4,801)	Depreciation and amortisation	4	(37,447)	(38,872)
(8,628)	Other operating expenses		(67,300)	(56,448)
86	Change in fair value of investment properties		672	1,988
443	Profit (loss) on disposal of investments and others	5	3,458	(11,182)
	Share of profits less losses after tax of:			
1,605	Associated companies before profit on disposal of investments and others	18	12,522	12,002
678	Jointly controlled entities	19	5,286	3,338
400	Associated company's profit on disposal of an investment and others	5, 18	3,122	35,820
5,488		4	42,804	56,338
(2,216)	Interest and other finance costs	7	(17,286)	(19,054)
3,272	**Profit before tax**		25,518	37,284
(442)	Current tax charge	8	(3,444)	(2,768)
330	Deferred tax credit (charge)	8	2,576	(1,651)
3,160	**Profit after tax**		24,650	32,865
(895)	**Allocated as: Profit attributable to minority interests**		(6,986)	(2,265)
2,265	**Profit attributable to shareholders of the Company**	10	17,664	30,600
946	**Dividends**	9	7,375	7,375
US 53.1 cents	**Earnings per share for profit attributable to shareholders of the Company**	10	HK$ 4.14	HK$ 7.18

Consolidated Balance Sheet

at 31 December 2008

2008 US$ millions		Note	2008 HK$ millions	2007 HK$ millions
	ASSETS			
	Non-current assets			
22,211	Fixed assets	11	173,246	181,342
5,293	Investment properties	12	41,282	43,680
4,455	Leasehold land	13	34,745	36,272
9,253	Telecommunications licences	14	72,175	91,897
1,541	Telecommunications postpaid customer acquisition and retention costs	15	12,022	8,771
3,887	Goodwill	16	30,318	31,520
1,344	Brand names and other rights	17	10,486	10,901
9,805	Associated companies	18	76,478	75,545
5,880	Interests in joint ventures	19	45,865	39,725
1,698	Deferred tax assets	20	13,248	17,619
1,142	Other non-current assets	21	8,904	5,082
3,941	Liquid funds and other listed investments	22	30,735	69,192
70,450			549,504	611,546
	Current assets			
7,344	Cash and cash equivalents	23	57,286	111,307
7,022	Trade and other receivables	24	54,767	55,374
2,375	Inventories		18,528	20,999
16,741			130,581	187,680
	Current liabilities			
10,577	Trade and other payables	25	82,497	90,029
3,070	Bank and other debts	27	23,945	50,255
163	Current tax liabilities		1,275	2,336
13,810			107,717	142,620
2,931	**Net current assets**		22,864	45,060
73,381	**Total assets less current liabilities**		572,368	656,606
	Non-current liabilities			
30,018	Bank and other debts	27	234,141	260,086
1,711	Interest bearing loans from minority shareholders	28	13,348	12,508
1,746	Deferred tax liabilities	20	13,616	17,957
326	Pension obligations	29	2,541	1,468
588	Other non-current liabilities	30	4,586	5,929
34,389			268,232	297,948
38,992	**Net assets**		304,136	358,658

2008 US$ millions		Note	2008 HK$ millions	2007 HK$ millions
	CAPITAL AND RESERVES			
137	Share capital	31	**1,066**	1,066
34,681	Reserves		**270,510**	308,948
34,818	**Total shareholders' funds**		**271,576**	310,014
4,174	Minority interests		**32,560**	48,644
38,992	**Total equity**	32	**304,136**	358,658

Fok Kin-ning, Canning
Director

Frank John Sixt
Director

Consolidated Cash Flow Statement

for the year ended 31 December 2008

2008 US$ millions		Note	2008 HK$ millions	2007 HK$ millions
	Operating activities			
8,056	Cash generated from operating activities before interest and other finance costs, tax paid, **3** Group telecommunications expensed CACs [(a)] and changes in working capital	33 (a)	62,838	86,406
(2,149)	Interest and other finance costs paid		(16,762)	(18,508)
(458)	Tax paid		(3,576)	(2,608)
5,449	Funds from operations before **3** Group telecommunications expensed CACs		42,500	65,290
(443)	**3** Group telecommunications expensed CACs		(3,457)	(5,732)
5,006	**Funds from operations**		39,043	59,558
(663)	Changes in working capital	33 (b)	(5,171)	(4,144)
4,343	**Net cash from operating activities**		33,872	55,414
	Investing activities			
(2,006)	Purchase of fixed assets and investment properties for established businesses		(15,643)	(13,883)
(1,528)	Purchase of fixed assets for **3** Group		(11,921)	(13,969)
(27)	Additions to leasehold land		(214)	(1,104)
(49)	Additions to telecommunications licences		(384)	(86)
(71)	Additions to brand names and other rights		(550)	(572)
(2,171)	Additions to telecommunications postpaid CACs for **3** Group	4	(16,935)	(11,479)
(105)	Additions to telecommunications postpaid CACs for Hutchison Telecommunications International	4	(817)	(346)
4	Purchase of subsidiary companies	33 (c)	28	45,348
(780)	Purchase of minority interests		(6,083)	(706)
(9)	Additions to other unlisted investments		(67)	(1,120)
143	Repayments from associated companies and non-property jointly controlled entities		1,112	1,888
(1,160)	Purchase of and advances (including deposits) to associated companies and jointly controlled entities		(9,047)	(3,361)
357	Proceeds on disposal of fixed assets, leasehold land and investment properties		2,787	825
679	Proceeds on disposal of subsidiary companies	33 (d)	5,294	895
1	Proceeds on disposal of associated companies		6	945
86	Proceeds on disposal of jointly controlled entities		670	1,379
6	Proceeds on disposal of other unlisted investments		50	342
19	Proceeds on disposal of infrastructure project investments		147	66
(103)	Partner Communications Company Ltd's repurchase of its shares		(799)	–
4,230	Disposal of liquid funds and other listed investments		32,993	4,099
(327)	Additions to liquid funds and other listed investments		(2,550)	(1,561)
(2,811)	**Cash flows from (used in) investing activities**		(21,923)	7,600
1,532	**Net cash inflow before financing activities**		11,949	63,014

2008 US$ millions		Note	2008 HK$ millions	2007 HK$ millions
	Financing activities			
5,290	New borrowings		41,267	52,144
(10,734)	Repayment of borrowings		(83,729)	(59,524)
176	Issue of shares by subsidiary companies to minority shareholders and loans from minority shareholders		1,371	2,573
(2,244)	Dividends paid to minority shareholders		(17,504)	(3,676)
(946)	Dividends paid to shareholders		(7,375)	(7,375)
(8,458)	**Cash flows used in financing activities**		(65,970)	(15,858)
(6,926)	Increase (decrease) in cash and cash equivalents		(54,021)	47,156
14,270	Cash and cash equivalents at 1 January		111,307	64,151
7,344	**Cash and cash equivalents at 31 December**		57,286	111,307
	Analysis of cash, liquid funds and other listed investments			
7,344	Cash and cash equivalents, as above	23	57,286	111,307
3,941	Liquid funds and other listed investments	22	30,735	69,192
11,285	**Total cash, liquid funds and other listed investments**		88,021	180,499
32,549	Total principal amount of bank and other debts	27	253,884	311,279
1,711	Interest bearing loans from minority shareholders	28	13,348	12,508
22,975	**Net debt**		179,211	143,288
(1,711)	Interest bearing loans from minority shareholders		(13,348)	(12,508)
21,264	**Net debt (excluding interest bearing loans from minority shareholders)**		165,863	130,780

(a) CACs represents customer acquisition costs and contract customer retention costs.

Consolidated Statement of Recognised Income and Expense

for the year ended 31 December 2008

2008 US$ millions		Note	2008 HK$ millions	2007 HK$ millions
	Available-for-sale investments:			
(399)	Valuation gains (losses) taken to reserves		(3,114)	12,350
(371)	Valuation gains transferred to profit and loss account		(2,893)	(7,746)
	Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
(99)	Gains (losses) taken to reserves		(770)	254
4	Losses transferred to profit and loss account		28	–
(6)	Losses (gains) transferred to initial cost of non-financial items		(45)	35
(5,094)	Exchange translation differences		(39,737)	7,700
(467)	Net actuarial gains (losses) of defined benefit plans		(3,645)	1,506
14	Deferred tax effect on items taken directly to or transferred from reserves		109	(253)
1	Others		10	57
(6,417)	Net income (expense) recognised directly in equity	32	(50,057)	13,903
3,160	Profit after tax		24,650	32,865
(3,257)	Total recognised income and expense	32	(25,407)	46,768
(673)	Allocated as: Attributable to minority interests		(5,250)	(3,702)
(3,930)	Attributable to shareholders of the Company		(30,657)	43,066

1 Significant accounting policies

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounts have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values, as explained in the significant accounting policies set out below.

(a) Basis of consolidation

The consolidated accounts of the Group include the accounts for the year ended 31 December 2008 of the Company and of all its direct and indirect subsidiary companies and also incorporate the Group's interest in associated companies and jointly controlled entities on the basis set out in notes 1(c) and 1(d) below. Results of subsidiary and associated companies and jointly controlled entities acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2008 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the purchase method.

(b) Subsidiary companies

A subsidiary is an entity that the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities. In the consolidated accounts, subsidiary companies are accounted for as described in note 1(a) above. In the unconsolidated accounts of the holding company, investments in subsidiary companies are carried at cost less provision for impairment in value.

(c) Associated companies

An associate is an entity, other than a subsidiary or a jointly controlled entity, in which the Group has a long-term equity interest and over which the Group is in a position to exercise significant influence over its management, including participation in the financial and operating policy decisions.

The results and assets and liabilities of associates are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

(d) Joint ventures

A joint venture is a contractual arrangement whereby the venturers undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

A jointly controlled entity is a joint venture which involves the establishment of a separate entity. The results and assets and liabilities of jointly controlled entities are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

1 Significant accounting policies (continued)

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Buildings are depreciated on the basis of an expected life of fifty years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right of renewal is attached.

Depreciation of other fixed assets is provided at rates calculated to write off their costs over their estimated useful lives on a straight-line basis at the following annual rates:

Motor vehicles	20 – 25%
Plant, machinery and equipment	$3^1/_3$ – $33^1/_3$%
Container terminal equipment	5 – 20%
Telecommunications equipment	2.5 – 10%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is the greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit and loss account.

(f) Investment properties

Investment properties are interests in land and buildings in respect of which construction work has been completed that are held to earn rentals or for capital appreciation or both. Such properties are carried in the balance sheet at their fair value as determined by professional valuation. Changes in fair values of investment properties are recorded in profit and loss account.

(g) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the balance sheet as leasehold land and expensed in profit and loss account on a straight-line basis over the period of the lease.

(h) Telecommunications licences

Telecommunications licences are comprised of the upfront payments made for acquiring telecommunications spectrum licences plus the capitalised present value of fixed periodic payments to be made in subsequent years, together with the interest accrued prior to the date of first commercial usage of the spectrum.

Telecommunications licences are amortised on a straight-line basis from the date of first commercial usage of the related spectrum over the remaining expected contracted or expected licence periods ranging from approximately 11 to 35 years and are stated net of accumulated amortisation.

(i) Telecommunications customer acquisition and retention costs

Net costs to acquire and retain mobile telecommunications customers, which are primarily 3G customers, pursuant to contracts with early termination penalty clauses ("Telecommunications postpaid or contract CACs") are capitalised and amortised over the period that the penalties apply (the period of contractual control) which is generally a period of 12 to 24 months. In the event that a customer churns off the network within the contractual control period, any unamortised customers acquisition and retention costs are written off in the period in which the customers churn. Telecommunications postpaid customer acquisition and retention costs are stated net of accumulated amortisation.

Net costs to acquire prepaid mobile telecommunications customers and net costs to acquire or retain contract customers pursuant to contracts without early termination penalty clauses are both expensed in the period incurred ("Telecommunications expensed CACs").

1 Significant accounting policies (continued)

(j) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary company, associated company or jointly controlled entity at the date of acquisition. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill arising on acquisition is retained at the carrying amount as a separate asset or, as applicable, included within investments in associated companies and jointly controlled entities at the date of acquisition, and subject to impairment test annually and when there are indications that the carrying value may not be recoverable. If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in profit and loss account.

The profit or loss on disposal of subsidiary company, associated company or jointly controlled entity is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

(k) Brand names and other rights

The payments made for acquiring brand names and other rights are capitalised. Brand names and other rights with indefinite lives are not amortised. Brand names and other rights with finite lives are amortised on a straight-line basis from the date of their first commercial usage over their estimated useful lives ranging from approximately 3 to 40 years. Brand names and other rights are stated net of accumulated amortisation, if any.

(l) Deferred tax

Deferred tax is provided in full, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(m) Liquid funds and other listed investments and other unlisted investments

"Liquid funds and other listed investments" are investments in listed debt securities, listed equity securities, long-term deposits and cash and cash equivalents. "Other unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities, unlisted equity securities and infrastructure projects. These investments are recognised and derecognised on the date the Group commits to purchase or sell the investments or when they expire. These investments are classified and accounted for as follows:

Loans and receivables

"Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment. Interest calculated using the effective interest method is recognised in profit and loss account.

Held-to-maturity investments

"Held-to-maturity investments" are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are carried at amortised cost less impairment. Interest calculated using the effective interest method is recognised in profit and loss account.

Financial assets at fair value through profit or loss

"Financial assets at fair value through profit or loss" are financial assets where changes in fair value are recognised in profit and loss account in the period in which they arise. At each balance sheet date subsequent to initial recognition, these financial assets are carried at fair value. In addition, any dividends or interest earned on these financial assets are recognised in profit and loss account.

1 Significant accounting policies (continued)

(m) Liquid funds and other listed investments and other unlisted investments (continued)

Available-for-sale investments

"Available-for-sale investments" are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. At each balance sheet date subsequent to initial recognition, these financial assets are carried at fair value and changes in fair value are dealt with as movements in the investment revaluation reserve except for impairment losses which are charged to profit and loss account. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in profit and loss account. Dividends from available-for-sale investments are recognised when the right to receive payment is established. When available-for-sale investments are sold, the cumulative fair value gains or losses previously recognised in investment revaluation reserve is removed from investment revaluation reserve and recognised in profit and loss account.

(n) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognised based on whether certain qualifying criteria under Hong Kong Accounting Standard ("HKAS") 39 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

Derivatives designated as hedging instruments to hedge the fair value of recognised assets or liabilities may qualify as fair value hedges. The Group mainly enters into interest rate swap contracts to swap certain fixed interest rate borrowings into floating interest rate borrowings. Changes in the fair value of these derivative contracts, together with the changes in the fair value of the hedged assets or liabilities attributable to the hedged risk are recognised in profit and loss account as interest and other finance costs. At the same time the carrying amount of the hedged asset or liability in the balance sheet is adjusted for the changes in fair value.

Derivatives designated as hedging instruments to hedge against the cash flows attributable to recognised assets or liabilities or forecast payments may qualify as cash flow hedges. The Group mainly enters into interest rate swap contracts to swap certain floating interest rate borrowings to fixed interest rate borrowings and foreign currency contracts to hedge the currency risk associated with certain forecast foreign currency payments and obligations. Changes in the fair value of these derivative contracts are dealt with as movements in reserves. Amounts accumulated are removed from reserves and recognised in profit and loss account in the periods when the hedged derivative contract matures, except, when the forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the amounts accumulated in reserves are transferred from reserves and, then it is included in the initial cost of the asset or liability.

Derivatives that do not qualify for hedge accounting under HKAS 39 will be accounted for with the changes in fair value being recognised in profit and loss account.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowance for estimated irrecoverable amounts are recognised in profit and loss account when there is objective evidence that the asset is impaired.

(p) Properties under development

Land for properties under development is stated at cost and development expenditure is stated at the aggregate amount of costs incurred up to the date of completion, including capitalised interest on related loans.

1 Significant accounting policies (continued)

(q) Inventories

Inventories consist mainly of retail goods and the carrying value is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(s) Borrowings and borrowing costs

The Group's borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings and debt instruments is recognised over the period of the borrowings using effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit and loss account in the period in which they are incurred.

(t) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(u) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs.

(v) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

(w) Leased assets

Assets acquired pursuant to finance leases and hire purchase contracts that transfer to the Group substantially all the rewards and risks of ownership are accounted for as if purchased.

Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Leases payments are treated as consisting of capital and interest elements. The capital element of the leasing commitment is included as a liability and the interest element is charged to profit and loss account. All other leases are accounted for as operating leases and the rental payments are charged to profit and loss account on accrual basis.

1 Significant accounting policies (continued)

(x) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

(y) Pension plans

Pension plans are classified into defined benefit and defined contribution plans.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to profit and loss account so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full in the year in which they occur, outside profit and loss account, in reserves.

The Group's contributions to the defined contribution plans are charged to profit and loss account in the year incurred.

Pension costs are charged against profit and loss account within staff costs.

The pension plans are generally funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

(z) Share-based payments

The Company has no share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

(aa) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are included in the determination of profit for the year.

The accounts of overseas subsidiary and associated companies and jointly controlled entities are translated into Hong Kong dollars using the year end rates of exchange for the balance sheet items and the average rates of exchange for the year for the profit and loss account items. Exchange differences are dealt with as a movement in exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are dealt with as a movement in exchange reserve. On disposal of the net investment in a foreign entity, such exchange gains or losses are transferred out of the exchange reserve and are recognised in profit and loss account. Exchange differences arising from translation of inter-company loan balances between Group entities are taken to exchange reserve when such loans form part of the Group's net investment in a foreign entity. When such loans are repaid, the related exchange gains or losses are transferred out of the exchange reserve and are recognised in profit and loss account.

1 Significant accounting policies (continued)

(ab) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivables for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Ports and related services

Revenue from the provision of ports and related services is recognised when the service is rendered.

Property and hotels

Revenue from the sale of properties is recognised either on the date of sale or on the date of issue of the occupation permit, whichever is later.
Rental income is recognised on a straight-line basis over the period of the lease.
Revenue from the provision of hotel management, consultancy and technical service is recognised when the service is rendered.

Retail

Revenue from the sale of retail goods is recognised at point of sales less an estimate for sales return based on past experience where goods are sold with a right to return. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sales, including credit card fees payable for the transaction.

Energy and infrastructure

Revenue from the sale of crude oil, natural gas, refined petroleum products and other energy products are recorded on a gross basis when title passes to an external party.
Revenue associated with the sale of transportation, processing and natural gas storage services is recognised when the service is rendered.
Income from infrastructure projects is recognised on a time proportion basis, using the effective interest method.
Income from long-term contracts is recognised according to the stage of completion.

Finance and investments

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.
Interest income is recognised on a time proportion basis using the effective interest method.

Mobile and fixed-line telecommunications services

Revenue from the provision of mobile telecommunications services with respect to voice, video, internet access, messaging and media services, including data services and information provision, is recognised when the service is rendered and, depending on the nature of the services, is recognised either at gross amount billed to the customer or the amount receivable as commission for facilitating the services.
Revenue from the sales of prepaid mobile calling cards is recognised upon customer's usage of the card or upon the expiry of the service period.
Monthly access charge on the provision of fixed-line telecommunications services is recognised on a straight-line basis over the respective period.
Other service income is recognised when the service is rendered.

1 Significant accounting policies (continued)

At the date of authorisation of these accounts, the following standards, amendments and interpretations were in issue but not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)(1)	Improvements to HKFRSs
HKAS 1 (Revised)(2)	Presentation of Financial Statements
HKAS 23 (Revised)(2)	Borrowing Costs
HKAS 27 (Revised)(3)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)(2)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)(3)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)(2)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)(2)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)(3)	Business Combinations
HKFRS 7 (Amendments)(2)	Improving Disclosures about Financial Instruments
HKFRS 8(2)	Operating Segments
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)(3)	Embedded Derivatives
HK(IFRIC)-Int 13(2)	Customer Loyalty Programmes
HK(IFRIC)-Int 15(2)	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16(2)	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17(3)	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18(3)	Transfers of Assets from Customers

(1) Effective for the Group for annual periods beginning 1 January 2009 except the amendments to HKFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" which is effective for the Group for annual periods beginning 1 January 2010

(2) Effective for the Group for annual periods beginning 1 January 2009

(3) Effective for the Group for annual periods beginning 1 January 2010

The adoption of standards, amendments and interpretations listed above with the exception of HKFRS 3 (Revised), HKAS 27 (Revised) and HK(IFRIC)-Int 17 in future periods is not expected to result in substantial changes to the Group's accounting policies.

The effect that the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HK(IFRIC)-Int 17 will have on the results and financial position of the Group will depend on the incidence and timing of transactions within the scope of these standards and interpretation occurring on or after 1 January 2010.

2 Critical accounting estimates and judgements

Note 1 includes a summary of the significant accounting policies used in the preparation of the accounts. The preparation of accounts often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the accounts. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

The selection and disclosure of the critical accounting policies, estimates and judgements have been discussed with the Group's Audit Committee. The following is a review of the more significant assumptions and estimates, as well as the accounting policies and methods used in the preparation of the accounts.

2 Critical accounting estimates and judgements (continued)

(a) Long-lived assets

The Group has made substantial investments in tangible and intangible long-lived assets, primarily in mobile and fixed-line telecommunications networks and licences, container terminals, and properties. Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

The Group considers its asset impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates.

Assets that have an indefinite useful life are tested for impairment annually. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

Judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions used to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to profit and loss account.

The Group's 3G businesses commenced commercial operations from 2003 and in accordance with initial business plans are incurring losses as the businesses grow to operating scale. Impairment tests were undertaken as at 31 December 2008 and 31 December 2007 to assess whether the carrying values of the Group's 3G telecommunications licences and network assets were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective business. The results of the tests undertaken as at 31 December 2008 and 31 December 2007 indicated that no impairment charge was necessary.

The future cash flow projections for the 3G businesses reflect growing recurring revenue and margins derived from an accumulating customer base and diminishing ongoing investments in network infrastructure and in customer acquisitions.

The forecast growth in recurring revenue and margins is driven primarily by the increasing size of the accumulating customer base, accompanied by profitability improvements due to beneficial changes to services usage profiles. Increasing demand for non-voice value added services such as mobile broadband, sport and music contents, multimedia messaging and video services has been experienced and is forecast to continue. Improving operating margins are forecast driven in part by a change in the mix from voice toward non-voice revenues; increased incoming traffic, which generates revenue from other operators, and on-net or intra-network traffic, which avoids interconnection costs being paid to other operators to terminate calls; and operating cost optimisation and cost savings achieved through cell site and network sharing, network maintenances and other outsourcing programs. Improving profitability is also expected to continue based on the economies of scale effect that is able to be achieved in customer operation and network operations functions. Also factored into the forecasts are the potential dilutive effect of attracting lower value customer when growing the customer base and the expected effect of market competition and development.

2 Critical accounting estimates and judgements (continued)

(a) Long-lived assets (continued)

Initial investments in the upfront licence payments and the network infrastructure which has been built for scale have been significant. However, as the network capital expenditures are forecast to decline progressively as a percentage of revenues as the network construction phase nears completion and a lower "maintenance" level of capital expenditure is required for ongoing operation. Customer acquisition costs in the start-up phase of operation have also been significant, but are forecast to reduce based on the improved market acceptance of the 3G technology and on the widening availability, improving attractiveness and lower unit cost of 3G handsets, all of which supports a lesser need to provide financial incentives for customers to convert to the new technology.

Projections in excess of five years are used to take into account telecommunications spectrum licence periods, increasing market share and growth momentum. For the purpose of the impairment test, a market specific growth rate of 2% to 2.5% was used to extrapolate cash flows beyond the approved financial budgets period. This low rate was selected solely for the purposes of the impairment test to arrive at a conservative projection of cash flows in excess of five years and does not reflect the forecast long-term industry growth or our expectation of the Group's 3G businesses performance. The discount rates for the test were based on country specific pre-tax risk adjusted discount rate and ranged from 6% to 11%. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

(b) Depreciation and amortisation

(i) Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(ii) Telecommunications licences

Telecommunications licences comprise the right to use spectrum and the right to provide a telecommunications service.

Telecommunications licences are amortised on a straight-line basis from the date of first commercial usage of the related spectrum over the remaining expected licence periods and are stated net of accumulated amortisation.

The actual economic lives of the Group's telecommunications spectrum licences may differ from the current contracted or expected licence periods, which could impact the amount of amortisation expense charged to profit and loss account.

(iii) Telecommunications customer acquisition and retention costs

Net costs to acquire and retain mobile telecommunications customers, which are primarily 3G customers, pursuant to contracts with early termination penalty clauses are capitalised and amortised over the period that the penalties apply (the period of contractual control) which is generally a period of 12 to 24 months. In the event that a customer churns off the network within the contractual control period, any unamortised customers acquisition and retention costs are written off in the period in which the customers churn.

Net costs to acquire prepaid mobile telecommunications customers and net costs to acquire or retain contract customers pursuant to contracts without early termination penalty clauses are both expensed in the period incurred.

2 Critical accounting estimates and judgements (continued)

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary company, associated company or jointly controlled entity at the date of acquisition. Goodwill is recorded as a separate asset or, as applicable, included within investments in associated companies and joint ventures. Goodwill is also subject to the annual impairment test described above. The results of the tests undertaken as at 31 December 2008 and 31 December 2007 indicated that no impairment charge was necessary.

For the purposes of impairment tests, the recoverable amount of goodwill is determined based on value in use calculations. The value in use calculations primarily use cash flow projections based on five-year financial budgets approved by management and estimated terminal value at the end of the five year period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, growth rates and selection of discount rates and the earnings multiple that can be realised for the estimated terminal value. The Group prepared the financial budgets reflecting actual and prior year performance and market development expectations. For the purpose of the impairment test, a market specific growth rate of 2% to 2.5% was used to extrapolate cash flows beyond the approved financial budgets period. This low rate was selected solely for the purposes of the impairment test to arrive at a conservative projection of cash flows in excess of five years and does not reflect the forecast long-term industries' growth or our expectation of these businesses performance. The discount rates for the test were based on country specific pre-tax risk adjusted discount rate and ranged from 6% to 11%. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

(d) Investment properties

Investment properties are interests in land and buildings in respect of which construction work has been completed that are held to earn rentals or for capital appreciation or both. Such properties are carried in the balance sheet at their fair value as determined by professional valuation. In determining the fair value of the investment properties, the valuers use assumptions and estimates that reflect, amongst other things, comparable market transactions, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Judgement is required to determine the principal valuation assumptions to determine the fair value of the investment properties. Changes in fair values of investment properties are recorded in profit and loss account.

(e) Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the accounts.

Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry forward tax losses, the asset balance will be reduced and charged to profit and loss account.

2 Critical accounting estimates and judgements (continued)

(e) Tax (continued)

The 3G businesses commenced commercial operations from 2003 and in accordance with initial business plans are incurring losses as the businesses grow to operating scale. Deferred tax assets have been recognised for the carryforward amount of unused tax losses relating to the Group's 3G operation in the UK where, among other things, tax losses can be carried forward indefinitely and there is availability of group relief for tax purposes that can be utilised to offset taxable profits generated by the Group's other operations in the UK. No deferred tax assets have been recognised for the unused tax losses carried forward by the Group's other 3G operations since there are less opportunities to utilise the tax losses in the near term, for instance, unlike the UK there is no opportunity for group relief and in certain countries tax losses will expire if not utilised within a short period of time e.g. tax losses in Italy will expire if not utilised within 5 years. The ultimate realisation of deferred tax assets recognised for **3** UK depends principally on this business achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to profit and loss account if there is a significant adverse change in the projected performance and resulting projected taxable profits of this business. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections.

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Pension costs

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, Employee Benefits. Under this method, the cost of providing pensions is charged to profit and loss account so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full in the year in which they occur, outside profit and loss account, in reserves.

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the accounts in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(g) Sale and leaseback transactions

The Group classifies leases into finance leases or operating leases in accordance with the accounting policies stated in Note 1(w). Determining whether a lease transaction is a finance lease or an operating lease requires judgment as to whether the lease agreement transfers substantially all the risks and rewards of ownership to or from the Group. Judgment is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether renewal options are included in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease or operating lease determines whether the leased asset is capitalised and recognised on the balance sheet as set out in Note 1(w). In sale and leaseback transactions, the classification of the leaseback arrangements as described above determines how the gain or loss on the sale transaction is recognised. It is either deferred and amortised (finance lease) or recognised in profit and loss account immediately (operating lease).

3 Turnover and revenue

Turnover comprises revenues from the sales of goods and development properties, provision of services and rental income from investment properties, interest income and finance charges earned, and dividend income from equity investments. An analysis of revenue of the Company and subsidiary companies is as follows:

	2008 HK$ millions	2007 HK$ millions
Sales of goods	**104,112**	100,381
Rendering of services	**125,148**	110,811
Interest	**5,842**	7,113
Dividends	**359**	421
	235,461	218,726

4 Segment information

Segment information is presented in respect of the Group's primary business segment and secondary geographical segment. The column headed as Company and Subsidiaries refers to the Company and subsidiary companies' respective items. The column headed as Associates and JCE refers to the Group's share of associated companies and jointly controlled entities' respective items and is included as supplementary information (see notes 18 and 19).

Finance & Investments represents returns earned on the Group's holdings of cash and liquid investments. Others includes Hutchison Whampoa (China), Hutchison E-Commerce operations, listed subsidiary Hutchison China MediTech Limited, listed subsidiary Hutchison Harbour Ring ("HHR") and listed associate Tom Group and others. Prior year segment information that is presented for comparative purposes has been restated accordingly. Telecommunications – **3** Group includes 3G operations in the UK, Italy, Sweden, Austria, Denmark, Norway, Ireland and Australia.

Revenue from external customers is after elimination of inter-segment revenue. The amount eliminated attributable to Ports and related services is HK$58 million (2007 – HK$57 million), Property and hotels is HK$336 million (2007 – HK$307 million), Finance & Investments is HK$3 million (2007 – HK$3 million), Hutchison Telecommunications International is HK$125 million (2007 – HK$82 million) and Others is HK$504 million (2007 – HK$1,115 million).

Business segment

	Revenue							
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2008 Total HK$ millions**	**%[(a)]**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2007 Total HK$ millions	%[(a)]
ESTABLISHED BUSINESSES								
Ports and related services	**34,872**	**4,722**	**39,594**	**14%**	33,207	4,684	37,891	15%
Property and hotels	**5,445**	**5,022**	**10,467**	**4%**	5,317	4,234	9,551	4%
Retail	**98,946**	**19,541**	**118,487**	**41%**	94,663	15,344	110,007	44%
Cheung Kong Infrastructure	**2,875**	**16,993**	**19,868**	**7%**	2,403	14,848	17,251	7%
Husky Energy	**–**	**63,350**	**63,350**	**22%**	–	39,781	39,781	16%
Finance & Investments	**3,836**	**467**	**4,303**	**1%**	5,080	431	5,511	2%
Hutchison Telecommunications International	**24,674**	**3**	**24,677**	**9%**	12,618	8,161	20,779	8%
Others	**4,981**	**2,266**	**7,247**	**2%**	6,014	2,081	8,095	4%
Subtotal – Established businesses	**175,629**	**112,364**	**287,993**	**100%**	159,302	89,564	248,866	100%
TELECOMMUNICATIONS – 3 Group	**59,832**	**540**	**60,372**		59,424	485	59,909	
	235,461	**112,904**	**348,365**		218,726	90,049	308,775	

4 Segment information (continued)

Business segment (continued)

	EBIT (LBIT)[b]							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2008 Total HK$ millions	%[a]	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2007 Total HK$ millions	%[a]
ESTABLISHED BUSINESSES								
Ports and related services	11,403	1,833	13,236	24%	11,118	1,731	12,849	23%
Property and hotels [c]	4,999	3,088	8,087	15%	2,807	1,253	4,060	7%
Retail	3,392	982	4,374	8%	2,889	822	3,711	7%
Cheung Kong Infrastructure	10	7,394	7,404	13%	797	6,556	7,353	13%
Husky Energy	–	13,316	13,316	24%	–	10,523	10,523	19%
Finance & Investments [d]	5,913	554	6,467	11%	13,371	573	13,944	25%
Hutchison Telecommunications International [e]	3,516	(10)	3,506	6%	1,523	1,695	3,218	6%
Others	(588)	(203)	(791)	-1%	(188)	95	(93)	–
EBIT – Established businesses [b]	28,645	26,954	55,599	100%	32,317	23,248	55,565	100%
TELECOMMUNICATIONS - 3 Group [f]								
EBIT before depreciation, amortisation and telecommunications expensed CACs	19,179	158	19,337		18,339	67	18,406	
Telecommunications expensed CACs	(3,457)	–	(3,457)		(5,732)	–	(5,732)	
EBIT before depreciation and amortisation and after telecommunications expensed CACs	15,722	158	15,880		12,607	67	12,674	
Depreciation	(9,123)	(114)	(9,237)		(11,139)	(60)	(11,199)	
Amortisation of licence fees and other rights	(5,500)	–	(5,500)		(6,143)	–	(6,143)	
Amortisation of telecommunications postpaid CACs	(12,000)	–	(12,000)		(13,270)	–	(13,270)	
EBIT (LBIT) – Telecommunications - 3 Group [b]	(10,901)	44	(10,857)		(17,945)	7	(17,938)	
Change in fair value of investment properties	672	152	824		1,988	7	1,995	
Profit (loss) on disposal of investments and others (See note 5)	3,458	3,122	6,580		(11,182)	35,820	24,638	
EBIT	21,874	30,272	52,146		5,178	59,082	64,260	
Group's share of the following profit and loss items of associated companies and jointly controlled entities:								
Interest and other finance costs	–	(3,222)	(3,222)		–	(3,446)	(3,446)	
Current tax	–	(3,886)	(3,886)		–	(2,532)	(2,532)	
Deferred tax	–	(2,256)	(2,256)		–	(1,579)	(1,579)	
Minority interests	–	22	22		–	(365)	(365)	
	21,874	20,930	42,804		5,178	51,160	56,338	

4 Segment information (continued)

Business segment (continued)

	Depreciation and amortisation					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2008 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2007 Total HK$ millions
ESTABLISHED BUSINESSES						
Ports and related services	**3,410**	**556**	**3,966**	3,200	536	3,736
Property and hotels	**289**	**151**	**440**	302	158	460
Retail	**2,086**	**379**	**2,465**	2,117	325	2,442
Cheung Kong Infrastructure	**125**	**1,959**	**2,084**	124	1,988	2,112
Husky Energy	**–**	**5,744**	**5,744**	–	5,058	5,058
Finance & Investments	**72**	**–**	**72**	78	–	78
Hutchison Telecommunications International	**4,715**	**–**	**4,715**	2,379	980	3,359
Others	**127**	**422**	**549**	120	115	235
Subtotal – Established businesses	**10,824**	**9,211**	**20,035**	8,320	9,160	17,480
TELECOMMUNICATIONS – 3 Group	**26,623**	**114**	**26,737**	30,552	60	30,612
	37,447	**9,325**	**46,772**	38,872	9,220	48,092

4 Segment information (continued)

Business segment (continued)

	Capital expenditure				
	Fixed assets, investment properties and leasehold land	**Telecom-munications licences**	**Brand names and other rights**	**Telecom-munications postpaid CACs**	**2008 Total**
	HK$ millions	**HK$ millions**	**HK$ millions**	**HK$ millions**	**HK$ millions**
ESTABLISHED BUSINESSES					
Ports and related services	**9,502**	**–**	**–**	**–**	**9,502**
Property and hotels	**89**	**–**	**–**	**–**	**89**
Retail	**1,686**	**–**	**–**	**–**	**1,686**
Cheung Kong Infrastructure	**92**	**–**	**–**	**–**	**92**
Husky Energy	**–**	**–**	**–**	**–**	**–**
Finance & Investments	**14**	**–**	**–**	**–**	**14**
Hutchison Telecommunications International	**4,390**	**–**	**129**	**817**	**5,336**
Others	**84**	**–**	**–**	**–**	**84**
Subtotal – Established businesses	**15,857**	**–**	**129**	**817**	**16,803**
TELECOMMUNICATIONS – 3 Group (g)	**11,921**	**384**	**421**	**16,935**	**29,661**
	27,778	**384**	**550**	**17,752**	**46,464**

	Capital expenditure				
	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	Telecom-munications postpaid CACs	2007 Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES					
Ports and related services	9,404	–	–	–	9,404
Property and hotels	89	–	–	–	89
Retail	1,843	–	–	–	1,843
Cheung Kong Infrastructure	183	–	–	–	183
Husky Energy	–	–	–	–	–
Finance & Investments	50	–	–	–	50
Hutchison Telecommunications International	3,316	–	36	346	3,698
Others	102	–	–	–	102
Subtotal – Established businesses	14,987	–	36	346	15,369
TELECOMMUNICATIONS – 3 Group (g)	13,969	86	536	11,479	26,070
	28,956	86	572	11,825	41,439

4 Segment information (continued)

Business segment (continued)

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets[h]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2008 Total assets	Segment assets[h]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2007 Total assets
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	94,281	363	12,759	107,403	91,308	157	10,996	102,461
Property and hotels	49,918	107	26,992	77,017	49,056	9	23,116	72,181
Retail	47,409	391	2,791	50,591	52,056	400	2,338	54,794
Cheung Kong Infrastructure	15,128	11	38,308	53,447	18,264	5	39,308	57,577
Husky Energy	–	–	37,190	37,190	–	–	35,669	35,669
Finance & Investments	73,731	–	549	74,280	133,344	–	174	133,518
Hutchison Telecommunications International	44,207	368	90	44,665	76,446	376	2	76,824
Others	11,183	6	2,720	13,909	10,146	26	2,709	12,881
Subtotal – Established businesses	335,857	1,246	121,399	458,502	430,620	973	114,312	545,905
TELECOMMUNICATIONS – 3 Group [i]	208,637	12,002	944	221,583	235,717	16,646	958	253,321
	544,494	13,248	122,343	680,085	666,337	17,619	115,270	799,226

	Total liabilities							
	Segment liabilities[j]	Current & non-current borrowings[k] and other non-current liabilities	Current & deferred tax liabilities	2008 Total liabilities	Segment liabilities[j]	Current & non-current borrowings[k] and other non-current liabilities	Current & deferred tax liabilities	2007 Total liabilities
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	17,467	44,106	5,999	67,572	17,474	44,243	6,753	68,470
Property and hotels	2,165	732	5,791	8,688	2,162	837	5,751	8,750
Retail	19,792	7,237	221	27,250	17,891	28,239	490	46,620
Cheung Kong Infrastructure	1,406	6,793	1,183	9,382	1,435	7,766	1,430	10,631
Husky Energy	–	–	–	–	–	–	3,316	3,316
Finance & Investments	3,501	63,522	618	67,641	4,550	63,618	735	68,903
Hutchison Telecommunications International	8,811	13,726	561	23,098	8,395	13,668	695	22,758
Others	1,932	516	226	2,674	3,714	645	807	5,166
Subtotal – Established businesses	55,074	136,632	14,599	206,305	55,621	159,016	19,977	234,614
TELECOMMUNICATIONS – 3 Group	29,964	139,388	292	169,644	35,876	169,762	316	205,954
	85,038	276,020	14,891	375,949	91,497	328,778	20,293	440,568

4 Segment information (continued)

Geographical segment

	Revenue							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2008 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2007 Total HK$ millions	%
Hong Kong	40,727	11,562	52,289	15%	35,212	14,087	49,299	16%
Mainland China	21,361	12,985	34,346	10%	19,405	9,237	28,642	9%
Asia and Australia	42,350	4,562	46,912	13%	31,084	10,871	41,955	14%
Europe	120,494	19,405	139,899	40%	121,273	15,595	136,868	44%
Americas and others	10,529	64,390	74,919	22%	11,752	40,259	52,011	17%
	235,461	112,904	348,365	100%	218,726	90,049	308,775	100%

	EBIT (LBIT) [b]							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2008 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2007 Total HK$ millions	%
Hong Kong	6,934	4,847	11,781	23%	13,217	5,292	18,509	29%
Mainland China	7,509	6,008	13,517	26%	5,042	3,128	8,170	13%
Asia and Australia	4,535	904	5,439	10%	2,499	2,580	5,079	8%
Europe	(5,882)	1,828	(4,054)	-8%	(13,014)	1,513	(11,501)	-18%
Americas and others	4,648	13,411	18,059	35%	6,628	10,742	17,370	27%
Change in fair value of investment properties	672	152	824	1%	1,988	7	1,995	3%
Profit (loss) on disposal of investments and others (See note 5)	3,458	3,122	6,580	13%	(11,182)	35,820	24,638	38%
EBIT	21,874	30,272	52,146	100%	5,178	59,082	64,260	100%
Group's share of the following profit and loss items of associated companies and jointly controlled entities:								
Interest and other finance costs	–	(3,222)	(3,222)		–	(3,446)	(3,446)	
Current tax	–	(3,886)	(3,886)		–	(2,532)	(2,532)	
Deferred tax	–	(2,256)	(2,256)		–	(1,579)	(1,579)	
Minority interests	–	22	22		–	(365)	(365)	
	21,874	20,930	42,804		5,178	51,160	56,338	

4 Segment information (continued)

Geographical segment (continued)

	Capital expenditure (g)				
	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	Telecom-munications postpaid CACs	2008 Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	1,823	–	129	817	2,769
Mainland China	1,848	–	–	–	1,848
Asia and Australia	5,659	–	–	1,972	7,631
Europe	15,799	384	421	14,963	31,567
Americas and others	2,649	–	–	–	2,649
	27,778	384	550	17,752	46,464

	Capital expenditure (g)				
	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	Telecom-munications postpaid CACs	2007 Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	1,056	–	36	345	1,437
Mainland China	3,655	–	–	1	3,656
Asia and Australia	5,753	–	–	1,285	7,038
Europe	15,789	86	536	10,194	26,605
Americas and others	2,703	–	–	–	2,703
	28,956	86	572	11,825	41,439

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets(h)	Deferred tax assets	Investments in associated companies and interests in joint ventures	2008 Total assets	Segment assets(h)	Deferred tax assets	Investments in associated companies and interests in joint ventures	2007 Total assets
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	101,772	535	29,320	131,627	117,866	457	30,172	148,495
Mainland China	38,340	13	33,864	72,217	39,952	57	29,631	69,640
Asia and Australia	63,028	64	10,399	73,491	67,092	103	11,093	78,288
Europe	273,001	12,566	7,073	292,640	307,242	16,914	6,610	330,766
Americas and others	68,353	70	41,687	110,110	134,185	88	37,764	172,037
	544,494	13,248	122,343	680,085	666,337	17,619	115,270	799,226

4 Segment information (continued)

(a) The percentages shown represent the contributions to total revenues and EBIT of established businesses.

(b) Earnings (losses) before interest expense and tax ("EBIT" or "LBIT") represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and jointly controlled entities which is included as supplementary information. EBIT (LBIT) is defined as earnings (losses) before interest expense and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of profit (loss) from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is not a measure of financial performance under generally accepted accounting principles in Hong Kong and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to profit (loss) from operations as determined in accordance with generally accepted accounting principles in Hong Kong.

"EBIT – Established businesses" and "EBIT (LBIT) – Telecommunications – **3** Group" are presented before the change in fair value of investment properties and profit (loss) on disposal of investments and others.

(c) Included in EBIT of Property and hotels in 2008 is a gain of HK$2,141 million (2007 – nil) on disposal of subsidiaries, whose principal asset is an investment property, by a listed subsidiary, HHR. The result of operations of HHR, other than this gain, is presented under Others.

(d) Included in EBIT of Finance & Investments in 2008 is the one-time profits on disposal of certain listed equity investments of HK$2,084 million (2007 – HK$9,754 million).

(e) Included in EBIT of Hutchison Telecommunications International in 2008 are contributions from certain suppliers amounting to HK$731 million (2007 – nil) in relation to its Indonesian operations.

(f) Included in EBIT (LBIT) of Telecommunications – **3** Group in 2008 are foreign exchange gains totalling HK$2,945 million (2007 – HK$1,898 million) which mainly comprise a HK$586 million (2007 – HK$1,123 million) gain arising from the Group's refinancing of certain non-Sterling borrowings with Sterling bank loans and a HK$2,359 million (2007 – HK$775 million) gain arising from the Group's refinancing of certain non-Euro borrowings with Euro bank loans, and a release of provision of HK$1,076 million (2007 – nil) that had been set up in prior year for certain onerous operating leases. During the current year, **3** Group has engaged negotiation with the new owner of certain leased properties and as a result of the negotiation new lease contracts have been signed with the new owner that superseded the original operating lease contracts signed with the previous owner of these properties on which a provision of HK$2,265 million for onerous operating leases was made in prior year. Based on the terms of the new contracts the Group has revised the assessment of the least net cost of exiting from leases in respect of these properties and found a provision of HK$1,076 million to be no longer required, and have recognised it in current year's profit and loss account.

(g) Included in capital expenditures of Telecommunications – **3** Group in 2008 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 31 December 2008 which has an effect of decreasing total expenditure by HK$1,062 million (2007 – increasing total expenditure by HK$1,433 million).

(h) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, telecommunications postpaid customer acquisition and retention costs, goodwill, brand names and other rights, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets.

(i) Included in total assets of Telecommunications – **3** Group is an unrealised foreign currency exchange loss arising in 2008 of HK$28,861 million (2007 – gain of HK$8,924 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.

(j) Segment liabilities comprise trade and other payables and pension obligations.

(k) Current and non-current borrowings comprise bank and other debts and interest bearing loans from minority shareholders.

5 Profit (loss) on disposal of investments and others

	2008 HK$ millions	2007 HK$ millions
ESTABLISHED BUSINESSES		
Group's share of Husky's gain on partial disposal in a resource property [(a)]	**3,122**	–
Gain on disposal of minority equity interests in certain ports to strategic partners	**2,037**	–
Profit on disposal of certain telecommunications tower assets in Indonesia [(b)]	**1,421**	–
Group's share of HTIL's gain on disposal of CGP [(c)]	**–**	35,820
HTIL's full provision for its investment in the mobile business in Thailand [(d)]	**–**	(3,854)
Loss on CKI's disposal of a toll road infrastructure investment in Mainland China and CKI's provision for a toll road infrastructure investment in Australia [(e)]	**–**	(1,513)
TELECOMMUNICATIONS - 3 Group		
Profit on disposal of **3** UK's wholesale fixed line business	**–**	1,119
Deemed dilution profit arising from HTAL restructuring with a minority shareholder [(f)]	**–**	955
Write-off of customer acquisition and retention costs and content and other similar rights [(g)]	**–**	(4,608)
Provision mainly for disputed receivables relating to **3** UK and **3** Italia's interconnection disputes	**–**	(3,281)
Gain of HK$19,788 million arising from a network sharing arrangement whereby **3** UK obtains a right to share another UK operator's mobile network offset by a one-time provision of HK$19,788 million for related costs to restructure its network infrastructure [(h)]	**–**	–
	6,580	24,638

(a) Husky Energy ("Husky"), a Canadian listed associated company, formed an integrated oil sands joint venture with a third party and contributed its Sunrise oil sands property to the joint venture in exchange for a 50% equity interest in the joint venture. The Group's share of Husky's gain on partial disposal of 50% of its Sunrise oil sands property represents the Group's share of this gain under HKFRS.

(b) Profit on disposal of certain telecommunications tower assets represents the profit on the sale by listed subsidiary, Hutchison Telecommunications International ("HTIL"), of certain mobile telecommunications tower assets in Indonesia.

(c) The Group's share of HTIL gain on disposal of CGP Investments (Holdings) Limited ("CGP") represented the Group's share of the disposal gain of HTIL, a listed associated company of the Group at the time of the transaction, on the sale of CGP, which indirectly held its entire interest in its mobile business in India.

(d) In view of the continuing difficulties faced by its mobile telecommunications operation in Thailand, the Group's listed subsidiary, HTIL recognised an impairment charge of HK$3,854 million for its Thailand operation, mainly in respect of telecommunications network assets.

(e) This amount represents the Group's loss after asset valuation consolidation adjustments arising from listed subsidiary, Cheung Kong Infrastructure's ("CKI") sale of its entire equity and loan interests in Guangzhou ESW Ring Road and CKI's provision for investments in securities of an infrastructure project in Australia.

(f) Deemed dilution profit arose in connection with the issuance of new equity by the Group's listed subsidiary, Hutchison Telecommunications Australia Limited ("HTAL"), to acquire from a minority shareholder all the remaining interests in Hutchison 3G Australia, its then non-wholly owned subsidiary.

(g) Write-off of customer acquisition and retention costs and content and other similar rights mainly comprised write-off of certain capitalised acquisition costs relating to customers migrating to lower tariff plans following a decision to discontinue certain promotional tariff plan offerings and write-off of capitalised intangible content costs relating to content that are less active.

(h) In December 2007, **3** UK entered into a network sharing agreement with another UK mobile communications operator. **3** UK's right to share the other UK mobile communications operator's mobile network assets gave rise to a gain of HK$19,788 million. This gain had been offset by the related costs to restructure **3** UK's network infrastructure of the same amount, comprising a decommissioning charge against fixed assets of HK$11,060 million (see note 11), restructuring provision of HK$4,685 million (see note 26) and write off of prepayments amounting to HK$4,043 million.

6 Directors' emoluments

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments of each of the directors of the Company excludes amounts received from the Company's listed subsidiaries and paid to the Company. The amounts paid to each director for both 2008 and 2007 are as below:

	2008					
	Fees	Basic salaries, allowances and benefits-in-kind	Bonuses	Provident fund contributions	Inducement or compensation fees	Total emoluments
Name of directors	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
LI Ka-shing [(a) (f)]	0.05	–	–	–	–	0.05
LI Tzar Kuoi, Victor						
Paid by the Company	0.12	4.44	32.40	–	–	36.96
Paid by Cheung Kong Infrastructure	0.07	–	9.90	–	–	9.97
Paid to the Company	(0.07)	–	–	–	–	(0.07)
	0.12	4.44	42.30	–	–	46.86
FOK Kin-ning, Canning [(b)]	0.12	10.26	120.79	2.13	–	133.30
CHOW WOO Mo Fong, Susan [(b)]	0.12	7.64	28.08	1.55	–	37.39
Frank John SIXT [(b)]	0.18	7.63	26.88	0.67	–	35.36
LAI Kai Ming, Dominic [(b)]	0.12	5.18	23.75	0.98	–	30.03
KAM Hing Lam [(b)]						
Paid by the Company	0.12	2.25	6.12	–	–	8.49
Paid by Cheung Kong Infrastructure	0.07	4.20	4.32	–	–	8.59
Paid to the Company	(0.07)	(4.20)	–	–	–	(4.27)
	0.12	2.25	10.44	–	–	12.81
George Colin MAGNUS [(d)]						
Paid by the Company	0.12	–	–	–	–	0.12
Paid by Cheung Kong Infrastructure	0.07	–	–	–	–	0.07
	0.19	–	–	–	–	0.19
William SHURNIAK [(d) (e)]	0.25	–	–	–	–	0.25
Michael David KADOORIE [(c)]	0.12	–	–	–	–	0.12
Holger KLUGE [(c) (e) (f)]	0.31	–	–	–	–	0.31
OR Ching Fai, Raymond [(c)]	0.12	–	–	–	–	0.12
WONG Chung Hin [(c) (e) (f)]	0.31	–	–	–	–	0.31
Total	2.13	37.40	252.24	5.33	–	297.10

(a) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$50,000 (2007 – HK$50,000) which he paid to Cheung Kong (Holdings) Limited.

(b) Directors' fees received by these directors from the Company's listed subsidiaries during the period they served as executive directors that have been paid to the Company are not included in the amounts above.

(c) Independent non-executive directors. The total emoluments of the independent non-executive directors of the Company are HK$860,000 (2007 – HK$900,000).

(d) Non-executive director.

(e) Members of the Audit Committee.

(f) Members of the Remuneration Committee.

(g) Resigned on 17 May 2007.

6 Directors' emoluments (continued)

	2007					
Name of directors	Fees HK$ millions	Basic salaries, allowances and benefits-in-kind HK$ millions	Bonuses HK$ millions	Provident fund contributions HK$ millions	Inducement or compensation fees HK$ millions	Total emoluments HK$ millions
LI Ka-shing [a] [f]	0.05	–	–	–	–	0.05
LI Tzar Kuoi, Victor						
Paid by the Company	0.12	4.44	36.00	–	–	40.56
Paid by Cheung Kong Infrastructure	0.07	–	11.00	–	–	11.07
Paid to the Company	(0.07)	–	–	–	–	(0.07)
	0.12	4.44	47.00	–	–	51.56
FOK Kin-ning, Canning [b]	0.12	9.81	136.02	2.03	–	147.98
CHOW WOO Mo Fong, Susan [b]	0.12	7.33	31.20	1.47	–	40.12
Frank John SIXT [b]	0.18	7.34	29.88	0.64	–	38.04
LAI Kai Ming, Dominic [b]	0.12	4.97	25.00	0.92	–	31.01
KAM Hing Lam [b]						
Paid by the Company	0.12	2.25	6.80	–	–	9.17
Paid by Cheung Kong Infrastructure	0.07	4.20	4.80	–	–	9.07
Paid to the Company	(0.07)	(4.20)	–	–	–	(4.27)
	0.12	2.25	11.60	–	–	13.97
George Colin MAGNUS [d]						
Paid by the Company	0.12	–	–	–	–	0.12
Paid by Cheung Kong Infrastructure	0.07	–	–	–	–	0.07
	0.19	–	–	–	–	0.19
William SHURNIAK [d] [e]	0.25	–	–	–	–	0.25
Michael David KADOORIE [c]	0.12	–	–	–	–	0.12
Holger KLUGE [c] [e] [f]	0.31	–	–	–	–	0.31
Simon MURRAY [c] [g]	0.04	–	–	–	–	0.04
OR Ching Fai, Raymond [c]	0.12	–	–	–	–	0.12
WONG Chung Hin [c] [e] [f]	0.31	–	–	–	–	0.31
Total	2.17	36.14	280.70	5.06	–	324.07

The Company does not have an option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2007 – nil).

In 2008, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind – HK$6.37 million; provident fund contribution – HK$0.48 million; and bonus – HK$27.72 million. In 2007, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind – HK$5.95 million; provident fund contribution – HK$0.46 million; and bonus – HK$30.80 million.

7 Interest and other finance costs

	2008 HK$ millions	2007 HK$ millions
Bank loans and overdrafts	**7,747**	7,408
Other loans repayable within 5 years	**690**	626
Other loans not wholly repayable within 5 years	**1**	6
Notes and bonds repayable within 5 years	**4,125**	2,659
Notes and bonds not wholly repayable within 5 years	**4,146**	7,483
	16,709	18,182
Interest bearing loans from minority shareholders repayable within 5 years	**506**	533
Interest bearing loans from minority shareholders not wholly repayable within 5 years	**152**	289
	17,367	19,004
Notional non-cash interest accretion [(a)]	**524**	546
	17,891	19,550
Less: interest capitalised [(b)]	**(605)**	(496)
	17,286	19,054

(a) Notional non-cash interest accretion represents notional adjustments to accrete the carrying amount of certain obligations recognised in the balance sheet such as asset retirement obligation to the present value of the estimated future cash flows expected to be required for their settlement in the future, and amortisation of upfront facility fees.

(b) Borrowing costs have been capitalised at various applicable rates ranging from 3.5% to 7.9% per annum (2007 – 4.3% to 8.0% per annum).

8 Tax

	Current tax HK$ millions	Deferred tax HK$ millions	2008 Total HK$ millions	Current tax HK$ millions	Deferred tax HK$ millions	2007 Total HK$ millions
Hong Kong	**626**	**10**	**636**	421	1,644	2,065
Outside Hong Kong	**2,818**	**(2,586)**	**232**	2,347	7	2,354
	3,444	**(2,576)**	**868**	2,768	1,651	4,419

Hong Kong profits tax has been provided for at the rate of 16.5% (2007 – 17.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses. During the year, no deferred tax asset has been recognised for the losses of **3** Group (2007 – nil) (see note 20).

The Group is subject to income taxes in numerous jurisdictions and significant judgment is required in determining the worldwide provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associates, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future. In the current year, the Group wrote back a HK$2,764 million provision for deferred tax liabilities that had been set up in previous years in respect of potential dividend withholding tax on undistributed profits. The write back was made based on a revised assessment that it is not probable that this temporary difference would reverse in the foreseeable future.

The differences between the Group's expected tax charge (credit), calculated at the domestic rates applicable to the country concerned, and the Group's tax charge (credit) for the years were as follows:

	Established businesses HK$ millions	Telecom-munications – 3 Group HK$ millions	2008 Total HK$ millions
Tax calculated at the domestic rates applicable in the country concerned	**3,813**	**(6,368)**	**(2,555)**
Tax effect of:			
Reversal of temporary differences in the current year (See above)	**(2,764)**	**–**	**(2,764)**
Tax losses not recognised	**1,062**	**6,290**	**7,352**
Tax incentives	**(537)**	**(33)**	**(570)**
Income not subject to tax	**(1,018)**	**(5)**	**(1,023)**
Expenses not deductible for tax purposes	**837**	**–**	**837**
Recognition of previously unrecognised tax losses	**(103)**	**–**	**(103)**
Utilisation of previously unrecognised tax losses	**(113)**	**–**	**(113)**
Under provision in prior years	**88**	**(1)**	**87**
Deferred tax assets written off	**43**	**–**	**43**
Other temporary differences	**(153)**	**97**	**(56)**
Effect of change in tax rate	**(267)**	**–**	**(267)**
Total tax for the year	**888**	**(20)**	**868**

8 Tax (continued)

	Established businesses HK$ millions	Telecommunications – **3** Group HK$ millions	2007 Total HK$ millions
Tax calculated at the domestic rates applicable in the country concerned	4,638	(10,249)	(5,611)
Tax effect of:			
Tax losses not recognised	863	9,403	10,266
Tax incentives	(450)	–	(450)
Income not subject to tax	(1,766)	(5)	(1,771)
Expenses not deductible for tax purposes	1,274	170	1,444
Recognition of previously unrecognised tax losses	(30)	–	(30)
Utilisation of previously unrecognised tax losses	(24)	(95)	(119)
Under provision in prior years	133	–	133
Deferred tax assets written off	365	–	365
Other temporary differences	67	727	794
Effect of change in tax rate	(536)	(66)	(602)
Total tax for the year	4,534	(115)	4,419

9 Dividends

	2008 HK$ millions	2007 HK$ millions
Interim, paid of HK$0.51 per share (2007 - HK$0.51)	**2,174**	2,174
Final, proposed of HK$1.22 per share (2007 - HK$1.22)	**5,201**	5,201
	7,375	7,375

10 Earnings per share for profit attributable to shareholders of the Company

The calculation of earnings per share is based on profit attributable to shareholders of the Company HK$17,664 million (2007 - HK$30,600 million) and on 4,263,370,780 shares in issue during 2008 (2007 - 4,263,370,780 shares).

The Company has no share option scheme. Certain of the Company's subsidiary and associated companies have employee share options outstanding as at 31 December 2008. The employee share options of these subsidiary and associated companies outstanding as at 31 December 2008 did not have a dilutive effect on earnings per share.

11 Fixed assets

	Land and buildings HK$ millions	Telecom-munications network assets HK$ millions	Other assets HK$ millions	Total HK$ millions
Cost				
At 1 January 2007	34,291	89,230	88,692	212,213
Additions	4,364	4,612	18,848	27,824
Disposals	(376)	(14,266)	(2,499)	(17,141)
Relating to subsidiaries acquired	498	29,307	7,325	37,130
Relating to subsidiaries disposed of	–	–	(78)	(78)
Revaluation upon transfer to investment properties	4	–	–	4
Transfer from (to) other assets	5	(123)	369	251
Transfer between categories/investment properties/ leasehold land	1,015	4,664	(5,727)	(48)
Non-cash additions relating to **3** UK network sharing agreement[(a)]	–	19,788	–	19,788
Exchange translation differences	581	5,768	4,467	10,816
At 1 January 2008	**40,382**	**138,980**	**111,397**	**290,759**
Additions	**4,588**	**6,105**	**16,854**	**27,547**
Disposals	**(407)**	**(1,822)**	**(2,155)**	**(4,384)**
Relating to subsidiaries acquired	**172**	**–**	**1,109**	**1,281**
Relating to subsidiaries disposed of	**(136)**	**(142)**	**(263)**	**(541)**
Revaluation upon transfer to investment properties	**5**	**–**	**–**	**5**
Transfer from (to) other assets	**59**	**(36)**	**184**	**207**
Transfer between categories/investment properties/ leasehold land	**81**	**8,656**	**(8,686)**	**51**
Exchange translation differences	**(2,921)**	**(16,324)**	**(8,235)**	**(27,480)**
At 31 December 2008	**41,823**	**135,417**	**110,205**	**287,445**

11 Fixed assets (continued)

	Land and buildings HK$ millions	Telecommunications network assets HK$ millions	Other assets HK$ millions	Total HK$ millions
Accumulated depreciation and impairment				
At 1 January 2007	8,069	18,507	45,456	72,032
Charge for the year	1,025	4,638	11,953	17,616
Decommissioning charge relating to **3** UK network sharing agreement [(a)]	–	11,060	–	11,060
Impairment recognised [(b)]	–	2,938	756	3,694
Disposals	(264)	(14,250)	(1,849)	(16,363)
Relating to subsidiaries acquired	34	12,528	4,336	16,898
Relating to subsidiaries disposed of	–	–	(43)	(43)
Transfer from other assets	–	3	78	81
Transfer between categories/investment properties/ leasehold land	507	(24)	(410)	73
Exchange translation differences	171	1,425	2,773	4,369
At 1 January 2008	**9,542**	**36,825**	**63,050**	**109,417**
Charge for the year	**1,151**	**8,364**	**7,753**	**17,268**
Disposals	**(355)**	**(956)**	**(1,827)**	**(3,138)**
Relating to subsidiaries acquired	**50**	**–**	**402**	**452**
Relating to subsidiaries disposed of	**(129)**	**(62)**	**(182)**	**(373)**
Transfer between categories/investment properties/ leasehold land	**68**	**2,844**	**(2,913)**	**(1)**
Exchange translation differences	**(753)**	**(3,851)**	**(4,822)**	**(9,426)**
At 31 December 2008	**9,574**	**43,164**	**61,461**	**114,199**
Net book value				
At 31 December 2008	**32,249**	**92,253**	**48,744**	**173,246**
At 31 December 2007	30,840	102,155	48,347	181,342

(a) Non-cash additions and decommissioning charge relates to **3** UK network sharing agreement (see note 5).

(b) Impairment recognised mainly represents provision for HTIL's Thailand operation (see note 5).

Land and buildings include projects under development in the amount of HK$4,229 million (2007 – HK$3,136 million).

Cost and net book value of fixed assets include HK$135,381 million (2007 – HK$145,081 million) and HK$90,212 million (2007 – HK$101,841 million) respectively, relating to **3** Group. Impairment tests were undertaken at 31 December 2008 and 31 December 2007 to assess whether the carrying value of the Group's 3G telecommunications licences and network assets were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective businesses. Note 2(a) contains information about the estimates, assumptions and judgements relating to the impairment tests. The results of the tests undertaken as at 31 December 2008 and 31 December 2007 indicated that no impairment charge was necessary.

12 Investment properties

	2008 HK$ millions	2007 HK$ millions
Valuation		
At 1 January	**43,680**	41,657
Additions	**17**	28
Disposals	**(1)**	(205)
Relating to subsidiaries disposed	**(3,217)**	–
Change in fair value of investment properties	**672**	1,988
Transfer from (to) fixed assets and leasehold land	**(37)**	5
Exchange translation differences	**168**	207
At 31 December	**41,282**	43,680

Investment properties have been fair valued as at 31 December 2008 and 31 December 2007 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis.

The Group's investment properties comprise:

	2008 HK$ millions	2007 HK$ millions
Hong Kong		
Long leasehold (not less than 50 years)	**16,675**	16,387
Medium leasehold (less than 50 years but not less than 10 years)	**23,501**	23,277
Outside Hong Kong		
Freehold	**210**	210
Medium leasehold	**896**	3,806
	41,282	43,680

At 31 December, the analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases is as follows:

	2008 HK$ millions	2007 HK$ millions
Within 1 year	**2,315**	1,475
After 1 year, but within 5 years	**2,560**	1,523
After 5 years	**2**	68

13 Leasehold land

	2008 HK$ millions	2007 HK$ millions
Net book value		
At 1 January	**36,272**	35,293
Additions	**214**	1,104
Disposals	**(6)**	(13)
Relating to subsidiaries acquired	**–**	409
Relating to subsidiaries disposed of	**(1)**	–
Revaluation upon transfer to investment properties	**5**	–
Amortisation for the year	**(1,018)**	(986)
Transfer from (to) investment properties	**5**	(1)
Transfer from (to) fixed assets	**(20)**	117
Exchange translation differences	**(706)**	349
At 31 December	**34,745**	36,272

The Group's leasehold land comprises:

	2008 HK$ millions	2007 HK$ millions
Hong Kong		
Long leasehold	**1,550**	1,566
Medium leasehold	**12,945**	13,277
Outside Hong Kong		
Long leasehold	**1,274**	1,175
Medium leasehold	**18,921**	20,252
Short leasehold (less than 10 years)	**55**	2
	34,745	36,272

14 Telecommunications licences

	2008 HK$ millions	2007 HK$ millions
Net book value		
At 1 January	**91,897**	89,077
Additions	**384**	182
Relating to subsidiaries acquired	**–**	4,566
Relating to subsidiaries disposed of	**(62)**	–
Amortisation for the year	**(5,567)**	(5,617)
Impairment recognised [(a)]	**–**	(397)
Exchange translation differences	**(14,477)**	4,086
At 31 December	**72,175**	91,897
Cost	**101,771**	121,787
Accumulated amortisation and impairment	**(29,596)**	(29,890)
	72,175	91,897

(a) Impairment charge represents provision for HTIL's Thailand operation (see note 5).

The Group's 3G businesses commenced commercial operations from 2003 and in accordance with initial business plans are incurring losses as the businesses grow to operating scale. Impairment tests were undertaken as at 31 December 2008 and 31 December 2007 to assess whether the carrying values of the Group's 3G telecommunications licences and network assets were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective business. Note 2(a) contains information about the estimates, assumptions and judgements relating to the impairment tests. The results of the tests undertaken as at 31 December 2008 and 31 December 2007 indicated that no impairment charge was necessary.

15 Telecommunications postpaid customer acquisition and retention costs

	2008 HK$ millions	2007 HK$ millions
Net book value		
At 1 January	**8,771**	10,532
Additions	**17,752**	11,825
Relating to subsidiaries acquired	**–**	368
Amortisation and write off for the year	**(12,571)**	(14,442)
Exchange translation differences	**(1,930)**	488
At 31 December	**12,022**	8,771
Cost	**26,851**	17,873
Accumulated amortisation	**(14,829)**	(9,102)
	12,022	8,771

16 Goodwill

	2008 HK$ millions	2007 HK$ millions
Cost		
At 1 January	**31,520**	21,840
Relating to subsidiaries acquired	**309**	5,349
Relating to increase in interests in subsidiaries	**1,047**	2,718
Relating to partial disposal of subsidiaries	**(304)**	(4)
Exchange translation differences	**(2,254)**	1,617
At 31 December	**30,318**	31,520

The carrying amount of goodwill primarily arises from the acquisition of four retail chains: Marionnaud of €645 million (2007 – €645 million), Kruidvat of €600 million (2007 – €600 million), Merchant Retail Group of £140 million (2007 – £140 million) and Superdrug of £78 million (2007 – £78 million), increased shareholdings in **3** Italia of €270 million (2007 – €266 million), Hutchison 3G Australia of AUD331 million (2007 – AUD331 million) and goodwill relating to HTIL of HK$6,134 million (2007 – HK$5,357 million).

In accordance with the Group's accounting policy on asset impairment (see note 1(x)), the carrying values of goodwill were tested for impairment as at 31 December 2008 and 31 December 2007. Note 2(c) contains information about the estimates, assumptions and judgements relating to goodwill impairment tests. The results of the tests undertaken as at 31 December 2008 and 31 December 2007 indicated no impairment charge was necessary.

17 Brand names and other rights

	Brand names HK$ millions	Other rights HK$ millions	Total HK$ millions
Net book value			
At 1 January 2008	1,960	8,941	10,901
Additions	228	550	778
Transfer from other assets	–	17	17
Amortisation for the year	(7)	(1,016)	(1,023)
Write off for the year	–	(67)	(67)
Exchange translation differences	(131)	11	(120)
At 31 December 2008	2,050	8,436	10,486
Cost	2,057	15,883	17,940
Accumulated amortisation	(7)	(7,447)	(7,454)
	2,050	8,436	10,486

17 Brand names and other rights (continued)

	Brand names HK$ millions	Other rights HK$ millions	Total HK$ millions
Net book value			
At 1 January 2007	1,835	5,747	7,582
Additions	–	572	572
Relating to subsidiaries acquired	–	4,660	4,660
Transfer from other assets	–	40	40
Amortisation for the year	–	(1,131)	(1,131)
Write off for the year	–	(1,757)	(1,757)
Exchange translation differences	125	810	935
At 31 December 2007	1,960	8,941	10,901
Cost	1,960	15,457	17,417
Accumulated amortisation	–	(6,516)	(6,516)
	1,960	8,941	10,901

The brand names as at 31 December 2008 primarily resulted from the acquisitions of Marionnaud and Merchant Retail group in 2005 and are assessed to have indefinite useful lives. The factors considered in the assessment of the useful lives include analysis of market and competitive trends, product life cycles, brand extension opportunities and management's long term strategic development.

The value of brand names acquired in 2005 was determined by an external valuer based on a royalty relief methodology, a commonly applied approach to valuing brand names, which was completed in December 2005. Brand names were tested for impairment as at 31 December 2008 and 31 December 2007 and the results of the tests indicated no impairment charge was necessary.

Other rights, which include customer base relating to subsidiaries acquired, operating and service content rights, are amortised over their finite useful lives.

18 Associated companies

	2008 HK$ millions	2007 HK$ millions
Unlisted shares	**8,358**	6,594
Listed shares, Hong Kong	**9,512**	9,512
Listed shares, outside Hong Kong	**10,341**	10,341
Share of undistributed post acquisition reserves	**39,625**	42,905
	67,836	69,352
Amounts due from associated companies	**8,642**	6,193
	76,478	75,545

The market value of the above listed investments at 31 December 2008 was HK$94,237 million (2007 – HK$140,306 million).

Particulars regarding the principal associated companies are set forth on pages 193 to 198.

18 Associated companies (continued)

The aggregate amounts of revenues, results, assets and liabilities of the Group's associated companies are as follows:

	2008 HK$ millions	2007 HK$ millions
Revenue	**300,773**	169,024
Profit after tax	**40,073**	105,819
Non-current assets	**390,891**	322,583
Current assets	**62,810**	50,145
Total assets	**453,701**	372,728
Non-current liabilities	**162,295**	153,676
Current liabilities	**81,731**	49,196
Total liabilities	**244,026**	202,872

The Group's share of the revenues, expenses and results of associated companies are as follows:

	2008 HK$ millions	2007 HK$ millions
Revenue	**77,924**	61,431
Expense	**(50,587)**	(34,864)
Group's share of Husky's gain on partial disposal in a resource property (See note 5)	**3,122**	–
Group's share of HTIL's gain on disposal of CGP (See note 5)	**–**	35,820
EBITDA [(a)]	**30,459**	62,387
Depreciation and amortisation	**(8,009)**	(8,059)
Change in fair value of investment properties	**–**	15
EBIT [(b)]	**22,450**	54,343
Interest and other finance costs	**(2,465)**	(2,753)
Current tax	**(2,742)**	(1,833)
Deferred tax	**(1,621)**	(1,570)
Minority interests	**22**	(365)
Profit after tax	**15,644**	47,822

(a) EBITDA is defined as earnings before interest expense and other finance costs, tax, depreciation and amortisation, and includes profit on disposal of investments and others and other earnings of a cash nature but excludes change in the fair value of investment properties.

(b) EBIT is defined as earnings before interest expense and other finance costs and tax.

19 Interests in joint ventures

	2008 HK$ millions	2007 HK$ millions
Jointly controlled entities		
Unlisted shares	**25,111**	22,290
Share of undistributed post acquisition reserves	**4,702**	879
	29,813	23,169
Amounts due from jointly controlled entities	**16,052**	16,556
	45,865	39,725

There are no material contingent liabilities relating to the Group's interest in the joint ventures, save as for those disclosed in note 36.

Particulars regarding the principal jointly controlled entities are set forth on pages 193 to 198.

The aggregate amounts of revenues, results, assets and liabilities related to the Group's interest in its jointly controlled entities are as follows:

	2008 HK$ millions	2007 HK$ millions
Revenue	**75,478**	63,180
Profit after tax	**12,526**	8,254
Non-current assets	**129,471**	169,086
Current assets	**52,140**	45,794
Total assets	**181,611**	214,880
Non-current liabilities	**83,488**	83,267
Current liabilities	**39,948**	36,990
Total liabilities	**123,436**	120,257

19 Interests in joint ventures (continued)

The Group's share of the revenues, expenses, results and capital commitments of jointly controlled entities are as follows:

	2008 HK$ millions	2007 HK$ millions
Revenue	**34,980**	28,618
Expense	**(25,994)**	(22,710)
EBITDA [(a)]	**8,986**	5,908
Depreciation and amortisation	**(1,316)**	(1,161)
Change in fair value of investment properties	**152**	(8)
EBIT [(b)]	**7,822**	4,739
Interest and other finance costs	**(757)**	(693)
Current tax	**(1,144)**	(699)
Deferred tax	**(635)**	(9)
Profit after tax	**5,286**	3,338
Capital commitments	**187**	112

(a) EBITDA is defined as earnings before interest expense and other finance costs, tax, depreciation and amortisation, and includes profit on disposal of investments and others and other earnings of a cash nature but excludes change in the fair value of investment properties.

(b) EBIT is defined as earnings before interest expense and other finance costs and tax.

20 Deferred tax

	2008 HK$ millions	2007 HK$ millions
Deferred tax assets	**13,248**	17,619
Deferred tax liabilities	**13,616**	17,957
Net deferred tax liabilities	**(368)**	(338)

Movements in net deferred tax assets (liabilities) are summarised as follows:

	2008 HK$ millions	2007 HK$ millions
At 1 January	**(338)**	2,140
Relating to subsidiaries acquired	**208**	(660)
Relating to subsidiaries disposed of	**604**	–
Transfer from current tax	**(133)**	390
Net charge to reserves	**196**	(215)
Net credit (charge) for the year		
Unused tax losses	**(409)**	(109)
Accelerated depreciation allowances	**21**	271
Fair value adjustments arising from acquisitions	**346**	680
Revaluation of investment properties and other investments	**134**	(179)
Reversal of temporary differences in the current year (See below)	**2,764**	–
Withholding tax on undistributed earnings	**(211)**	(1,007)
Other temporary differences	**(69)**	(1,307)
Exchange translation differences	**(3,481)**	(342)
At 31 December	**(368)**	(338)

Analysis of net deferred tax assets (liabilities):

	2008 HK$ millions	2007 HK$ millions
Unused tax losses	**15,446**	20,118
Accelerated depreciation allowances	**(3,685)**	(3,867)
Fair value adjustments arising from acquisitions	**(5,763)**	(6,081)
Revaluation of investment properties and other investments	**(4,268)**	(5,089)
Withholding tax on undistributed earnings	**(343)**	(3,449)
Other temporary differences	**(1,755)**	(1,970)
	(368)	(338)

During the year, no deferred tax asset has been recognised for the losses of **3** Group (2007- nil).

The Group is subject to income taxes in numerous jurisdictions and significant judgment is required in determining the worldwide provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associates, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future. In the current year, the Group wrote back a HK$2,764 million provision for deferred tax liabilities that had been set up in previous years in respect of potential dividend withholding tax on undistributed profits. The write back was made based on a revised assessment that it is not probable that this temporary difference would reverse in the foreseeable future.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the consolidated balance sheet are determined after appropriate offset.

20 Deferred tax (continued)

At 31 December 2008, the Group has recognised accumulated deferred tax assets amounting to HK$13,248 million (2007 – HK$17,619 million) of which HK$12,002 million (2007 – HK$16,646 million) relates to **3** Group.

Note 2(e) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unused tax losses carried forward.

The potential net deferred tax asset mainly arising from accumulated unutilised tax losses, after appropriate offsetting, which has not been provided for in the accounts amounted to HK$44,053 million at 31 December 2008 (2007 – HK$45,737 million).

The unrecognised accumulated tax losses carried forward amounted to HK$171,287 million at 31 December 2008 (2007 – HK$176,933 million), out of which HK$138,660 million (2007 – HK$125,097 million) is attributable to **3** Group. Unrecognised tax losses of HK$91,120 million (2007 – HK$94,102 million) can be carried forward indefinitely. The remaining HK$80,167 million (2007 – HK$82,831 million) expires in the following years:

	2008	2007
	HK$ millions	HK$ millions
In the first year	**22,988**	15,845
In the second year	**22,542**	23,048
In the third year	**8,313**	22,302
In the fourth year	**11,738**	7,308
In the fifth to tenth years inclusive	**14,586**	14,328
	80,167	82,831

21 Other non-current assets

	2008	2007
	HK$ millions	HK$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	**1,792**	1,984
Infrastructure project investments	**697**	577
	2,489	2,561
Available-for-sale investments		
Unlisted equity securities	**1,603**	1,647
Pension assets (See note 29)	**–**	542
Fair value hedges (See note 27(a))		
Interest rate swaps	**4,188**	277
Cash flow hedges (See note 27(a))		
Interest rate swaps	**–**	55
Forward foreign exchange contracts	**624**	–
	8,904	5,082

The carrying value of the unlisted debt securities approximates the fair value as these investments bear floating interest rates and are repriced within one to six month periods at the prevailing market interest rates. The weighted average effective interest rate of unlisted debt securities as at 31 December 2008 is 3.1% (2007 – 5.5%).

Unlisted equity securities where there is a history of dividends are carried at fair value based on the discounted present value of expected future dividends. The value of the remaining unlisted equity securities are not significant to the Group.

22 Liquid funds and other listed investments

	2008 HK$ millions	2007 HK$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	**19,928**	46,444
Listed debt securities, outside Hong Kong	**5,245**	5,514
Listed equity securities, Hong Kong	**840**	6,312
Listed equity securities, outside Hong Kong	**3,740**	5,685
	29,753	63,955
Loans and receivables		
Long term deposits	**65**	4,196
Financial assets at fair value through profit or loss	**917**	1,041
	30,735	69,192

Components of Managed funds, outside Hong Kong are as follows:

	2008 HK$ millions	2007 HK$ millions
Listed debt securities	**19,592**	45,877
Cash and cash equivalents	**336**	567
	19,928	46,444

The fair value of the available-for-sale investments and financial assets designated as "at fair value through profit or loss" are based on quoted market prices. The market value of the liquid funds and other listed investments excluding long term deposits at 31 December 2008 was HK$30,670 million (2007 – HK$64,996 million).

Loans and receivables, represent long term deposits, are carried at amortised cost, which approximates their fair value as the deposits carry floating interest rates and are repriced every three months based on the prevailing market interest rates. The weighted average effective interest rate on long term deposits as at 31 December 2008 was 4.9% (2007 – 5.2%).

At 31 December, liquid funds and other listed investments are denominated in the following currencies:

	2008			2007		
	Available-for-sale investments Percentage	**Loans and receivables Percentage**	**Financial assets at fair value through profit or loss Percentage**	Available-for-sale investments Percentage	Loans and receivables Percentage	Financial assets at fair value through profit or loss Percentage
HK dollars	**3%**	**–**	**–**	10%	11%	–
US dollars	**68%**	**–**	**78%**	73%	87%	75%
Euro	**18%**	**–**	**–**	9%	–	–
Others	**11%**	**100%**	**22%**	8%	2%	25%
	100%	**100%**	**100%**	100%	100%	100%

22 Liquid funds and other listed investments (continued)

Listed debt securities as at 31 December presented above are analysed as follows:

	2008 Percentage	2007 Percentage
Credit ratings		
Aaa/AAA	**73%**	81%
Aa1/AA+	**5%**	5%
Aa2/AA	**14%**	7%
Aa3/AA-	**4%**	6%
Other investment grades	**4%**	1%
	100%	100%
Sectorial		
Supranational notes	**27%**	19%
Government guaranteed notes	**25%**	24%
Financial institutions issued notes	**21%**	11%
Government related entities issued notes	**17%**	4%
US Treasury notes	**10%**	42%
	100%	100%
Weighted average maturity	**Less than 1 year**	1.2 years
Weighted average effective yield	**3.41%**	3.45%

23 Cash and cash equivalents

	2008 HK$ millions	2007 HK$ millions
Cash at bank and in hand	**16,835**	13,650
Short term bank deposits	**40,451**	97,657
	57,286	111,307

The carrying amount of cash and cash equivalents approximates their fair value.

24 Trade and other receivables

	2008 HK$ millions	2007 HK$ millions
Trade receivables	**27,044**	28,951
Other receivables and prepayments	**27,442**	26,235
Fair value hedges (See note 27(a))		
Interest rate swaps	**–**	100
Cash flow hedges (See note 27(a))		
Forward foreign exchange contracts	**281**	88
	54,767	55,374

Trade and other receivables are stated at the expected recoverable amount, net of any estimated impairment losses for bad debts where it is deemed that a receivable may not be fully recoverable.

At 31 December, the ageing analysis of the trade receivables is as follows:

	2008 HK$ millions	2007 HK$ millions
Less than 31 days	**13,502**	13,305
Within 31 to 60 days	**2,793**	3,388
Within 61 to 90 days	**909**	1,312
Over 90 days	**9,840**	10,946
	27,044	28,951

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days. The carrying amount of these assets approximates their fair value. As stated above trade receivables which are past due at the balance sheet date are stated at the expected recoverable amount, net of estimated impairment losses for bad debts. Given the profile of our customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 7% of the Group's turnover for the years ended 31 December 2008 and 2007.

25 Trade and other payables

	2008 HK$ millions	2007 HK$ millions
Trade payables	**23,571**	27,206
Other payables and accruals	**51,708**	53,145
Provisions (See note 26)	**3,723**	6,476
Interest free loans from minority shareholders	**3,465**	3,088
Fair value hedges (See note 27(a))		
Interest rate swaps	**–**	3
Cash flow hedges (See note 27(a))		
Cross currency interest rate swaps	**8**	–
Forward foreign exchange contracts	**22**	111
	82,497	90,029

At 31 December, the ageing analysis of the trade payables is as follows:

	2008 HK$ millions	2007 HK$ millions
Less than 31 days	**12,454**	14,322
Within 31 to 60 days	**2,917**	3,290
Within 61 to 90 days	**1,266**	2,556
Over 90 days	**6,934**	7,038
	23,571	27,206

The Group's five largest suppliers accounted for less than 18% of the Group's cost of purchases for the years ended 31 December 2008 and 2007.

26 Provisions

	Restructuring and closure provision HK$ millions	Assets retirement HK$ millions	Others HK$ millions	Total HK$ millions
At 1 January 2007	910	615	441	1,966
Additions	4,720	75	1,030	5,825
Interest accretion	–	46	–	46
Utilisations	(221)	(8)	(226)	(455)
Write back	(56)	–	(176)	(232)
Relating to subsidiaries acquired	48	125	2	175
Relating to subsidiaries disposed of	(8)	–	(39)	(47)
Exchange translation differences	17	36	22	75
At 1 January 2008	**5,410**	**889**	**1,054**	**7,353**
Additions	**64**	**177**	**432**	**673**
Interest accretion	**75**	**62**	**–**	**137**
Utilisations	**(573)**	**(1)**	**(400)**	**(974)**
Write back (See note 4(f))	**(1,082)**	**(28)**	**(61)**	**(1,171)**
Relating to subsidiaries disposed of	**–**	**(2)**	**–**	**(2)**
Exchange translation differences	**(1,205)**	**(99)**	**(6)**	**(1,310)**
At 31 December 2008	**2,689**	**998**	**1,019**	**4,706**

Provisions analysed as:

	2008 HK$ millions	2007 HK$ millions
Current portion (See note 25)	**3,723**	6,476
Non-current portion (See note 30)	**983**	877
	4,706	7,353

The provision for restructuring and closure obligations represents costs to execute restructuring plans and store closures. Additions in 2007 mainly represented network restructuring costs arising from the network sharing agreement with another UK mobile communications operator (see note 5(h)).

The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

27 Bank and other debts

As disclosed in note 1(s) the carrying amount of bank and other debts comprises of items measured at amortised cost and an element of fair value which is due to movements in interest rates. The following is an analysis of the carrying amount of the bank and other debts:

	2008			2007		
	Current portion HK$ millions	**Non-current portion HK$ millions**	**Total HK$ millions**	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Bank loans	**19,022**	**96,613**	**115,635**	42,282	114,163	156,445
Other loans	**3,842**	**380**	**4,222**	134	7,245	7,379
Notes and bonds	**1,110**	**132,917**	**134,027**	7,871	139,584	147,455
Total principal amount of bank and other debts	**23,974**	**229,910**	**253,884**	50,287	260,992	311,279
Unamortised loan facility fees and premiums or discounts related to debts	**(29)**	**43**	**14**	(32)	(1,016)	(1,048)
Unrealised gain on fair value changes of interest rate swap contracts ("IRS") [(a)]	**–**	**4,188**	**4,188**	–	110	110
	23,945	**234,141**	**258,086**	50,255	260,086	310,341

27 Bank and other debts (continued)

Analysis of principal amount of bank and other debts :

	2008			2007		
	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Bank loans						
Repayable within 5 years	19,020	96,589	115,609	42,280	114,136	156,416
Not wholly repayable within 5 years	2	24	26	2	27	29
	19,022	96,613	115,635	42,282	114,163	156,445
Other loans						
Repayable within 5 years	3,841	359	4,200	130	7,173	7,303
Not wholly repayable within 5 years	1	21	22	4	72	76
	3,842	380	4,222	134	7,245	7,379
Notes and bonds						
US$175 million notes, LIBOR + 0.45% due 2008	–	–	–	1,365	–	1,365
US$1,438 million (2007 – US$1,500 million) notes, 5.45% due 2010	–	11,213	11,213	–	11,700	11,700
US$1,497 million (2007 – US$1,500 million) notes, 7% due 2011	–	11,675	11,675	–	11,700	11,700
US$3,486 million (2007 – US$3,500 million) notes, 6.5% due 2013	–	27,191	27,191	–	27,300	27,300
US$1,995 million (2007 – US$2,000 million) notes, 6.25% due 2014	–	15,561	15,561	–	15,600	15,600
US$500 million notes-Series B, 7.45% due 2017	–	3,900	3,900	–	3,900	3,900
US$500 million notes-Series C, 7.5% due 2027	–	3,900	3,900	–	3,900	3,900
US$241million (2007 – US$250 million) notes-Series D, 6.988% due 2037	–	1,880	1,880	–	1,950	1,950
US$1,500 million notes, 7.45% due 2033	–	11,700	11,700	–	11,700	11,700
EUR85 million bonds, 2.5% due 2008	–	–	–	1,122	–	1,122
EUR1,000 million notes, 5.875% due 2013	–	10,850	10,850	–	11,210	11,210
EUR634 million (2007 – EUR 655 million) notes, 4.125% due 2015	–	6,883	6,883	–	7,343	7,343
EUR967 million (2007 – EUR1,000 million) notes, 4.625% due 2016	–	10,487	10,487	–	11,210	11,210
GBP325 million bonds, 6.75% due 2015	–	3,757	3,757	–	5,041	5,041
GBP300 million bonds, 5.625% due 2017	–	3,468	3,468	–	4,653	4,653
GBP400 million bonds, 5.625% due 2026	–	4,624	4,624	–	6,204	6,204
AUD800 million notes, BBSW + 0.65% due 2008	–	–	–	5,384	–	5,384
JPY30,000 million notes, 3.5% due 2032	–	2,498	2,498	–	2,070	2,070
NIS2,000 million notes, Israeli Consumer Price Index + 4.25% due 2012	1,110	3,330	4,440	–	4,103	4,103
	1,110	132,917	134,027	7,871	139,584	147,455
	23,974	229,910	253,884	50,287	260,992	311,279

27 Bank and other debts (continued)

Bank and other debts at principal amount are repayable as follows:

	2008			2007		
	Current portion HK$ millions	**Non-current portion HK$ millions**	**Total HK$ millions**	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Bank loans						
Current portion	**19,022**	**–**	**19,022**	42,282	–	42,282
After 1 year, but within 2 years	**–**	**22,875**	**22,875**	–	26,787	26,787
After 2 years, but within 5 years	**–**	**73,718**	**73,718**	–	87,356	87,356
After 5 years	**–**	**20**	**20**	–	20	20
	19,022	**96,613**	**115,635**	42,282	114,163	156,445
Other loans						
Current portion	**3,842**	**–**	**3,842**	134	–	134
After 1 year, but within 2 years	**–**	**252**	**252**	–	6,777	6,777
After 2 years, but within 5 years	**–**	**111**	**111**	–	401	401
After 5 years	**–**	**17**	**17**	–	67	67
	3,842	**380**	**4,222**	134	7,245	7,379
Notes and bonds						
Current portion	**1,110**	**–**	**1,110**	7,871	–	7,871
After 1 year, but within 2 years	**–**	**12,694**	**12,694**	–	1,026	1,026
After 2 years, but within 5 years	**–**	**51,566**	**51,566**	–	26,478	26,478
After 5 years	**–**	**68,657**	**68,657**	–	112,080	112,080
	1,110	**132,917**	**134,027**	7,871	139,584	147,455
	23,974	**229,910**	**253,884**	50,287	260,992	311,279

27 Bank and other debts (continued)

The bank and other debts of the Group are secured to the extent of HK$10,293 million (2007 – HK$24,367 million) of which HK$2,615 million (2007 – HK$10,147 million) and nil (2007 – HK$3,878 million) are non-guaranteed and guaranteed loans respectively for 3G businesses.

The US$241 million (2007 – US$250 million) notes-Series D due 2037 are subject to repayment at the option of the holders thereof on 1 August 2009.

Borrowings with principal amount of HK$123,383 million (2007 – HK$173,418 million) bear interest at floating interest rates and borrowings with principal amount of HK$130,501 million (2007 – HK$137,861 million) bear interest at fixed interest rates.

The carrying amounts and fair values of the borrowings are as follows:

	Carrying amounts		Fair values	
	2008	2007	**2008**	2007
	HK$ millions	HK$ millions	**HK$ millions**	HK$ millions
Bank loans	**115,348**	156,039	**115,346**	156,009
Other loans	**4,221**	7,363	**4,025**	7,378
Notes and bonds	**138,517**	146,939	**122,941**	150,036
	258,086	310,341	**242,312**	313,423

The fair values of the non-current borrowings are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued. The carrying amounts of current portion of the borrowings approximate their fair value.

Borrowings at principal amount are denominated in the following currencies (inclusive of the effect of hedging transactions):

	2008	2007
	Percentage	Percentage
HK dollars	**15%**	12%
US dollars	**35%**	31%
Euro	**33%**	34%
British Pounds	**6%**	11%
Other currencies	**11%**	12%
	100%	100%

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. As disclosed in note 1(n), the Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. The Group has entered into interest rate swap agreements with banks and other financial institutions mainly to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. At 31 December 2008, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK$48,750 million (2007 – HK$84,630 million).

In addition, interest rate swap agreements with notional amount of HK$3,013 million (2007 – HK$3,845 million) was entered to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings. The agreements have fixed interest payments at rates ranging from 5.3% to 6.8% with expiry in 2010.

As at 31 December 2008, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$62 million (2007 – HK$97 million) to non-US dollar principal amount of borrowings to match currency exposures of the underlying businesses.

27 Bank and other debts (continued)

(a) The analysis of derivative financial instruments utilised by the Group in the management of its interest rate and foreign currency exposures are as follows:

	2008			2007		
	Current portion HK$ millions	**Non-current portion HK$ millions**	**Total HK$ millions**	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Fair value hedges - Interest rate swaps						
Derivative financial assets (See notes 21 and 24)	**–**	**4,188**	**4,188**	100	277	377
Derivative financial liabilities (See notes 25 and 30)	**–**	**–**	**–**	(3)	(264)	(267)
	–	**4,188**	**4,188**	97	13	110
Cash flow hedges						
Derivative financial assets						
Interest rate swaps (See notes 21 and 24)	**–**	**–**	**–**	–	55	55
Forward foreign exchange contracts (See notes 21 and 24)	**281**	**624**	**905**	88	–	88
	281	**624**	**905**	88	55	143
Derivative financial liabilities						
Interest rate swaps (See note 30)	**–**	**(50)**	**(50)**	–	–	–
Cross currency interest rate swaps (See notes 25 and 30)	**(8)**	**(4)**	**(12)**	–	(22)	(22)
Forward foreign exchange contracts (See notes 25 and 30)	**(22)**	**–**	**(22)**	(111)	(187)	(298)
	(30)	**(54)**	**(84)**	(111)	(209)	(320)
	251	**570**	**821**	(23)	(154)	(177)

28 Interest bearing loans from minority shareholders

	2008 HK$ millions	2007 HK$ millions
Interest bearing loans from minority shareholders	**13,348**	12,508

The carrying amount of the borrowings approximates their fair value.

29 Pension plans

	2008 **HK$ millions**	2007 HK$ millions
Defined benefit plans		
Pension assets	**–**	542
Pension obligations	**2,541**	1,468
	2,541	926

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The Group's major plans were valued by Watson Wyatt, qualified actuaries as at 31 December 2008 and 31 December 2007 using the projected unit credit method to account for the Group's pension accounting costs.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2008	2007
Discount rate applied to defined benefit plan obligations	**1.60% - 6.40%**	3.20% - 6.00%
Expected return on plan assets	**4.80% - 8.36%**	3.72% - 8.00%
Future salary increases	**0% - 4.30%**	2.00% - 5.00%
Interest credited on two principal plans in Hong Kong	**5.00% - 6.00%**	5.00% - 6.00%

The expected return on plan assets is based on market expectations for returns and long-term benchmark allocation of equities and bonds in each plan and allowing for administration fees and other expenses charged to the plans.

The amount recognised in the consolidated balance sheet is determined as follows:

	2008 **HK$ millions**	2007 HK$ millions
Present value of defined benefit obligations	**11,452**	13,151
Fair value of plan assets	**8,981**	12,175
	2,471	976
Unrecognised past services costs	**(41)**	(50)
Restrictions on asset recognised	**111**	–
Net defined benefit plan obligations	**2,541**	926

Fair value of plan assets of HK$8,981 million (2007 - HK$12,175 million) includes investments in the Company's shares with a fair value of HK$32 million (2007 - HK$53 million).

29 Pension plans (continued)

(a) Defined benefit plans (continued)

Changes in the present value of the defined benefit obligations are as follows:

	2008 **HK$ millions**	2007 HK$ millions
At 1 January	**13,151**	12,659
Current service cost net of employee contributions	**595**	643
Actual employee contributions	**122**	123
Interest cost	**627**	589
Actuarial gains on obligation	**(576)**	(781)
Gains on curtailments	**(64)**	(79)
Relating to subsidiaries acquired	**6**	217
Transfer to other liabilities	**–**	(8)
Actual benefits paid	**(679)**	(644)
Exchange differences	**(1,730)**	432
At 31 December	**11,452**	13,151

Changes in the fair value of the plan assets are as follows:

	2008 **HK$ millions**	2007 HK$ millions
At 1 January	**12,175**	10,228
Expected return on plan assets	**837**	717
Actuarial gains (losses) on plan assets	**(2,775)**	600
Actual company contributions	**829**	678
Actual employee contributions	**122**	123
Relating to subsidiaries acquired	**6**	196
Assets distributed on settlements	**(80)**	(15)
Actual benefits paid	**(679)**	(644)
Exchange differences	**(1,454)**	292
At 31 December	**8,981**	12,175

29 Pension plans (continued)

(a) Defined benefit plans (continued)

The amount recognised in the consolidated profit and loss account is as follows:

	2008 HK$ millions	2007 HK$ millions
Current service cost	**595**	643
Past service cost	**8**	8
Interest cost	**627**	589
Losses (gains) on curtailments and settlements	**16**	(79)
Expected return on plan assets	**(837)**	(717)
Total expense	**409**	444
Less: expense capitalised	**(1)**	(1)
Total, included in staff costs	**408**	443

The actuarial losses recognised in the statement of recognised income and expense in current year was HK$2,310 million (2007 – gains of HK$1,381 million). The cumulative actuarial losses recognised in the statement of recognised income and expense amounted to HK$1,845 million (2007 – gains of HK$486 million).

Fair value of the plan assets are analysed as follows:

	2008 Percentage	2007 Percentage
Equity instruments	**49%**	55%
Debt instruments	**43%**	36%
Other assets	**8%**	9%
	100%	100%

The experience adjustments are as follows:

	2008 HK$ millions	2007 HK$ millions	2006 HK$ millions	2005 HK$ millions
Present value of defined benefit obligations	**11,452**	13,151	12,659	10,545
Fair value of plan assets	**8,981**	12,175	10,228	8,222
Deficit	**2,471**	976	2,431	2,323
Experience adjustments on defined benefit obligations	**502**	(13)	(18)	(308)
Experience adjustments on plan assets	**(2,253)**	648	561	429

29 Pension plans (continued)

(a) Defined benefit plans (continued)

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2008. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 30 June 2006 reported a funding level of 108% of the accrued actuarial liabilities on an ongoing basis. The valuation used the aggregate cost method and the main assumptions in the valuation are an investment return of 6.0% per annum and salary increases of 4.0%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Watson Wyatt Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2008 this plan is fully funded for the funding of vested benefits in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$29 million (2007 – HK$36 million) were used to reduce the current year's level of contributions and HK$3 million was available at 31 December 2008 (2007 – HK$5 million) to reduce future years' contributions.

The Group operates three contributory defined benefit plans in the United Kingdom for its ports division, of which the Port of Felixstowe Pension Plan is the principal plan. The plans are all final salary in nature and were closed to new entrants in June 2003. On the assumptions adopted at the last formal actuarial valuation using the projected unit method at 1 January 2007, the ratio of assets to liabilities for the Felixstowe Scheme was 72%. The sponsoring employer's contributions have been increased from October 2008 to finance the increased cost of accrual of benefits and to fund the deficit over a period of ten years. The main assumptions in the valuation are an investment return of 7.25% (pre-retirement) and 4.6% (post-retirement), pensionable salary increases of 3.35% per annum and pension increases of 3.1% per annum (for service before 6 April 2005) and 2.25% per annum (for service after 5 April 2005). The valuation was performed by Graham Mitchell, a Fellow of the Institute of Actuaries, of Watson Wyatt Limited.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit pensions in return for actuarially agreed contributions. The risk of providing past pension benefits is underwritten by the insurance companies. The Group does not carry funding risk relating to past service. The funding rate to provide current year benefits varies in accordance with annual actuarial calculations. As per end of 2008, the combination of the interest rate and a high risk spread result in a relatively low defined benefit obligation. Since additional payments by the insurance company were made, the net assets are temporarily higher than the defined benefit obligation. In accordance with applicable accounting standards, a net asset reduction was applied.

The Group operates two defined benefit pension plans for part of its retail operations in the United Kingdom. One was assumed on acquisition of a subsidiary company in 2002 and is not open to new entrants. The latest formal valuation for funding purposes was carried out at 31 March 2006. On the assumptions adopted at the valuation using the projected unit method, the ratio of actual asset value to the target asset value being funded for past service benefits was 90%. The sponsoring employer made a cash injection of £6.0m in June 2007 towards the shortfall being corrected within three years. The main assumptions in the valuation are an investment return of 4.7% to 6.3% per annum and pensionable salary increases of 3.25% to 4.25% per annum. The valuation was performed by Chris Norden, a Fellow of the Institute of Actuaries, of Hewitt Bacon & Woodrow Limited.

The Group's other defined benefit retirement plan for its retail operations in the United Kingdom was assumed on acquisition of a subsidiary company in 2005. The plan is final salary in nature with a money purchase underpin arrangement. The plan was closed to new entrants on 1 April 2001 and on 31 December 2008 the plan ceased accrual for the remaining four active members. Shortly before the year end, the Trustees purchased an insurance policy in respect of all members' benefits that will match future benefit payments, and as such the plan assets will equal the plan liabilities going forward. The annuity policy is currently retained by the Trustees as an investment of the plan, but the respective employer and Trustees may agree to convert the policy to individual member policies at a future date in order that the plan can be wound up.

29 Pension plans (continued)

(b) Defined contribution plans

The Group's costs in respect of defined contribution plans for the year amounted to HK$724 million (2007 – HK$704 million). No forfeited contributions (2007 – HK$2 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2008 (2007 – nil) to reduce future years' contributions.

30 Other non-current liabilities

	2008 HK$ millions	2007 HK$ millions
Fair value hedges (See note 27(a))		
Interest rate swaps	**–**	264
Cash flow hedges (See note 27(a))		
Interest rate swaps	**50**	–
Cross currency interest rate swaps	**4**	22
Forward foreign exchange contracts	**–**	187
Obligations for telecommunications licences and other rights	**3,549**	4,579
Provisions (See note 26)	**983**	877
	4,586	5,929

31 Share capital

	2008 Number of shares	2007 Number of shares	**2008 HK$ millions**	2007 HK$ millions
Authorised:				
Ordinary shares of HK$0.25 each	**5,500,000,000**	5,500,000,000	**1,375**	1,375
7½% cumulative redeemable participating preference shares of HK$1 each	**402,717,856**	402,717,856	**403**	403
			1,778	1,778
Issued and fully paid:				
Ordinary shares	**4,263,370,780**	4,263,370,780	**1,066**	1,066

32 Equity

	Share capital HK$ millions	Share premium[a] HK$ millions	Exchange reserve HK$ millions	Other reserves[b] HK$ millions	Retained profit HK$ millions	Total shareholders' funds HK$ millions	Minority interests HK$ millions	Total equity HK$ millions
At 1 January 2008	1,066	28,359	28,954	8,563	243,072	310,014	48,644	358,658
Available-for-sale investments:								
Valuation losses taken to reserves	–	–	–	(2,837)	–	(2,837)	(277)	(3,114)
Valuation gains transferred to profit and loss account	–	–	–	(2,870)	–	(2,870)	(23)	(2,893)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:								
Losses taken to reserves	–	–	–	(660)	–	(660)	(110)	(770)
Losses transferred to profit and loss account	–	–	–	17	–	17	11	28
Gains transferred to initial cost of non-financial items	–	–	–	(45)	–	(45)	–	(45)
Exchange translation differences	–	–	(38,917)	–	–	(38,917)	(820)	(39,737)
Net actuarial losses of defined benefit plans	–	–	–	–	(3,130)	(3,130)	(515)	(3,645)
Others:								
Surplus on revaluation of properties upon transfer from other properties to investment properties	–	–	–	8	–	8	2	10
Transfer to retained profit upon maturity of convertible bonds of an associated company	–	–	–	(8)	8	–	–	–
Deferred tax effect on items taken directly to or transferred from reserves	–	–	–	–	113	113	(4)	109
Net expense recognised directly in equity	–	–	(38,917)	(6,395)	(3,009)	(48,321)	(1,736)	(50,057)
Profit after tax	–	–	–	–	17,664	17,664	6,986	24,650
Total recognised income and expense	–	–	(38,917)	(6,395)	14,655	(30,657)	5,250	(25,407)
Dividends paid relating to 2007	–	–	–	–	(5,201)	(5,201)	–	(5,201)
Dividends paid relating to 2008	–	–	–	–	(2,174)	(2,174)	–	(2,174)
Dividends paid to minority interests	–	–	–	–	–	–	(16,582)	(16,582)
Equity contribution from minority interests	–	–	–	–	–	–	350	350
Capitalisation of loan from minority interests	–	–	–	–	–	–	792	792
Share option scheme	–	–	–	10	–	10	38	48
Share option lapsed	–	–	–	(37)	37	–	–	–
Unclaimed dividends write back	–	–	–	–	5	5	–	5
Relating to repurchase of shares from minority shareholders	–	–	–	–	–	–	(508)	(508)
Relating to subsidiary companies acquired	–	–	–	–	–	–	(320)	(320)
Purchase of minority interests	–	–	–	–	–	–	(5,327)	(5,327)
Relating to disposal of subsidiary companies	–	–	(263)	(158)	–	(421)	223	(198)
At 31 December 2008	1,066	28,359	(10,226)	1,983	250,394	271,576	32,560	304,136

32 Equity (continued)

	Share capital HK$ millions	Share premium[a] HK$ millions	Exchange reserve HK$ millions	Other reserves[b] HK$ millions	Retained profit HK$ millions	Total shareholders' funds HK$ millions	Minority interests HK$ millions	Total equity HK$ millions
At 1 January 2007	1,066	28,359	21,801	3,807	218,761	273,794	16,771	290,565
Available-for-sale investments:								
Valuation gains taken to reserves	–	–	–	12,045	–	12,045	305	12,350
Valuation gains transferred to profit and loss account	–	–	–	(7,722)	–	(7,722)	(24)	(7,746)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:								
Gains taken to reserves	–	–	–	216	–	216	38	254
Losses transferred to initial cost of non-financial items	–	–	–	34	–	34	1	35
Exchange translation differences	–	–	6,788	–	–	6,788	912	7,700
Net actuarial gains of defined benefit plans	–	–	–	–	1,292	1,292	214	1,506
Others:								
Valuation gains arising from business combination taken to reserves	–	–	–	32	–	32	29	61
Share of other reserve movement of an associate company	–	–	–	–	(7)	(7)	(1)	(8)
Surplus on revaluation of properties upon transfer from other properties to investment properties	–	–	–	3	–	3	1	4
Deferred tax effect on items taken directly to or transferred from reserves	–	–	–	–	(215)	(215)	(38)	(253)
Net income recognised directly in equity	–	–	6,788	4,608	1,070	12,466	1,437	13,903
Profit after tax	–	–	–	–	30,600	30,600	2,265	32,865
Total recognised income and expense	–	–	6,788	4,608	31,670	43,066	3,702	46,768
Dividends paid relating to 2006	–	–	–	–	(5,201)	(5,201)	–	(5,201)
Dividends paid relating to 2007	–	–	–	–	(2,174)	(2,174)	–	(2,174)
Dividends paid to minority interests	–	–	–	–	–	–	(4,064)	(4,064)
Equity contribution from minority interests	–	–	–	–	–	–	438	438
Capitalisation of loan from minority interests	–	–	–	–	–	–	1,099	1,099
Share option scheme	–	–	–	76	–	76	104	180
Share option lapsed	–	–	–	(8)	8	–	–	–
Unclaimed dividends write back	–	–	–	–	8	8	–	8
Relating to subsidiary companies acquired	–	–	–	–	–	–	29,595	29,595
Relating to partial disposal of subsidiary companies	–	–	432	–	–	432	994	1,426
Relating to disposal of an associated company and jointly controlled entities	–	–	(67)	80	–	13	5	18
At 31 December 2007	1,066	28,359	28,954	8,563	243,072	310,014	48,644	358,658

(a) Capital redemption reserve of HK$404 million was included in share premium in all reporting years.

(b) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 31 December 2008, revaluation reserve surplus amounted to HK$2,444 million (1 January 2008 – HK$8,145 million and 1 January 2007 – HK$3,787 million), hedging reserve deficit amounted to HK$523 million (1 January 2008 – surplus of HK$167 million and 1 January 2007 – deficit of HK$163 million) and other capital reserves surplus amounted to HK$62 million (1 January 2008 – HK$251 million and 1 January 2007 – HK$183 million). Fair value changes arising from business combination and revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cashflow hedges are included in the hedging reserve.

32 Equity (continued)

(c) The Group's share of exchange reserve of associated companies and jointly controlled entities are losses of HK$6,945 million (2007 – gains of HK$2,749 million) and gains of HK$997 million (2007 – HK$1,197 million) respectively. The Group's share of actuarial gains and losses which are recognised directly in equity by associated companies and jointly controlled entities amounted to losses of HK$1,104 million (2007 – gains of HK$96 million) and HK$10 million (2007 – gains of HK$9 million) respectively.

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2008, total equity amounted to HK$304,136 million (2007 – HK$358,658 million), and consolidated net debt of the Group, excluding loans from minority shareholders which are viewed as quasi equity, was HK$165,863 million (2007 – HK$130,780 million). The Group's net debt to net total capital ratio increased to 34% from 26% at the end of last year.

As additional information, the following table shows the net debt to net capital ratio calculated on the basis of including loans from minority shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the balance sheet date.

Net debt/Net total capital ratios[a] at 31 December

	2008	2007
A1 – excluding loans from minority shareholders from debt	**34%**	26%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**33%**	21%
B1 – including loans from minority shareholders from debt	**37%**	28%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**35%**	23%

a Net debt is defined on the Consolidated Cash Flow Statement. Net total capital is defined as total principal amount of bank and other debts plus total equity and loans from minority shareholders net of total cash, liquid funds and other listed investments as shown on the Consolidated Cash Flow Statement.

33 Notes to consolidated cash flow statement

(a) Reconciliation of profit after tax to cash generated from operating activities before interest and other finance costs, tax paid, **3** Group telecommunications expensed CACs[a] and changes in working capital

	2008 **HK$ millions**	2007 HK$ millions
Profit after tax	**24,650**	32,865
Adjustments for:		
Current tax charge	**3,444**	2,768
Deferred tax charge (credit)	**(2,576)**	1,651
Interest and other finance costs	**17,286**	19,054
Change in fair value of investment properties	**(672)**	(1,988)
Depreciation and amortisation	**37,447**	38,872
Non-cash items included in profit (loss) on disposal of investments and others	**(5,159)**	13,216
Share of associated companies' and jointly controlled entities'		
Minority interests	**(22)**	365
Current tax charge	**3,886**	2,532
Deferred tax charge	**2,256**	1,579
Interest and other finance costs	**3,222**	3,446
Change in fair value of investment properties	**(152)**	(7)
Depreciation and amortisation	**9,325**	9,220
EBITDA[b]	**92,935**	123,573
3 Group telecommunications expensed CACs	**3,457**	5,732
EBITDA before 3 Group telecommunications expensed CACs	**96,392**	129,305
Share of EBITDA of associated companies and jointly controlled entities	**(36,323)**	(68,295)
Profit on disposal of unlisted investments	**–**	(14)
Loss (profit) on disposal of fixed assets, leasehold land and investment properties	**(1,532)**	54
Dividends received from associated companies and jointly controlled entities	**10,291**	23,412
Distribution from property jointly controlled entities	**101**	2,685
Profit on disposal of subsidiary and associated companies and jointly controlled entities	**(2,770)**	(2,202)
Other non-cash items	**(3,321)**	1,461
	62,838	86,406

a CACs represents customer acquisition costs and contract customer retention costs.

b EBITDA, included as a subtotal as supplementary information, represents the EBITDA of the Company and subsidiary companies as well as the Group's share of the EBITDA of associated companies and jointly controlled entities. EBITDA is defined as earnings before interest expense and other finance costs, tax, depreciation and amortisation, and includes profit on disposal of investments and others and other earnings of a cash nature but excludes changes in the fair value of investment properties. Information concerning EBITDA has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles in Hong Kong and the EBITDA measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA should not necessarily be construed as an alternative to cash flow as determined in accordance with generally accepted accounting principles in Hong Kong.

33 Notes to consolidated cash flow statement (continued)

(b) Changes in working capital

	2008 HK$ millions	2007 HK$ millions
Decrease in inventories	**253**	508
Increase in debtors and prepayments	**(2,152)**	(9,840)
Increase (decrease) in creditors	**(1,079)**	4,008
Other non-cash items	**(2,193)**	1,180
	(5,171)	(4,144)

(c) Purchase of subsidiary companies

	2008		2007
	Book value HK$ millions	**Fair value HK$ millions**	Fair value HK$ millions
Aggregate net assets acquired at acquisition date:			
Fixed assets	**825**	**829**	20,232
Leasehold land	**–**	**–**	409
Telecommunications licences	**–**	**–**	4,566
Telecommunications postpaid CACs	**–**	**–**	368
Goodwill	**–**	**–**	5,282
Brand names and other rights	**–**	**–**	4,660
Associated companies	**–**	**–**	2
Deferred tax assets	**2**	**208**	371
Liquid funds and other listed investments	**–**	**–**	444
Inventories	**8**	**8**	457
Cash and cash equivalents	**28**	**28**	45,757
Trade and other receivables	**95**	**95**	5,951
Bank and other debts	**(97)**	**(97)**	(18,373)
Pension obligations	**–**	**–**	(21)
Other non-current liabilities	**–**	**–**	(3,085)
Creditors and current tax liabilities	**(258)**	**(258)**	(7,827)
Deferred tax liabilities	**–**	**–**	(1,031)
Loans from minority shareholders	**(562)**	**(562)**	(272)
Minority interests	**320**	**320**	(29,815)
	361	**571**	28,075
Goodwill arising on acquisition		**309**	67
		880	28,142
Less: Cost of investments just prior to purchase		**(880)**	(27,733)
Discharged by cash payment		**–**	409

33 Notes to consolidated cash flow statement (continued)

(c) Purchase of subsidiary companies (continued)

	2008		2007
	Book value HK$ millions	**Fair value HK$ millions**	Fair value HK$ millions
Net cash outflow (inflow) arising from acquisition:			
Cash payment		**–**	409
Cash and cash equivalents acquired		**(28)**	(45,757)
Total net cash consideration		**(28)**	(45,348)

The contribution to the Group's revenue and profit after tax from these subsidiaries acquired since the respective date of acquisition is not material.

(d) Disposal of subsidiary companies

	2008 HK$ millions	2007 HK$ millions
Aggregate net assets (liabilities) disposed at date of disposal (excluding cash and cash equivalents):		
Fixed assets	**168**	35
Investment properties	**3,217**	–
Leasehold land	**1**	–
Telecommunications licences	**62**	–
Goodwill	**228**	–
Inventories	**27**	66
Trade and other receivables	**77**	358
Bank and other debts	**(4)**	(79)
Other non-current liabilities	**(23)**	(46)
Creditors and current tax liabilities	**(246)**	(637)
Deferred tax liabilities	**(604)**	–
Minority interests	**(107)**	–
Reserves	**(248)**	17
	2,548	(286)
Profit on disposal	**2,500**	1,181
	5,048	895
Less: Investments retained subsequent to disposal	**246**	–
	5,294	895
Satisfied by:		
Cash and cash equivalents received as consideration	**5,496**	1,154
Less: Cash and cash equivalents sold	**(202)**	(259)
Total net cash consideration	**5,294**	895

The effect on the Group's results from the disposal of subsidiary companies is not material for the year ended 31 December 2008.

34 Share-based payments

The Company has no share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies are not material to the Group.

35 Pledge of assets

At 31 December 2008, assets of the Group totalling HK$10,857 million (2007 – HK$30,700 million) were pledged as security for bank and other debts.

36 Contingent liabilities

The holding company, Hutchison Whampoa Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and jointly controlled entities of HK$4,334 million (2007 – HK$7,352 million).

The amount utilised by its associated companies and jointly controlled entities are as follows:

	2008 HK$ millions	2007 HK$ millions
To associated companies		
Other businesses	**871**	2,522
To jointly controlled entities		
Property businesses	**1,535**	2,996
Other businesses	**1,343**	1,172
	2,878	4,168

At 31 December 2008, the Group had provided performance and other guarantees of HK$7,820 million (2007 – HK$9,390 million) primarily for telecommunications businesses.

37 Commitments

Outstanding Group commitments not provided for in the accounts at 31 December 2008 are as follows:

Capital commitments

1. Contracted for:

    i. Container terminals, Hong Kong – HK$13 million (2007 – HK$60 million)
    ii. Container terminals, Mainland China – HK$1,176 million (2007 – HK$2,422 million)
    iii. Container terminals, others – HK$3,774 million (2007 – HK$3,620 million)
    iv. Telecommunications – **3** Group – HK$3,635 million (2007 – HK$5,840 million)
    v. Telecommunications – HK$1,612 million (2007 – HK$3,070 million)
    vi. Investment properties outside Hong Kong – nil (2007 – HK$2 million)
    vii. Investment in Joint Ventures outside Hong Kong – HK$75 million (2007 – HK$830 million)
    viii. Other fixed assets – HK$355 million (2007 – HK$664 million)

37 Commitments (continued)

Capital commitments (continued)

2. Authorised but not contracted for:

   The Group, as part of its annual budget process, budgets for future capital expenditures and these amounts are shown below. These budgeted amounts are subject to a rigorous authorisation process before the expenditure is committed.

   i. Container terminals, Hong Kong – nil (2007 – HK$380 million)
   ii. Container terminals, Mainland China – nil (2007 – HK$4,750 million)
   iii. Container terminals, others – nil (2007 – HK$14,997 million)
   iv. Telecommunications – **3** Group – HK$5,144 million (2007 – HK$11,656 million)
   v. Telecommunications – nil (2007 – HK$4,673 million)
   vi. Investment properties outside Hong Kong – nil (2007 – HK$949 million)
   vii. Investment in Joint Ventures, Hong Kong – HK$131 million (2007 – nil)
   viii. Investment in Joint Ventures outside Hong Kong – HK$635 million (2007 – HK$176 million)
   ix. Other fixed assets – HK$1,288 million (2007 – HK$8,066 million)

Operating lease commitments – future aggregate minimum lease payments for land and buildings leases

Established Businesses

1. In the first year – HK$7,584 million (2007 – HK$8,075 million)
2. In the second to fifth years inclusive – HK$21,244 million (2007 – HK$21,329 million)
3. After the fifth year – HK$43,895 million (2007 – HK$46,122 million)

Telecommunications – **3** Group

1. In the first year – HK$2,259 million (2007 – HK$2,495 million)
2. In the second to fifth years inclusive – HK$6,362 million (2007 – HK$7,213 million)
3. After the fifth year – HK$8,895 million (2007 – HK$11,847 million)

Operating lease commitments – future aggregate minimum lease payments for other assets

Established Businesses

1. In the first year – HK$624 million (2007 – HK$422 million)
2. In the second to fifth years inclusive – HK$2,434 million (2007 – HK$312 million)
3. After the fifth year – HK$3,630 million (2007 – HK$142 million)

Telecommunications – **3** Group

1. In the first year – HK$32 million (2007 – HK$27 million)
2. In the second to fifth years inclusive – HK$19 million (2007 – HK$71 million)
3. After the fifth year – nil (2007 – HK$223 million)

Other commitments

3G handsets – HK$1,280 million (2007 – HK$1,601 million)

38 Related parties transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and jointly controlled entities as disclosed in notes 18 and 19 are unsecured. Balances totalling HK$3,551 million (2007 – HK$3,091 million) are interest bearing.

The Group has entered into joint ventures with Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake various, mainly property, projects. At 31 December 2008, included in associated companies and interests in joint ventures on the balance sheet is a total amount of HK$25,301 million (2007 – HK$22,509 million) representing equity contributions to and the net amount due from these related entities. The Group had guaranteed bank and other borrowing facilities of HK$2,283 million (2007 – HK$2,996 million) for the benefit of these same entities.

No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 6.

39 Legal proceedings

As at 31 December 2008, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

40 Subsequent events

In February 2009, CKI and Hongkong Electric Holdings ("HEH") announced an agreement for HEH to purchase from CKI its 45% equity interest in three power plants in the Mainland for a consideration of HK$5,680 million. Subject to completion of this transaction, CKI expects to report a gain on disposal of approximately HK$1,348 million in its 2009 interim results, which after asset valuation consolidation adjustments will amount to approximately HK$880 million in the Group's consolidated interim results.

In February 2009, HTAL announced an agreement to combine its businesses with Vodafone's businesses in Australia. On completion of the transaction, which is subject to shareholders and regulatory approvals, HTAL and Vodafone will each have equal 50% interests in the combined businesses.

In March 2009, HTIL announced a conditional interim dividend and spin-off by way of a distribution in specie of the entire share capital of Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), the holding company of the Hong Kong and Macau telecommunications operations. The distribution is conditional on a separate listing of HTHKH on the Main Board of The Stock Exchange of Hong Kong by way of introduction, involving no initial public offering of shares or raising of capital. Upon completion, HTHKH will become a separately listed subsidiary of the Group and its results will be consolidated in the Group's results.

41 US dollar equivalents

Amounts in these accounts are stated in Hong Kong dollars (HK$), the currency of the place in which the Company is incorporated and is the functional currency of the Company. The translation into US dollars of these accounts as of, and for the year ended, 31 December 2008, is for convenience only and has been made at the rate of HK$7.80 to US$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into United States dollars at this or any other rate.

42 Approval of accounts

The accounts set out on pages 115 to 198 were approved by the Board of Directors on 26 March 2009.

43 Profit before tax

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, profit before tax is shown after crediting and charging the following items:

	2008 HK$ millions	2007 HK$ millions
Credits:		
Share of profits less losses of associated companies		
Listed	**14,934**	46,788
Unlisted	**710**	1,034
	15,644	47,822
Share of gross rental income of associated companies and jointly controlled entities	**649**	562
Gross rental income from investment properties held by:		
Listed subsidiary – HHR	**182**	284
Other subsidiaries (excluding HHR)	**2,750**	2,467
Less: intra group rental income	**(297)**	(271)
	2,635	2,480
Less: related outgoings	**(56)**	(80)
Net rental income of subsidiary companies	**2,579**	2,400
Dividend and interest income from managed funds and other investments		
Listed	**1,986**	2,197
Unlisted	**219**	217
Charges:		
Depreciation and amortisation		
Fixed assets	**17,268**	17,616
Telecommunications licences	**5,567**	5,617
Telecommunications postpaid CACs	**12,571**	13,522
Leasehold land	**1,018**	986
Brand names and other rights	**1,023**	1,131
	37,447	38,872
Inventories write off	**1,692**	1,747
Operating leases		
Properties	**15,938**	12,943
Hire of plant and machinery	**1,378**	675
Auditors' remuneration		
Audit and audit related work – PricewaterhouseCoopers	**215**	199
– other auditors	**22**	19
Non-audit work – PricewaterhouseCoopers	**29**	34
– other auditors	**23**	28

44 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents, liquid funds and other listed investments and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures approved by the executive directors, which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuation in interest rates and exchange rates and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. The Group cautiously uses derivatives, principally interest rate and foreign currency swaps and forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

(a) Cash management and funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, which change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

The Group continues to have a healthy financial position benefiting from both the steady cash flow from its established businesses and improving cash flow from the **3** Group businesses. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK$88,021 million at 31 December 2008, 51% lower than the balance as at 31 December 2007 of HK$180,499 million. The lower liquid assets balance at 31 December 2008 is mainly due to the Group's utilisation of cash deposits on hand to repay debts, as they matured and also to prepay certain debts maturing in late 2008 and in 2009 totalling HK$83,729 million. Of the liquid assets, 13% were denominated in HK dollars, 48% in US dollars, 14% in Euro, 10% in Reminbi, 5% in British pounds and 10% in other currencies (2007 – 16% were denominated in HK dollars, 64% in US dollars, 6% in Euro, 5% in Reminbi, 3% in British pounds and 6% in other currencies).

Cash and cash equivalents represented 65% (2007 – 62%) of the liquid assets, US Treasury notes and listed fixed income securities 29% (2007 – 29%), listed equity securities 5% (2007 – 7%) and long-term deposits and others 1% (2007 – 2%).

The US Treasury notes and listed fixed income securities, including those held under managed funds, consisted of supranational notes (27%) (2007 – 19%), government guaranteed notes (25%) (2007 – 24%), financial institutions issued notes (21%) (2007 – 11%), government related entities issued notes (17%) (2007 – 4%) and US Treasury notes (10%) (2007 – 42%). Of these US Treasury notes and listed fixed income securities, 73% (2007 – 81%) are rated at Aaa/AAA with an average maturity of less than one year on the overall portfolio. The Group has no exposure in mortgage backed securities, collateralised debt obligations or similar asset classes.

(b) Interest rate exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses a combination of interest rate swaps and forward rate agreements to manage its long-term interest rate exposure and exposure to short-term interest rate volatility respectively. The Group's main interest rate exposures relate to US dollar, British pound, Euro and HK dollar borrowings.

44 Financial risk management (continued)

(b) Interest rate exposure (continued)

At 31 December 2008, approximately 49% (2007 – approximately 56%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 51% (2007 – approximately 44%) were at fixed rates. The Group has entered into various interest rate agreements with major creditworthy financial institutions to swap approximately HK$48,750 million (2007 – approximately HK$84,630 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$3,013 million (2007 – HK$3,845 million) principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. The agreements have fixed interest payments at rates ranging from 5.3% to 6.8% with expiry in 2010. After taking into consideration these interest rate swaps, approximately 67% (2007 – approximately 82%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 33% (2007 – approximately 18%) were at fixed rates at 31 December 2008.

(c) Foreign currency exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar and non-US dollar assets, the Group generally endeavours to establish a natural hedge with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in the local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinancing these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. During the year, the currencies of most of those countries where the Group has overseas operations weakened against the HK dollar. This gave rise to an unrealised loss of HK$38,917 million (2007 – gain of HK$6,788 million) on translation of these operations' net assets to the Group's HK dollar reporting currency, which was reflected as a movement in the Group's reserves.

At 31 December 2008, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$62 million (2007 – HK$97 million) to non-US dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's total principal amount of bank and other debts, excluding loans from minority shareholders and after taking into consideration these currency swaps, are denominated as follows: 15% in HK dollars, 35% in US dollars, 33% in Euro, 6% in British pounds and 11% in other currencies (2007 – 12% in HK dollars, 31% in US dollars, 34% in Euro, 11% in British pounds and 12% in other currencies). During 2008 HTIL closed out all foreign exchange swap contracts (remaining contracts at 31 December 2007 amounted to US$1,095 million) under which HTIL agreed to sell Thai Baht and buy US dollar at pre-agreed rates. HTIL entered into these contracts solely to fulfill local exchange control requirements when HTIL injected additional funding into Thailand for repayment of its outstanding external debt in 2007. HTIL recognised a loss of HK$20 million in its profit and loss account in respect of these transactions in 2008.

(d) Credit exposure

The Group's holdings of cash, managed funds and other liquid investments, and interest rate and foreign currency swaps and forward currency contracts with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements, credit ratings and setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities. At the level of operations, counterparties risk of non-performance is continuously monitored in each area, i.e. locally. Trade receivable exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer.

(e) Market price risk

The Group's main market price risk exposures relate to listed debt and equity securities described in "liquid assets" above and the interest rate swap as described in "interest rate exposure" above. The Group's holdings of listed debt and equity securities represented approximately 33% (2007 - approximately 35%) of the liquid assets. The Group controls this risk through monitoring the price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

44 Financial risk management (continued)

(f) Market risks sensitivity analyses

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the balance sheet date on profit for the year and on total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the balance sheet date and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and/or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

(i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments, changes in market interest rates affect their fair value. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in profit and loss account in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 23)
- some of the listed debt securities and managed funds (see note 22) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 22) that bear interest at floating rate
- some of the bank and other debts (see note 27) that bear interest at floating rate
- interest bearing loans from minority shareholders (see note 28)

44 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis (continued)

Under these assumptions, the impact of a hypothetical 100 basis points increase in market interest rate at the balance sheet date, with all other variables held constant:

- profit for the year would decrease by HK$1,374 million (2007 – HK$1,838 million) due to increase in interest expense;
- total equity would decrease by HK$1,374 million (2007 – HK$1,838 million) due to increase in interest expense; and
- total equity would decrease by HK$119 million (2007 – HK$454 million) mainly due to decrease in value of available-for-sale investments.

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward currency contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments, changes in foreign exchange rates affect their fair value. All fair value hedges designed for hedging currency risk are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in profit and loss account in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 23)
- some of the liquid funds and other listed investments (see note 22)
- some of the bank and other debts (see note 27)

44 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis (continued)

Under these assumptions, the impact of a hypothetical 10% weakening of HK dollar against all exchange rates at the balance sheet date, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

	2008		2007	
	Hypothetical increase (decrease) in profit for the year HK$ millions	**Hypothetical increase (decrease) in total equity HK$ millions**	Hypothetical increase (decrease) in profit for the year HK$ millions	Hypothetical increase (decrease) in total equity HK$ millions
EURO	**79**	**79**	(28)	(28)
GBP	**127**	**(148)**	17	(273)
AUD	**142**	**197**	209	461
RMB	**373**	**383**	488	499
USD	**2,702**	**2,704**	7,755	7,763
Japanese Yen	**(262)**	**(262)**	(411)	(411)

(iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair value. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- available-for-sale investments (see note 22)
- financial assets at fair value through profit or loss (see note 22)

Under these assumptions, the impact of a hypothetical 10% increase in the market price of the Group's available-for-sale investments and financial assets at fair value through profit or loss at the balance sheet date, with all other variables held constant:

- profit for the year would increase by HK$92 million (2007 – HK$104 million) due to increase in gains on financial assets at fair value through profit or loss;
- total equity would increase by HK$92 million (2007 – HK$104 million) due to increase in gains on financial assets at fair value through profit or loss; and
- total equity would increase by HK$2,975 million (2007 – HK$6,396 million) due to increase in gains on available-for-sale investments.

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amount	Carrying amounts
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 31 December 2008						
Trade payables	23,571	–	–	23,571	–	23,571
Other payables and accruals	51,708	–	–	51,708	–	51,708
Interest free loans from minority shareholders	3,465	–	–	3,465	–	3,465
Bank loans	19,022	96,593	20	115,635	(287)	115,348
Other loans	3,842	363	17	4,222	(1)	4,221
Notes and bonds	1,110	64,260	68,657	134,027	4,490	138,517
Interest bearing loans from minority shareholders	–	12,482	866	13,348	–	13,348
Fair value hedges – interest rate swap (net settled)	–	–	–	–	–	–
	102,718	173,698	69,560	345,976	4,202	350,178

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$12,096 million in "within 1 year" maturity band, HK$30,496 million in "after 1 year, but within 5 years" maturity band, and HK$33,429 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

	Total undiscounted cash flows	Within 1 year	After 1 year, but within 5 years	After 5 years
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 31 December 2008				
Derivative settled gross:				
Cash flow hedges – cross currency interest rate swaps				
– Inflow	74	47	27	–
– Outflow	(120)	(77)	(43)	–
Cash flow hedges – forward foreign exchange contracts				
– Inflow	6,782	3,737	3,045	–
– Outflow	(5,748)	(3,287)	(2,461)	–

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amount	Carrying amounts
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 31 December 2007						
Trade payables	27,206	–	–	27,206	–	27,206
Other payables and accruals	53,145	–	–	53,145	–	53,145
Interest free loans from minority shareholders	3,088	–	–	3,088	–	3,088
Bank loans	42,282	114,143	20	156,445	(406)	156,039
Other loans	134	7,178	67	7,379	(16)	7,363
Notes and bonds	7,871	27,504	112,080	147,455	(516)	146,939
Interest bearing loans from minority shareholders	42	8,696	3,770	12,508	–	12,508
Fair value hedges – interest rate swap (net settled)	267	(14)	86	339	(72)	267
	134,035	157,507	116,023	407,565	(1,010)	406,555

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$16,121 million in "within 1 year" maturity band, HK$44,224 million in "after 1 year, but within 5 years" maturity band, and HK$40,182 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

	Total undiscounted cash flows	Within 1 year	After 1 year, but within 5 years	After 5 years
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 31 December 2007				
Derivative settled gross:				
Cash flow hedges – cross currency interest rate swaps				
– Inflow	159	65	94	–
– Outflow	(120)	(48)	(72)	–
Cash flow hedges – forward foreign exchange contracts				
– Inflow	6,682	2,602	4,080	–
– Outflow	(6,956)	(2,609)	(4,347)	–

(h) In accordance with the disclosure requirement of HKFRS 7, other gains and losses recognised in profit and loss account includes the following items:

	2008	2007
	HK$ millions	HK$ millions
Change in fair value of financial assets at fair value through profit or loss	**(313)**	(36)
Gains arising on derivatives in a designated fair value hedge	**5,182**	3,428
Losses arising on adjustment for hedged item in a designated fair value hedge	**(5,182)**	(3,428)
Interest income on available-for-sale financial assets	**1,801**	1,957

45 Balance sheet of the Company, unconsolidated

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the balance sheet of the Company as at 31 December 2008 is set out as follows:

	2008 **HK$ millions**	2007 HK$ millions
Assets		
Non-current assets		
Subsidiary companies – Unlisted shares [(a)]	**34,705**	34,705
Current assets		
Amounts due from subsidiary companies [(b)]	**72,100**	53,497
Dividends and other receivables from subsidiary companies	**–**	9,007
	72,100	62,504
Current liabilities		
Bank overdrafts	**2**	2
Other payables and accruals	**82**	116
	84	118
Net current assets	**72,016**	62,386
Net assets	**106,721**	97,091
Capital and reserves		
Share capital (See note 31)	**1,066**	1,066
Reserves [(c)]	**105,655**	96,025
Shareholders' funds	**106,721**	97,091

Fok Kin-ning, Canning
Director

Frank John Sixt
Director

45 Balance sheet of the Company, unconsolidated (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 193 to 198.

(b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.

(c) Reserves

	Share premium HK$ millions	Retained profit HK$ millions	Total HK$ millions
At 1 January 2007	28,359	59,001	87,360
Profit for the year	–	16,032	16,032
Unclaimed dividend paid write back	–	8	8
Dividends paid relating to 2006	–	(5,201)	(5,201)
Dividends paid relating to 2007	–	(2,174)	(2,174)
At 31 December 2007	**28,359**	**67,666**	**96,025**
Profit for the year	**–**	**17,000**	**17,000**
Unclaimed dividend paid write back	**–**	**5**	**5**
Dividends paid relating to 2007	**–**	**(5,201)**	**(5,201)**
Dividends paid relating to 2008	**–**	**(2,174)**	**(2,174)**
At 31 December 2008	**28,359**	**77,296**	**105,655**

(d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(e) Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the Company is required to disclose that it has guaranteed the borrowings of its finance and other subsidiary companies which have been consolidated and included in the consolidated balance sheet of the Group. Of the principal amounts of consolidated borrowings included in note 27 totalling HK$253,884 million (2007 – HK$311,279 million), the Company has guaranteed a total of HK$191,972 million (2007 – HK$245,322 million) which has been borrowed in the name of subsidiary companies.

(f) The Company has historically provided some guarantees in respect of the bank and other borrowing facilities utilised by the associated companies and jointly controlled entities. At 31 December 2008, no guarantees were outstanding (2007 – HK$470 million). This amount has been included in the Group's contingent liabilities disclosed in note 36.

(g) Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the net profit of the Company is HK$17,000 million (2007 – HK$16,032 million) and is included in determining the profit attributable to shareholders of the Company in the consolidated profit and loss account.

(h) Reserves of the Company available for distribution to shareholders of the Company as at 31 December 2008 amounting to HK$77,296 million (2007 – HK$67,666 million).

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
#	Alexandria International Container Terminals Company S.A.E.	Egypt	USD	30,000,000	40	Container terminal operating
	Amsterdam Port Holdings B.V.	Netherlands	EUR	170,704	56	Holding Company
	Asia Port Services Limited	British Virgin Islands/ Hong Kong	USD	25,400	80	Holding company & mid-stream container operating
	Buenos Aires Container Terminal Services S.A.	Argentina	ARS	10,000,000	80	Container terminal operating
✡	COSCO-HIT Terminals (Hong Kong) Limited	Hong Kong	HKD	40	27	Container terminal operating
	Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP	145,695,000	80	Cruise terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	80	Container terminal operating
	Europe Container Terminals B. V.	Netherlands	EUR	45,380,000	78	Holding company
	ECT Delta Terminal B.V.	Netherlands	EUR	18,000	76	Stevedoring activities
	Freeport Container Port Limited	Bahamas	B$	2,000	41	Container terminal operating
	Gdynia Container Terminal S.A.	Poland	PLN	11,379,300	79	Container terminal operating
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	80	Container terminal operating
	Hongkong International Terminals Limited	Hong Kong	HKD	20	53	Holding company & container terminal operating
✡	The Hongkong Salvage and Towage Company Limited	Hong Kong	HKD	20,000,000	50	Tug fleet operating
✡	Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	50	Ship repairing & general engineering
✡	Huizhou Port Industrial Corporation Limited	China	RMB	300,000,000	27	Container terminal operating
✡ ⌘	Huizhou Quanwan Port Development Co., Ltd.	China	RMB	359,300,000	40	Port related land development
	Hutchison Atlantic Limited	British Virgin Islands	USD	10,000	80	Holding company
	Hutchison Delta Ports Limited	Cayman Islands/ Hong Kong	USD	2	80	Holding company
	Hutchison Port Holdings Limited	British Virgin Islands/ Hong Kong	USD	26,000,000	80	Holding company
	Hutchison Korea Terminals Limited	South Korea	Won	4,107,500,000	80	Container terminal operating
	Hutchison Laemchabang Terminal Limited	Thailand	THB	1,000,000,000	64	Container terminal operating
	Hutchison Ports Finance Limited	British Virgin Islands	USD	10	80	Finance
	Hutchison Ports (UK) Finance Plc	United Kingdom	GBP	50,000	80	Finance
	Hutchison Port Investments Limited	Cayman Islands	USD	74,870,807	80	Holding company
	Hutchison Ports Investments S.à r.l.	Luxembourg	EUR	12,500	80	Holding company
	Hutchison Ports (Jersey) Property Management Limited	Jersey	GBP	25,000,100	80	Port property management and leasing
	Hutchison Westport Investments Limited	British Virgin Islands	USD	2	80	Holding company
	Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP	138,623,200	80	Container terminal operating
	International Ports Services Co. Ltd.	Saudi Arabia	SAR	2,000,000	41	Container terminal operating
✡ ⌘	Jiangmen International Container Terminals Limited	China	USD	14,461,664	40	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	PKR	1,109,384,220	80	Container terminal operating
	Karachi New Port Container Terminals Limited	Pakistan	PKR	1,663,700,000	72	Container terminal operating
	Korea International Terminals Limited	South Korea	Won	45,005,000,000	71	Container terminal operating
	L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP	50,000,000	80	Container terminal operating
	Laemchabang International Ro-Ro Terminal Limited	Thailand	THB	50,000,000	64	Ro-Ro Terminal operation
	Maritime Transport Services Limited	United Kingdom	GBP	13,921,323	64	Container terminal operating
✡ ⌘	Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
✡ ⌘	Ningbo Beilun International Container Terminals Limited	China	RMB	700,000,000	39	Container terminal operating
+	Oman International Container Terminal L.L.C.	Oman	OMR	4,000,000	52	Container terminal operating

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services (continued)					
	Panama Ports Company, S. A.	Panama	USD	10,000,000	72	Container terminal operating
	Port of Felixstowe Limited	United Kingdom	GBP	100,002	80	Container terminal operating
+	PT Hutchison Ports Indonesia	Indonesia	IDR	130,000,000,000	80	Container terminal operating
	PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,000	41	Container terminal operating
✡	River Trade Terminal Co. Limited	British Virgin Islands/ Hong Kong	USD	1	40	River trade terminal operation
	Saigon International Terminals Vietnam Limited	Vietnam	USD	80,084,000	56	Container terminal operating
✡ ⌘	Shanghai Container Terminals Limited	China	RMB	1,000,000,000	30	Container terminal operating
✡ ⌘ +	Shanghai Mingdong Container Terminals Limited	China	RMB	4,000,000,000	40	Container terminal operating
⌘	Shantou International Container Terminals Limited	China	USD	88,000,000	56	Container terminal operating
⚐	Shenzhen Hutchison Inland Container Depots Co., Ltd.	China	HKD	92,000,000	57	Inland container depots services
⌘	Shenzhen Yantian West Port Terminals Limited	China	RMB	1,000,000,000	34	Container terminal operating
	SupplyLINE Logistics Limited	Hong Kong	HKD	10,000	41	Logistics services
✡ +	Taranto Container Terminal S.p.A	Italy	EUR	26,000,000	40	Container terminal operating
	Talleres Navales de Golfo, S.A. de C.V.	Mexico	MXP	143,700,000	80	Marine construction and ship repair yard
	Terminal Catalunya, S.A.	Spain	EUR	2,342,800	56	Container terminal operating
	Thai Laemchabang Terminal Co., Ltd.	Thailand	THB	800,000,000	70	Container terminal operating
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	1,801,666,000	56	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	64	Container terminal operating
# +	Westports Holdings Sdn. Bhd.	Malaysia	MYR	117,000,000	25	Holding company
✡ ⌘	Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	39	Container terminal operating
⌘	Yantian International Container Terminals Limited	China	HKD	2,400,000,000	38	Container terminal operating
⌘	Yantian International Container Terminals (Phase III) Limited	China	HKD	6,056,960,000	34	Container terminal operating
✡ ⌘	Zhuhai International Container Terminals (Gaolan) Limited	China	USD	105,750,000	40	Container terminal operating
✡ ⌘	Zhuhai International Container Terminals (Jiuzhou) Limited	China	USD	52,000,000	40	Container terminal operating
	Property and hotels					
	Aberdeen Commercial Investments Limited	Hong Kong	HKD	2	100	Property owning
	Consolidated Hotels Limited	Hong Kong	HKD	78,000,000	39	Investment in hotel
	Elbe Office Investments Limited	Hong Kong	HKD	2	100	Property owning
	Foxton Investments Limited	Hong Kong	HKD	10,000	100	Property owning
	Glenfuir Investments Limited	Hong Kong	HKD	1,000,000	100	Property owning
	Grafton Properties Limited	Hong Kong	HKD	100,000	100	Property owning
#	Harbour Plaza Hotel Management (International) Limited	British Virgin Islands/ Hong Kong	USD	2	50	Hotel management
	Harley Development Inc.	Panama/Hong Kong	USD	2	100	Property owning
	Hongville Limited	Hong Kong	HKD	2	100	Property owning
✡ ⚐	Hutchison Enterprises (Chongqing) Limited	China	RMB	470,000,000	50	Property owning
	Hutchison Estate Agents Limited	Hong Kong	HKD	50,000	100	Property management, agency & related services
	Hutchison Hotel Hong Kong Limited	Hong Kong	HKD	2	100	Investment in hotel
	Hutchison International Hotels Limited	British Virgin Islands	USD	1	100	Holding company
✡	Hutchison LR Development Limited	British Virgin Islands	USD	100	45	Property investment

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Property and hotels (continued)					
	Hutchison Lucaya Limited	Bahamas	USD	5,000	100	Investment in hotel
	Hutchison Whampoa Properties Limited	Hong Kong	HKD	2	100	Holding company
✡ ⚐ +	Hutchison Whampoa Properties (Beijing Chaoyang) Limited	China	USD	27,193,000	50	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Changchun) Limited	China	USD	34,870,000	50	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Changsha Wangcheng) Limited	China	RMB	149,000,000	50	Property developing
✡ 🕈 +	Hutchison Whampoa Properties (Chengdu) Limited	China	RMB	1,050,000,000	50	Property developing & investment
✡ ⌘ +	Hutchison Whampoa Properties (Chongqing Nanan) Limited	China	RMB	460,000,000	48	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited	China	RMB	250,000,000	50	Property developing
✡ ⚐ +	Hutchison Whampoa Properties (Guangzhou Panyu) Limited	China	RMB	190,000,000	50	Property developing & investment
✡ ⚐ +	Hutchison Whampoa Properties (Guangzhou Liwan) Limited	China	RMB	600,000,000	50	Property developing & investment
	Hutchison Whampoa Properties (Management & Agency) Limited	Hong Kong	HKD	20	100	Project management & related services
# 🕈 +	Hutchison Whampoa Properties (Shanghai) Lujiazui Limited	China	USD	372,000,000	25	Property developing & investment
✡ 🕈	Hutchison Whampoa Properties (Shanghai) Gubei Limited	China	USD	48,550,000	50	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Shenzhen) Co., Ltd.	China	USD	54,000,000	50	Property developing & investment
✡ ⚐	Hutchison Whampoa Properties (Tianjin) Limited	China	USD	47,500,000	40	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Wuhan Jianghan North) Limited	China	USD	54,400,000	50	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Wuhan Jianghan South) Limited	China	USD	59,300,000	50	Property developing
✡ 🕈 +	Hutchison Whampoa Properties (Xian) Limited	China	USD	59,600,000	50	Property developing
✡ 🕈 +	Hutchison Whampoa Properties (Zhuhai) Company Limited	China	USD	15,000,000	50	Property developing & investment
	Hybonia Limited	Hong Kong	HKD	20	100	Property owning
✡ ⌘ +	Jiangmen Hutchison Whampoa Properties Limited	China	RMB	120,000,000	45	Property developing
✡ +	Konorus Investment Limited	Hong Kong	HKD	2	43	Property developing
✡ +	Marketon Investment Limited	Hong Kong	HKD	4	50	Property owning
	Matrica Limited	Hong Kong	HKD	20	70	Property owning and hotel operation
	Mossburn Investments Limited	Hong Kong	HKD	1,000	100	Property owning
	Omaha Investments Limited	Hong Kong	HKD	10,000	88	Property owning
	Palliser Investments Limited	Hong Kong	HKD	100,000	100	Property owning
	Provident Commercial Investments Limited	Hong Kong	HKD	2	100	Property owning
# +	Randash Investment Limited	Hong Kong	HKD	110	39	Investment in hotel
✡ ⚐ +	Regal Lake Property Development Limited Guang Zhou	China	RMB	1,040,640,000	40	Property developing
	Rhine Office Investments Limited	Hong Kong	HKD	2	100	Property owning
✡ 🕈 +	Shanghai Cheung Tai Property Development Limited	China	RMB	870,000,000	50	Property developing
✡ 🕈 +	Shanghai Helian Property Development Co., Ltd.	China	USD	74,700,000	50	Property developing
✡ ⚐	Shanghai Westgate Mall Co., Ltd.	China	USD	40,000,000	30	Property owning
✡ ⚐	Shenzhen Hutchison Whampoa CATIC Properties Limited	China	RMB	620,000,000	40	Property developing & investment
✡ 🕈	Shenzhen Hutchison Whampoa Guanlan Properties Limited	China	RMB	250,000,000	50	Property developing
✡ 🕈	Shenzhen Hutchison Whampoa Longgang Properties Limited	China	RMB	232,000,000	50	Property developing
#	The Kowloon Hotel Limited	Bahamas/Hong Kong	USD	5	50	Investment in hotel
	Trillium Investment Limited	Bahamas/Hong Kong	USD	1,060,000	100	Property owning
	Turbo Top Limited	Hong Kong	HKD	2	100	Property owning
	Vember Lord Limited	Hong Kong	HKD	2	100	Property owning

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Retail					
	Alrodo Sa	Switzerland	CHF	10,000,000	100	Perfume retailing
	A.S. Watson & Company, Limited	Hong Kong	HKD	109,550,965	100	Holding company
	A.S.Watson (Europe) Holdings B.V.	Netherlands	EUR	18,300	100	Holding company
	A.S. Watson Group Holdings Limited	British Virgin Islands	USD	1	100	Holding company
	A.S. Watson Group (HK) Limited	British Virgin Islands/ Hong Kong	USD	1	100	Retailing, supermarket operating, and water, beverage & fruit juice manufacturing & distributing
	A.S.Watson (France) SNC	France	EUR	37,000	100	Holding company
	A/S Drogas	Latvia	LVL	1,280,000	100	Retailing
	DC Ukraine	Ukraine	UAH	29,300,000	65	Retailing
# +	Dirk Rossmann GmbH	Germany	EUR	12,000,000	40	Retailing
	Fortress Limited	Hong Kong	HKD	20	100	Retailing
	Guangzhou Park'N Shop Supermarkets Ltd	China	HKD	83,330,000	97	Retailing
⌘	Guangzhou Watson's Food and Beverages Co. Ltd.	China	USD	32,283,432	95	Beverage manufacturing & trading
	Guangzhou Watson's Personal Care Stores Co., Ltd	China	HKD	71,600,000	95	Retailing
	Ici Paris XL Nederland B.V.	Netherlands	EUR	20,000	100	Perfume retailing
	Kruidvat B.V.B.A.	Belgium	EUR	62,000	100	Retailing
	Kruidvat Retail B.V.	Netherlands	EUR	20,000	100	Retailing
+	Marionnaud Parfumeries S A	France	EUR	70,486,570	100	Perfume retailing
	Marionnaud Parfumeries Autriche GmbH	Austria	EUR	2,543,549	100	Perfume retailing
	Marionnaud Parfumeries Iberica, S.L.	Spain	EUR	35,802,167	100	Perfume retailing
	Marionnaud Parfumeries Portugal Lda	Portugal	EUR	550,000	100	Perfume retailing
	Marionnaud Parfumeries Italie Spa	Italy	EUR	3,500,000	100	Perfume retailing
✡	Nuance-Watson (HK) Limited	Hong Kong	HKD	20	50	Operation of duty free shops
✡	Nuance-Watson (Singapore) Pte Ltd.	Singapore	SGD	2	50	Operation of duty free shops
	Parfumerie Ici Paris XL N.V.	Belgium	EUR	770,000	100	Perfume retailing
	Park'N Shop Limited	Hong Kong	HKD	1,000,000	100	Supermarket operating
	Savers Health and Beauty Limited	United Kingdom	GBP	1,400,000	100	Retailing
+	Spektr Group Limited Liability Company	Russia	RUB	3,000,000	100	Retailing
	Superdrug Stores plc	United Kingdom	GBP	22,000,000	100	Retailing
	The Perfume Shop Limited	United Kingdom	GBP	100,000	100	Perfume retailing
	Watson's Personal Care Stores (Taiwan) Co., Limited	Taiwan	NT$	711,000,000	100	Retailing
	Watson's Personal Care Stores Pte Ltd	Singapore	SGD	5,000,000	100	Retailing
	Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR	5,000,000	100	Retailing
	Watsons Personal Care Stores (Philippines), Inc.	Philippines	PHP	135,000,000	60	Retailing
	Watson's The Chemist Limited	Hong Kong	HKD	1,000,000	100	Retailing

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Energy and infrastructure					
❋+	Cheung Kong Infrastructure Holdings Limited	Bermuda/Hong Kong	HKD	2,254,209,945	85	Holding Company
❋#+	Hongkong Electric Holdings Limited	Hong Kong	HKD	2,134,261,654	33	Electricity generating
❋#+	Husky Energy Inc.	Canada	C$	3,533,276,440	35	Investment in oil and gas
	Finance and investments					
	Binion Investment Holdings Limited	Cayman Islands	USD	3	100	Overseas portfolio investment
	Cavendish International Holdings Limited	Hong Kong	HKD	2,898,985,782	100	Holding company
	Hongkong and Whampoa Dock Company, Limited	Hong Kong	HKD	139,254,060	100	Holding company
	Hutchison International Finance (01/08) Limited	British Virgin Islands	USD	1	100	Finance
	Hutchison International Finance (03/08) Limited	British Virgin Islands	USD	1	100	Finance
	Hutchison International Finance (BVI) Limited	British Virgin Islands	USD	1	100	Finance
	Hutchison International Limited	Hong Kong	HKD	446,349,093	100	Holding company & corporate head office
	Hutchison OMF Limited	British Virgin Islands	USD	1	100	Overseas portfolio investment
	Hutchison Whampoa Europe Investments S.à r.l.	Luxembourg	EUR	1,764,026,850	100	Holding company
	Hutchison Whampoa (Europe) Limited	United Kingdom	GBP	1,000	100	Consultancy services
	Hutchison Whampoa Finance (03/13) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance (05) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance (06) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance (CI) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance UK plc	United Kingdom	GBP	50,000	100	Finance
	Hutchison Whampoa International (01/11) Limited	British Virgin Islands	USD	1	100	Finance
	Hutchison Whampoa International (03/13) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa International (03/33) Limited	Cayman Islands	USD	1	100	Finance
	Strategic Investments International Limited	British Virgin Islands	USD	1	53	Overseas portfolio investment
	Zeedane Investments Limited	British Virgin Islands	USD	1	100	Overseas portfolio investment
	Telecommunications					
❋	Hutchison Telecommunications International Limited	Cayman Islands/ Hong Kong	HKD	1,203,586,552	60	Holding company
	Hutchison Global Communications Limited	Hong Kong	HKD	20	60	Fixed line communications
	Hutchison Telecommunications (Hong Kong) Limited	Hong Kong	HKD	20	60	Holding company & mobile telecommunications services
❋	Partner Communications Company Ltd.	Israel	NIS	1,578,874	31	Mobile telecommunications services
	PT. Hutchison CP Telecommunications	Indonesia	IDR	649,890,000,000	36	Mobile telecommunications services
	3 Italia S. p. A.	Italy	EUR	6,512,715,450	97	3G mobile multimedia services
	Hi3G Access AB	Sweden	SEK	10,000,000	60	3G mobile multimedia services
	Hutchison 3G Austria GmbH	Austria	EUR	35,000	100	3G mobile multimedia services
	Hutchison 3G UK Limited	United Kingdom	GBP	1	100	3G mobile multimedia services
❋	Hutchison Telecommunications (Australia) Limited	Australia	AUD	1,045,193,771	52	Holding company & 3G multimedia services

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Others					
✡ ⌘ +	Guangzhou Aircraft Maintenance Engineering Company Limited	China	USD	65,000,000	50	Aircraft maintenance
❋	Hutchison Harbour Ring Limited	Bermuda/Hong Kong	HKD	895,065,271	72	Production of electronic products and mobile phone accessories
❋	Hutchison China MediTech Limited	Cayman Islands/China	USD	51,229,174	72	Holding company of pharmaceuticals and healthcare businesses
	Hutchison Whampoa (China) Limited	Hong Kong	HKD	15,000,000	100	Investment holding & China services
#	Metro Broadcast Corporation Limited	Hong Kong	HKD	1,000,000	50	Radio broadcasting
❋ #	TOM Group Limited	Cayman Islands/ Hong Kong	HKD	389,327,056	24	Cross media

The above table lists the principal subsidiary and associated companies and jointly controlled entities of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and jointly controlled entities would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation. The activity of portfolio investment is international, and not attributable to a principal place of operation.

Except Hutchison International Limited which is 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and jointly controlled entities are held indirectly.

❋ Company listed on the Stock Exchange of Hong Kong except Partner Communications Company Ltd. which is listed on the Tel Aviv Exchange and quoted on the Nasdaq Stock Market, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange, Husky Energy Inc. which is listed on the Toronto Stock Exchange, Hutchison China MediTech Limited which is listed on the Alternative Investment Market of London Stock Exchange and Hutchison Telecommunications International Limited which is also listed on the New York Stock Exchange.

Associated companies

✡ Jointly controlled entities

⌘ Equity joint venture registered under PRC law

⚐ Cooperative joint venture registered under PRC law

⌖ Wholly owned foreign enterprise (WOFE) registered under PRC law

\+ The accounts of these subsidiary and associated companies and jointly controlled entities have been audited by firms other than PricewaterhouseCoopers. The aggregate net assets, turnover (excluding share of associated companies and jointly controlled entities) attributable to shareholders of these companies not audited by PricewaterhouseCoopers amounted to approximately 13% and 6.7% of the Group's respective items.

Schedule of Principal Properties

at 31 December 2008

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Hutchison House, 10 Harcourt Road, Hong Kong	IL 8286	Long	100%	503,715	C	Existing
Cheung Kong Center, 2 Queen's Road, Central, Hong Kong	IL 8887	Medium	100%	1,263,363	C	Existing
Aon China Building, 29 Queen's Road, Central, Hong Kong	IL 2317	Long	100%	258,751	C	Existing
Cavendish Centre, 23 Yip Hing Street, Wong Chuk Hang, Hong Kong	AIL 399	Long	100%	342,868	I	Existing
Aberdeen Centre, Aberdeen, Hong Kong	AIL 302 & 304	Long	100%	345,026	C	Existing
Provident Centre, Wharf Road, Hong Kong	IL 8465	Long	100%	209,768	C	Existing
Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong	IL 8885	Medium	39%	343,081	H	Existing
Trust Tower, 1/F -20/F, 68-74 Johnston Road, Wan Chai, Hong Kong	IL 4280 & RP of Sec A of ML 64A	Long	43%	56,260	C	Existing
One and Two Harbourfront and	Sec A, B & RP of	Long	100%	862,988	C	Existing
Harbour Plaza Hong Kong,	HHML 6 and	Long	100%	510,932	H	Existing
Hung Hom, Kowloon	extension thereto					
Harbour Plaza Metropolis, Hung Hom Bay, Kowloon	KIL 11077	Medium	50%	461,310	H	Existing
Hunghom Bay Centre, Hung Hom, Kowloon	RP of HHML 1	Long	100%	80,402	C	Existing
Whampoa Garden, Hung Hom, Kowloon	KIL 10750 Sec A-H & Sec J-L	Long	100%	1,713,990	C	Existing
Sheraton Hong Kong Hotel & Towers, Salisbury Road, Tsim Sha Tsui, Kowloon	KIL 9172	Long	39%	729,945	H	Existing
The Kowloon Hotel, 19-21 Nathan Road, Kowloon	KIL 10737	Medium	50%	329,486	H	Existing
Victoria Mall, Canton Road, Kowloon	RP of KIL 11086	Medium	43%	168,002	C	Existing
9 Chong Yip Street, Kwun Tong, Kowloon	KTIL 444	Medium	64%	124,724	C	Existing
Hutchison Logistics Centre	M/F to 6/F on KCL No 4	Medium	88%	4,705,141	C/W	Existing
Kwai Chung, New Territories	G/F on KCL No 4	Medium	66%	737,394	C/W	Existing
Watson Centre, 16-24 Kung Yip Street, Kwai Chung, New Territories	KCTL 258	Medium	100%	687,200	I	Existing
99 Cheung Fai Road	TYTL 139	Medium	53%	59,713	C	Existing
at Container Terminal No 9,		Medium	100%	300,268	C	Existing
Tsing Yi, New Territories						
Rambler Crest and Hotel Development, Tsing Yi, New Territories	TYTL 140	Medium	70%	485,206	H/C	Existing
Shopping Centre of Belvedere Garden,						
Phase 1	TWTL 308	Medium	100%	21,340	C	Existing
Phase 2	TWTL 316 (Plot A)	Medium	65%	120,039	C	Existing
Phase 3	TWTL 316 (Plot B)	Medium	100%	131,945	C	Existing
Castle Peak Road, Tsuen Wan, New Territories						
Watson House, Wo Liu Hang Road, Shatin, New Territories	STTL 61	Medium	100%	280,900	C/W	Existing
Horizon Suite Hotel at Tolo Harbour, Ma On Shan, New Territories	STTL 461	Medium	49%	602,784	H	Existing
Watson's Water Centre, 6 Dai Li Street, Tai Po Industrial Estate, New Territories	Tai Po Town Lot 1 Sec B SS2	Medium	100%	255,138	I	Existing

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Food distribution depot,	FSSTL 97	Medium	100%	142,394	I	Existing
Sheung Shui, New Territories						
Caribbean Coast,	TCTL 5	Medium	50%	53,820	C	Existing
Tung Chung, New Territories		Medium	50%	113,022	R	Existing
A residential development at Hung Shui Kiu,	Lot No. 2064 in DD121	Medium	50%	536,855	R	2010 (10%)
Yuen Long, New Territories						
(site area approx 175,367 sq ft)						
Cement manufacturing plant,	TMTL 201	Medium	85%	1,645,301	I	Existing
Tap Shek Kok, Tuen Mun, New Territories						
Oriental Plaza,	Dong Chang An Jie, Beijing	Medium	18%	4,389,768	C	Existing
Dong Chang An Jie, Beijing, China		Medium	18%	614,333	H	Existing
		Medium	18%	1,162,889	SA	Existing
Great Wall Hotel, 10 North Dong Sang Hun	Chaoyang District	Medium	49.8%	898,800	H	Existing
Road, Chao Yang District, Beijing, China	Beijing					
The Greenwich,	Chaoyang District, Beijing					
Yao Jia Yuan Lu Bei,	Phases 1A & 1B	Long	50%	59,431	R	Existing
Chaoyang District, Beijing, China	Commercial	Medium	50%	25,586	C	Existing
(site area approx 2,882,094 sq ft)	Phase 1C	Long	50%	956,504	R	2010 (1%)
	Phase 2	Long	50%	1,618,187	R	2012 (1%)
A residential development at Shisanling,	Shisanling, Beijing	Long	50%	861,104	R	2011 (1%)
Beijing, China						
(site area approx 2,759,106 sq ft)						
Metropolitan Plaza, Chongqing, China	Ba Yi Lu, Chongqing	Medium	50%	1,511,515	C	Existing
Harbour Plaza Chongqing, China	Ba Yi Lu, Chongqing	Medium	50%	556,972	H	Existing
Cape Coral,	Nanan, Chongqing					
Nanan, Chongqing, China	Phase 1A	Medium	48%	431,811	C	2009 (60%)
(site area approx 1,380,070 sq ft)	Phase 1A	Medium	48%	815,831	R	2009 (56%)
	Phase 1B	Medium	48%	1,160,112	R	2009 (50%)
	Phase 2	Medium	48%	1,670,779	R/C	2012 (3%)
Noble Hills, Chongqing, China	Douxi, Chongqing					
(site area approx 4,811,720 sq ft)	Phases 1-2	Medium	50%	1,542,356	R	2011 (1%)
	Phases 3-5	Medium	50%	2,847,822	R	2012 (1%)
	Commercial	Medium	50%	27,405	C	2010 (33%)
A commercial and residential development	YangJiaShan, Chongqing					
at YangJiaShan, Chongqing, China	Land No. 1	Medium	48%	2,147,497	R/C	2012 (1%)
(site area approx 11,208,991 sq ft)	Land No. 2	Medium	48%	1,480,841	R/C	2013 (1%)
	Land Nos. 3-18	Medium	48%	29,629,254	R/C	2021 (1%)
Le Parc,	Chengdu High-Tech Zone					
Chengdu High-Tech Zone	Phase 1A	Long	50%	757,992	R	2009 (98%)
Chengdu, China	Phase 1B	Long	50%	1,309,797	R	2009 (90%)
(site area approx 7,339,065 sq ft)	Phase 2A	Long	50%	2,185,417	R	2010 (15%)
	Phase 2B	Long	50%	1,231,303	R	2010 (8%)
	Phases 3-8	Long	50%	15,958,908	R/C	2015 (2%)
Regency Oasis,	Wenjiang, Chengdu					
Wenjiang, Chengdu, China	Phase 1A	Long	50%	1,496,061	R	2010 (69%)
(site area approx 4,018,482 sq ft)	Phase 1B	Long	50%	2,028,352	R/C	2011 (3.5%)
	Phase 2	Long	50%	1,751,249	R	2012 (2%)
The Riverside and Metropolitan Plaza	Huangsha MTR Station Podium					
Guangzhou, China	Phase 2	Long	50%	557,233	R	Existing
(site area approx 767,265 sq ft)	Phase 3	Long	50%	1,666,139	R	2009 (35%)
	Commercial	Long	50%	936,644	C	2009 (90%)
Cape Coral, Panyu, Guangzhou, China	Da Shi, Panyu					
(site area approx 4,753,003 sq ft)	Residential					
	Phases 1 & 2	Long	50%	316,446	R	Existing
	Phases 3 & 4	Long	50%	3,453,372	R	2012 (1%)
	Commercial					
	Phase 1	Long	50%	19,805	C	Existing
	Phase 4	Long	50%	21,528	C	2012 (1%)

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Zengcheng Project, Guangzhou, China (site area approx 22,740,374 sq ft)	Zengcheng Project, Guangzhou	Long	50%	3,573,474	R/C	2013 (1%)
International Toys & Gifts Center, Huang Pu District, Guangzhou, China (site area approx 3,457,989 sq ft)	Nangnag Village Head of Lang Bridge, Hunag Pu District, Guangzhou					
	Phase 1	Medium	30%	453,907	C	Existing
	Phases 2 & 3	Medium	30%	1,844,269	C	2012 (1%)
Jinkeng Village, Zhongxin Town, Luogang District, Guangzhou, China (site area approx 2,427,750 sq ft)	Phase 1	Long	40%	497,521	R/C	2011 (1%)
	Phase 2	Long	40%	1,998,174	R/C	2013 (1%)
Laguna Verona, Dongguan, Guangdong, China (site area approx 35,486,623 sq ft)	Hwang Gang Lake, Dongguan					
	Commercial	Long	49.8%	9,321	C	Existing
	Phase D Stage 1	Long	49.8%	1,298,093	R	2011 (3%)
	Phase D Stage 2	Long	49.8%	1,211,552	R	2012 (3%)
	Phase D Stage 3	Long	49.8%	951,940	R	2013 (3%)
	Phase G Stage 1	Long	49.8%	3,669,110	R	2012 (1%)
	Phase G Stage 1	Long	49.8%	90,416	C	2012 (17%)
	Phaes G Stage 2	Long	49.8%	1,275,909	R	2011 (1%)
	Phase E	Long	49.8%	560,816	R	2013 (1%)
	Other Phases	Long	49.8%	9,851,062	R/C	2015 (1%)
Harbour Plaza Golf Club, Dongguan, Guangdong, China	Hwang Gang Lake, Dongguan Golf course	Medium	50%	14,257,654	G	Existing
Le Parc (Huangpu Yayuan), Futian, Central District, Shenzhen, China	Central District, Shenzhen	Long	50%	102,953	C	Existing
Regency Park (Guan Hu Yuan), Guanlan, Baoan, Shenzhen, China (site area approx 4,045,594 sq ft)	Baoan District, Shenzhen					
	Phase 1	Long	50%	618,004	R	2009 (60%)
	Phase 2	Long	50%	429,045	R	2009 (60%)
	Phase 3	Long	50%	649,445	R	2010 (5%)
Le Sommet (Yu Feng Yuan), Feng Huang Shan, Shenzhen, China (site area approx 2,407,822 sq ft)	Ping Hu, Longgang District, Shenzhen					
	Phase 1	Long	50%	682,231	R/C	2009 (70%)
	Phases 2 & 4	Long	50%	1,623,515	R	2011 (1%)
	Phase 3	Long	50%	825,745	R/C	2011 (1%)
Huaqiangbei Development, Huaqiangbei, Futian District, Shenzhen, China (site area approx 184,118 sq ft)	Shennan Road, Huaqiangbei	Medium	40%	1,488,590	C	2010 (20%)
	Futian District, Shenzhen	Medium	40%	444,653	R	2010 (5%)
Noble Hills (Heng Keng Reservoir) Guanlan, Shenzhen, China (site area approx 916,911 sq ft)	South of Heng Keng Reservoir Guanlan, Baoan District, Shenzhen	Long	50%	1,561,720	R/C	2011(1%)
A residential development at Aotou, Daya Bay, Huizhou, China (site area approx 861,664 sq ft)	Aotou, Daya Bay District, Huizhou	Long	50%	2,569,534	R	2013 (1%)
Horizon Cove, Tang Jia Bay, Zhuhai, China	Tang Jia Bay, Zhuhai					
	Phase 1	Long	50%	82,042	C	Existing
	Phase 4	Long	50%	1,074,133	R	Existing
	Commercial	Medium	50%	24,567	C	Existing
A residential development at Qiao Island, Zhuhai, China (site area approx 2,152,760 sq ft)	Qiao Island, Zhuhai					
	Phase 1A	Long	50%	617,293	R	2011 (10%)
	Phase 1B	Long	50%	330,147	R	2012 (10%)
	Phase 2A	Long	50%	295,057	R	2013 (6%)
	Phase 2B	Long	50%	646,474	R	2014 (6%)
	Phase 2C	Long	50%	650,564	R	2016 (6%)
A residential development, Yinhuwan, Jiangmen, China (site area approx 14,351,730 sq ft)	Yinhuwan, Jiangmen					
	Phases 1 & 2	Long	45%	1,470,475	R	2013 (1%)
	Phase 3	Long	45%	773,594	R	2014 (1%)
	Phase 4A	Long	45%	883,708	R	2015 (1%)
	Phase 4B	Long	45%	442,392	R	2016 (1%)
	Phase 5	Long	45%	656,775	R	2017 (1%)
	Commercial / Hotel	Medium	45%	290,623	C/H	2013 (1%)

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Westgate Mall & Tower, Mei Long Zhen, Shanghai, China	Nanjing Xi Lu / Jiang Ning Lu, Shanghai	Medium	30%	1,099,361	C	Existing
Seasons Villas, Pudong Huamu, Shanghai, China (site area approx 2,653,180 sq ft)	Huamu Road, Pudong, Shanghai					
	Phases 1-4, 5, 6, 6A & 6B	Long	50%	1,150,855	R	Existing
	Phase 4A	Long	50%	16,146	R	2009 (99%)
Regency Park, Pudong Huamu, Shanghai, China (site area approx 4,924,375 sq ft)	Huamu Road, Pudong, Shanghai					
	Phase 2A	Medium	50%	61,903	C	Existing
	Phase 2B	Medium	50%	106,734	C/H/R	2010 (20%)
	Phases 6A & 8A	Medium	50%	72,171	C	2009 (30%)
	Phases 6 & 7	Medium	50%	129,532	R	Existing
	Phase 8	Medium	50%	62,398	R	2009 (10%)
Maison des Artistes, Gubei, Shanghai, China	Gubei Road, Shanghai					
	Phases 3C & 3D	Long	50%	442,668	R	Existing
	Commercial	Long	50%	190,207	C	Existing
Century Avenue, Shanghai, China (site area approx 551,978 sq ft)	Lot 2-4, Century Avenue, Pudong, Shanghai	Medium	25%	2,351,427	C/H	2011 (4%)
A residential development at Maqiao, Shanghai, China (site area approx 2,804,626 sq ft)	Kun Yang Road (N), Maqiao Town, Ming Hang Area, Shanghai					
	Phases 1A & 1B	Long	43%	214,684	R	2009 (20%)
	Phase 2	Long	43%	262,077	R	2011 (5%)
A commercial development at Xin Zha Road, Shanghai, China (site area approx 156,376 sq ft)	Xin Zha Road / Datian Road, Jing An Area, Shanghai	Long	30%	623,353	C	2011 (1%)
A commercial & residential development at Zhen Ru Fu Zhong Xin (A3 to A6), Putuo District, Shanghai, China (site area approx 1,908,013 sq ft)	Putuo District, Shanghai	Long	38%	1,558,577	R	2016 (1%)
	A3 to A6	Medium	38%	6,191,359	C/H	2016 (1%)
A commercial development at Lujiazui, Pudong New District, Shanghai, China (site area approx 100,082 sq ft)	Lujiazui, Pudong New District, Shanghai	Medium	50%	861,104	C	2011 (1%)
A residential development at Zhoupu Shanghai, China (site area approx 2,835,368 sq ft)	Hu Nan Road / Fang Rong Road Zhoupu, Nan Hui Area, Shanghai					
	Phase 1A	Long	42.5%	756,480	R	2010 (2%)
	Phase 1B	Long	42.5%	1,246,125	R/C	2011 (2%)
	Phase 2A	Long	42.5%	616,335	R	2011 (2%)
	Phase 2B	Long	42.5%	1,033,712	R	2012 (2%)
A residential development at Tianning District, Changzhou, China (site area approx 867,562 sq ft)	Tianning District Changzhou					
	Phase 1A	Long	50%	316,779	R	2010 (1%)
	Phase 1B	Long	50%	330,664	R	2011 (1%)
	Phase 2A	Long	50%	723,327	R	2012 (1%)
	Phase 2B	Long	50%	1,022,992	R	2012 (1%)
The Greenwich, Xian, China (site area approx 5,176,674 sq ft)	Xian Hi-Tech Industrial Development Zone					
	Phase 1A	Long	50%	1,269,138	R	2009 (85%)
	Phase 1B	Long	50%	1,498,041	R/C	2009 (60%)
	Phase 2A	Medium	50%	1,387,260	R/C	2010 (15%)
	Phase 2B	Medium	50%	1,307,856	R/C	2011 (8%)
	Phase 3A	Medium	50%	1,525,553	R/C	2011 (3%)
	Phase 3B	Medium	50%	1,263,853	R/C	2012 (3%)
	Phase 4A	Long	50%	923,534	R	2012 (1%)
	Phase 4B	Long	50%	2,139,510	R/C	2012 (1%)

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Noble Hills, Changsha, China (site area approx 5,989,301 sq ft)	Wangcheng Jinxing Dadao, Changsha					
	Phase 1A	Long	50%	83,129	R/C	2009 (75%)
	Phase 1B	Long	50%	1,009,117	R	2009 (15%)
	Phase 2	Long	50%	862,030	R	2010 (1%)
	Phases 3-6	Long	50%	5,034,692	R/C	2012 (1%)
Regency Park Jingyuetan, Changchun, China (site area approx 9,910,123 sq ft)	Jingyuetan, Changchun					
	Phase 1	Medium	50%	659,573	R	2009 (45%)
	Phase 2	Medium	50%	1,169,444	R/C	2010 (20%)
	Phase 3	Medium	50%	1,796,930	R/C	2011 (1%)
	Phase 4	Medium	50%	688,657	R/C	2012 (1%)
Regency Residence Nanguan, Changchun, China (site area approx 2,214,114 sq ft)	Nanguan, Changchun					
	Phase 1A	Medium	50%	622,352	R/C	2009 (20%)
	Phase 1B	Medium	50%	687,871	R/C	2010 (10%)
	Phase 2	Medium	50%	1,631,222	R/C	2011 (1%)
A commercial & residential development at Xiaogangwan, Qingdao, China (site area approx 3,355,938 sq ft)	Xiaogangwan, Qingdao Phases 1-5	Long	45%	9,899,994	R/C	2017 (1%)
A commercial & residential development at Wuhan, China (site area approx 1,140,274 sq ft)	Hualou Jie, Wuhan	Long	50%	3,946,773	R/C	2014 (1%)
A commercial & residential development at Wuhan, China (site area approx 379,036 sq ft)	Laopupian, Wuhan	Long	50%	1,728,935	R/C	2013 (1%)
A commercial & residential development at Wuhan, China (site area approx 8,294,627 sq ft)	Caidian, Wuhan	Long	50%	16,133,741	R/C/H	2016 (1%)
Tianjin Metropolitan Tianjin, China (site area approx 211,153 sq ft)	Yingkoudao, Tianjin					
	Phase 1	Medium	40%	635,193	C	2010 (12%)
	Phase 2	Medium	40%	2,107,025	R/C	2010 (12%)
Albion Riverside, United Kingdom	Wandsworth, London	Freehold	45%	79,242 *	C	Existing
A commercial & residential development at Lots Road, Chelsea, London, United Kingdom (site area approx 384,199 sq ft)	Chelsea / Fulham, London	Freehold	48%	770,550 *	R	2013 (1%)
		Freehold	48%	78,180 *	C	2012 (1%)
A commercial & residential development at Convoys Wharf, London, United Kingdom (site area approx 1,742,400 sq ft)	Convoys Wharf, London	Freehold	50%	2,342,994 *	R	2018 (1%)
		Freehold	50%	991,297 *	C	2018 (1%)
Marina Bay, Marina Boulevard/Central Boulevard Singapore (site area approx 574,045 sq ft)	Land Parcel 662, Singapore					
	Phase 1	Long	17%	2,626,367	R/C	2010 (27%)
	Phase 2	Long	17%	2,088,177	R/C	2012 (6%)
Land Parcel At West Coast Crescent Singapore (site area approx 129,168 sq ft)	Lot 8341X Mukum 5	Long	50%	361,670	R	2013 (1%)
The Westin and Sheraton at Our Lucaya Beach & Golf Resort in Freeport, Grand Bahama, Bahamas	Lucaya, Freeport, Grand Bahama Island	Freehold	100%	1,027,494	H	Existing
		Freehold	100%	320 acres	G	Existing

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal No 4, Kwai Chung, New Territories	KCL No 4	Medium	53%	70 acres	CT	Existing
Container Terminal No 6, Kwai Chung, New Territories	KCL No 6	Medium	53%	71 acres	CT	Existing
Container Terminal No 7, Kwai Chung, New Territories	KCL No 7 and extension	Medium	53%	85 acres	CT	Existing
Container Terminal No 8, East, Kwai Chung, New Territories	KCL No 8	Medium	27%	74 acres	CT	Existing
Container Terminal No 9, Tsing Yi, New Territories	TYTL 139 TYL 9 (co-grantee)	Medium	53%	47 acres	CT	Existing
Mid-Stream Terminal, Stonecutters Island, Hong Kong	KCTL No 479	Medium	80%	360,000	CT	Existing
River Trade Terminal, Tuen Mun, New Territories	TMTL No 393	Medium	40%	7,000,000	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases I & II)	Yantian, Shenzhen	Medium	38%	13,947,657	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases III & Expansion)	Yantian, Shenzhen	Medium	34%	24,341,000	CT	2010 (64%)
Container Terminal at West Port, Shenzhen, China	Yantian, Shenzhen	Medium	34%	1,862,522	CT	Existing
Inland Container Depot and Warehousing, Guanlan, Shenzhen, China	Guanlan, Shenzhen	Medium	57%	3,591,699	D/W	Existing
Container Terminal at Dayabay, Huizhou, Guangdong, China	Dayabay, Huizhou, Guangdong	Medium	27%	5,597,417	CT	Existing
Container Terminal at Jiuzhou, Zhuhai, Guangdong, China	Lovers Avenue South, Zhuhai, Guangdong	Medium	40%	1,659,592	CT	Existing
Multi purpose Terminal at Zhuhai Port, Gaolan, Zhuhai, Guangdong, China	Zhuhai Port, Zhuhai, Guangdong	Medium	40%	2,242,392	CT	Existing
Container Terminal at Zhuhai Port (Phase II), Gaolan, Zhuhai, Guangdong, China	Zhuhai Port, Zhuhai, Guangdong	Medium	40%	6,072,998	CT	2009 (65%)
Container Terminal at Zhuchi Port, Shantou, Guangdong, China	Zhuchi Port, Shantou, Guangdong	Medium	56%	4,582,505	CT	Existing
Container Terminal at San Shan Port, Nanhai, Guangdong, China	San Shan Island, Nanhai, Guangdong	Medium	40%	4,256,425	CT	Existing
Container Terminal at Gaosha Port, Jiangmen, Guangdong, China	Gaoshawei, Baishi Administration Area, Jiangmen, Guangdong	Medium	40%	1,337,675	CT	Existing
Container Terminal at Haicang Port, Xiamen, Fujian, China	Haicang Port Zone, Xiamen, Fujian	Medium	39%	5,016,444	CT	Existing
Container Terminal at Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai, China	Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai	Medium	30%	8,983,662	CT	Existing
Container Terminal at Waigaoqiao, Phase V, Shanghai, China	Waigaoqiao, Phase V, Pudong, Shanghai	Medium	40%	17,534,372	CT	Existing

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminals at Beilun, Ningbo, Zhejiang, China	Beilun, Ningbo, Zhejiang	Medium	39%	8,140,591	CT	Existing
Multi-Purpose Terminal at Laem Chabang, Thailand	A2, Laem Chabang	Medium	70%	1,829,825	CT	Existing
Multi Purpose Terminal at Laem Chabang, Thailand	C0, Laem Chabang	Medium	64%	78 acres	CT	Existing
Container Terminal at Laem Chabang, Thailand	A3, C1, C2, D1, D2, D3, Laem Chabang	Medium	64%	359 acres	CT	2011 (48%)
Container Terminals at Thi Vai-Cai Mep Port Area, Ba Ria-Vung, Tau Province, Vietnam	Lot No.105 (Map Street No.08) Phu My Town, Tan Thanh District, Ba Ria-Vung, Tau Province, Vietnam	Medium	56%	3,631,171	CT	2010 (50%)
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT 1 & CT2 Tanjung Priok, Jakarta	Medium	41%	246 acres	CT	2011 (80%)
Container Terminal at Port Klang, Selangor, Malaysia	Westports, Port Klang, Pulau Indah	Medium	25%	1,450 acres	CT	Existing
Container Terminal at Karachi, Pakistan (Phases I & II)	Berth Nos 28 to 30 West Wharf	Medium	80%	1,466,284	CT	Existing
Container Terminal at Karachi, Pakistan (Phase III)	Berth Nos 26 to 27 West Wharf	Medium	80%	1,336,084	CT	2009 (95%)
Container Terminal at 1116, Jwachon-dong, Dong-ku, Busan, South Korea	Busan, Busan-si	Medium	80%	160 acres	CT	Existing
Container Terminal at 624, Gamman-Dong Nam-ku, Busan, South Korea	Gamman, Busan-si	Medium	80%	37 acres	CT	Existing
Berth 3 of Phase I, Container Terminal at 775, Doi-dong, Gwangyang-si, Jeollanam-do, South Korea	Gwangyang, Gwangyang-si Phase 1	Medium	80%	2,187,946	CT	Existing
Berth 4 of Phase I, Container Terminal at 775, Doi-dong, Gwangyang-si, Jeollanam-do, South Korea	Gwangyang, Gwangyang-si Phase 1	Medium	71%	2,187,946	CT	Existing
Container Terminal at 1379, Hwanggil-dong, Gwangyang-si, Jeollanam-do, South Korea	Gwangyang, Gwangyang-si Phase 2-2	Medium	71%	5,737,351	CT	Existing
Container Terminal at Felixstowe, United Kingdom	Felixstowe, County of Suffolk	Long Freehold	80% 80%	540 acres 250 acres	CT CT	Existing Existing
Container Terminal at Thamesport, United Kingdom	Isle of Grain County of Kent	Long	64%	240 acres	CT	Existing
Multi purpose freight & passenger port & Bathside Bay Land, Harwich, United Kingdom	Harwich, County of Essex	Freehold Freehold	80% 80%	185 acres 250 acres	P CT	Existing 2016 (25%)
Container Terminal in Taranto Port, Molo Polisettoriale, Italy	Molo Polisettoriale, Taranto Port, S.S. 106	Long	40%	252 acres	CT	Existing
Container Terminal at Amsterdam, The Netherlands	Port of Amsterdam	Long	56%	136 acres	CT	Existing
Ro Ro Terminal at Amsterdam, The Netherlands	Port of Amsterdam	Long	56%	42 acres	CT	Existing
Container Terminal at Rotterdam, The Netherlands	Home Terminal, Rotterdam Delta Terminal, Rotterdam Euromax Terminal, Rotterdam	Long Long Long	75% 71% 75%	166 acres 655 acres 208 acres	CT CT CT	Existing Existing Existing

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Inland Container Terminal at Venlo, The Netherlands	TCT Venlo Terminal	Freehold	75%	16 acres	CT	Existing
Inland Container Terminal at Willebroek, Belgium	TCT Belgium Terminal, Willebroek	Freehold	75%	25 acres	CT	Existing
Inland Container Terminal at Duisburg, Germany	DeCeTe Terminal, Duisburg	Long	39%	42 acres	CT	Existing
Container Terminal at Muelle Principe de Espana, Barcelona, Spain	Terminal de Catalunya, Barcelona, Spain	Medium	56%	4,708,113	CT	Existing
Container Terminal at Gdynia, Poland	Port of Gdynia Poland	Long	79%	46 acres	CT	2015 (49%)
Container Terminal at Sohar, Sultanate of Oman	Plot 2B, Sohar Industrial Port	Medium	52%	69 acres	CT	Existing
Container Terminal at Alexandria, Egypt	Alexandria	Medium	40%	1,207,731	CT	Existing
	El Dekheila	Medium	40%	2,004,848	CT	Existing
Container Terminal at Veracruz, Mexico	Recinio portuario, Zona II Puerto de Veracruz, Veracruz	Medium	80%	4,492,133	CT	Existing
Container Terminal at Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	80%	1,552,508	CT	Existing
Cruise Port & Marina at Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	80%	2,137,449	P	Existing
Container Terminal at Manzanillo, Mexico	CT Manzanillo	Medium	80%	914,468	CT	Existing
Inland Container Depot at Manzanillo, Mexico	Ejido Tapeixtles	Freehold	80%	645,835	CT	Existing
Inland Container Depot at Santa Fe, Veracruz, Mexico	Ejido Delfino Vict.	Freehold	80%	1,723,141	CT	Existing
Container Terminal at Lazaro Cardenas, Michoacan, Mexico	Lazaro Cardenas, Michoacan	Freehold	80%	2,220,024	CT	Existing
		Medium	80%	1,658,941	CT	Existing
		Medium	80%	3,049,416	CT	2009 (74%)
Container Terminal at Buenos Aires, Argentina	Puerto Nuevo, Buenos Aires	Short	80%	67 acres	CT	Existing
Grand Bahama International Airport, Bahamas	Freeport, Grand Bahama Island	Freehold	40%	2,655 acres	A	Existing
Sea Air Business Centre at Freeport, Bahamas	Freeport, Grand Bahama Island	Freehold	40%	721 acres	C	Existing
Cruise Port at Freeport, Bahamas	Freeport, Grand Bahama Island	Freehold	40%	1,630 acres	P/CT	Existing
Container Terminal at Freeport, Bahamas	Freeport, Grand Bahama Island	Long	41%	168 acres	CT	Existing

Lease term: Long = lease not less than 50 years; Medium = lease less than 50 years but not less than 10 years; Short = lease less than 10 years.

* Total net floor area for UK projects

A = Airport C = Commercial CT = Container Terminal D = Depot G = Golf Course H = Hotel I = Industrial I/O = Industrial/Office

P = Cruise Port SA = Serviced Apartment R = Residential W = Warehouse

Ten Year Summary

	1999	2000	2001	2002	2003	2004	2005	2006	2007	**2008**
CONSOLIDATED PROFIT AND LOSS ACCOUNT										
HK$ millions										
Revenue	55,442	57,022	61,460	75,235	104,921	134,595	182,584	183,812	218,726	**235,461**
Profit attributable to shareholders of the Company	117,882	34,335	9,547	11,944	7,913	12,978	14,343	20,030	30,600	**17,664**
Dividends	6,318	7,375	7,375	7,375	7,375	7,375	7,375	7,375	7,375	**7,375**
CONSOLIDATED BALANCE SHEET										
HK$ millions										
ASSETS										
Non-current assets										
Fixed assets	33,431	34,962	50,695	91,008	123,508	147,603	124,243	140,181	181,342	**173,246**
Investment properties	28,704	29,208	27,138	27,155	25,892	31,741	38,557	41,657	43,680	**41,282**
Leasehold land	24,790	24,628	29,200	29,968	31,027	31,037	32,374	35,293	36,272	**34,745**
Telecommunications licences	–	80,039	78,152	89,581	98,943	103,060	84,624	89,077	91,897	**72,175**
Telecommunications postpaid customer acquisition and retention costs	–	–	–	–	1,647	6,823	6,172	10,532	8,771	**12,022**
Goodwill	–	–	333	7,838	8,583	10,577	17,959	21,840	31,520	**30,318**
Brand names and other rights	–	1,071	1,807	2,034	1,929	1,559	3,579	7,582	10,901	**10,486**
Associated companies	25,395	37,997	36,899	45,055	50,662	54,887	65,334	74,954	75,545	**76,478**
Interests in joint ventures	34,193	38,634	37,146	33,598	37,233	35,756	37,284	38,507	39,725	**45,865**
Deferred tax assets	425	720	974	1,725	5,372	12,259	15,635	17,159	17,619	**13,248**
Other non-current assets	3,261	7,645	7,851	6,550	7,682	8,230	4,426	3,762	5,082	**8,904**
Liquid funds and other listed investments	172,906	127,446	71,204	75,597	63,929	66,503	60,669	66,251	69,192	**30,735**
	323,105	382,350	341,399	410,109	456,407	510,035	490,856	546,795	611,546	**549,504**
Net current assets (liabilities)	17,108	9,632	41,805	(1,813)	65,209	45,899	22,083	40,535	45,060	**22,864**
Total assets less current liabilities	340,213	391,982	383,204	408,296	521,616	555,934	512,939	587,330	656,606	**572,368**
Non-current liabilities										
Bank and other debts	80,662	107,004	129,018	141,569	230,182	254,779	233,454	260,970	260,086	**234,141**
Interest bearing loans from minority shareholders	640	338	575	1,099	5,885	5,096	5,429	12,030	12,508	**13,348**
Deferred tax liabilities	8,204	8,675	10,259	10,237	10,357	11,674	13,750	15,019	17,957	**13,616**
Pension obligations	–	–	131	2,105	1,943	2,424	2,323	2,378	1,468	**2,541**
Other non-current liabilities	–	916	1,541	2,522	2,408	2,167	4,354	6,368	5,929	**4,586**
	89,506	116,933	141,524	157,532	250,775	276,140	259,310	296,765	297,948	**268,232**
Net assets	250,707	275,049	241,680	250,764	270,841	279,794	253,629	290,565	358,658	**304,136**
CAPITAL AND RESERVES										
Share capital	969	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	**1,066**
Reserves	243,222	245,915	210,055	216,202	236,741	250,105	242,488	272,728	308,948	**270,510**
Total shareholders' funds	244,191	246,981	211,121	217,268	237,807	251,171	243,554	273,794	310,014	**271,576**
Minority interests	6,516	28,068	30,559	33,496	33,034	28,623	10,075	16,771	48,644	**32,560**
Total equity	250,707	275,049	241,680	250,764	270,841	279,794	253,629	290,565	358,658	**304,136**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	**2008**
PERFORMANCE DATA										
Earnings per share for profit attributable to shareholders of the Company – (HK$)	27.65	8.05	2.24	2.80	1.86	3.04	3.36	4.70	7.18	**4.14**
Dividends per share – (HK$)	1.48	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	**1.73**
Dividend cover	18.7	4.7	1.3	1.6	1.1	1.8	1.9	2.7	4.2	**2.4**
Return on average shareholders' funds (%)	72.4%	14.0%	4.2%	5.6%	3.5%	5.3%	5.8%	7.7%	10.5%	**6.1%**
Current ratio	1.5	1.2	1.8	1.0	1.7	1.5	1.3	1.4	1.3	**1.2**
Net debt/Net total capital (%) (1)	0.1%	N/A	0.4%	16.0%	22.4%	32.4%	36.9%	34.0%	25.9%	**34.1%**
Net assets attributable to shareholders of the Company per ordinary share – book value (HK$)	57.3	57.9	49.5	51.0	55.8	58.9	57.1	64.2	72.7	**63.7**
Number of shares (million)	3,875.8	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	**4,263.3**

(1) Net debt is defined on the Consolidated Cash Flow Statement. Net total capital is defined as total principal amount of bank and other debts plus total equity and loans from minority shareholders net of total cash, liquid funds and other listed investments as shown on the Consolidated Cash Flow Statement. In 2000, N/A represents total cash, liquid funds and other listed investments exceeds total bank and other debts.

Information for Shareholders

LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

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PUBLIC FLOAT CAPITALISATION

As at 31 December 2008	Approximately HK$79,625 million (approximately 48% of the issued share capital of the Company)

FINANCIAL CALENDAR

Payment of 2008 Interim Dividend	3 October 2008
2008 Final Results Announcement	26 March 2009
Closure of Register of Members	14 May 2009 - 21 May 2009
Annual General Meeting	21 May 2009
Payment of 2008 Final Dividend	22 May 2009
2009 Interim Results Announcement	August 2009

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INVESTOR INFORMATION

Corporate press releases, financial reports and other investor information on the Group are available on the website of the Company.

INVESTOR RELATIONS CONTACT

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