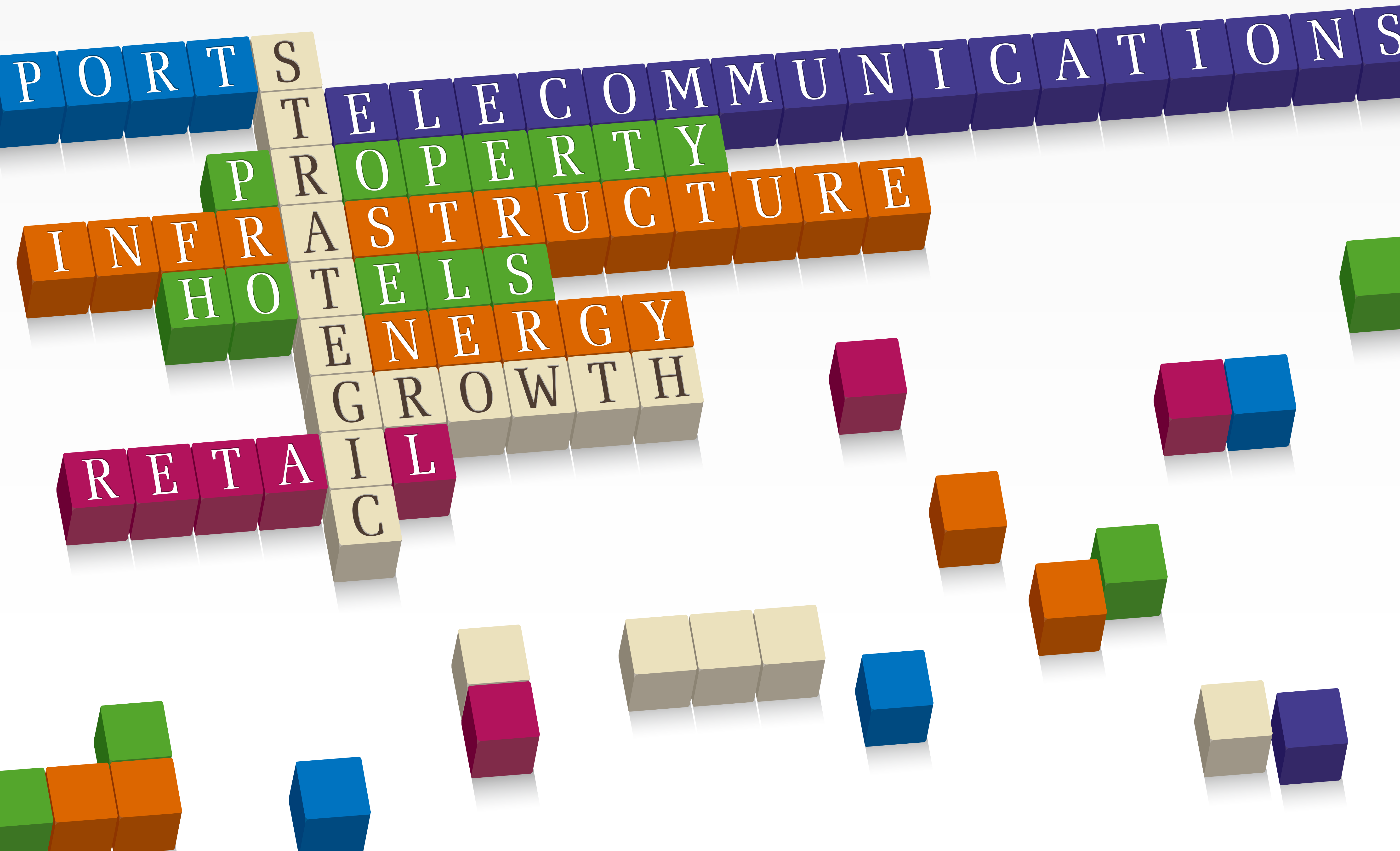
Hutchison Whampoa Limited

stock code: 13

2009 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, LLD (Hon)

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, SOM, 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

Margaret LEUNG KO May Yee, JP

William Elkin MOCATTA, FCA
Alternate to Michael David Kadoorie

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)

AUDITOR

PricewaterhouseCoopers

BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

Bank of China (Hong Kong) Limited

Contents

Corporate Profile

Hutchison Whampoa Limited ("HWL") is a renowned multinational conglomerate committed to innovation and technology. We operate a variety of businesses in 54 countries across the world with approximately 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 50 ports comprising 306 berths in 25 countries, including container terminals operating in six of the 10 busiest container ports in the world. In 2009, our ports handled a total throughput of 65.3 million twenty-foot equivalent units ("TEUs"). We also engage in mid-stream operations, river trade, cruise terminal 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 14.9 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 ("ASW") is one of the world's leading health and beauty retailers with over 8,700 retail stores in 34 markets worldwide. Its diverse retail portfolio comprises health and beauty products, luxury perfumeries and cosmetics, supermarkets, consumer electronics and electrical appliances and airport retailing. ASW 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, the United Kingdom, Canada and the Philippines. Cheung Kong Infrastructure Holdings Limited ("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 leading global operator of mobile telecommunications and data services, and one of the first third-generation ("3G") mobile operators in the world. We are also a major owner and operator of fibre-optic fixed-line networks in Hong Kong, serving as a telecommunications gateway to the Mainland and the rest of the world. Our operations offer telecommunications services including 3G multimedia mobile, second-generation ("2G") mobile, fixed-line, Internet and broadband services including international connectivity services over both fibre-optic and mobile networks.

Business Highlights

January – March 2009

- Hongkong Electric Holdings Limited ("HK Electric")'s 48-megawatt wind farm in Dali, Yunnan Province, the Mainland begins commercial operation, followed by another wind farm in Leting, Hebei Province, in October.
- Hutchison Port Holdings ("HPH") and Huizhou Port Affairs Group Company Limited break ground on two 50,000-tonne container berths at Huizhou Quanwan International Container Terminals in the Mainland, which will become Huizhou Port's first dedicated container terminal.
- Hutchison Telecommunications (Australia) Limited ("HTAL") reaches an agreement with Vodafone to merge their telecommunications businesses in Australia, Hutchison 3G Australia Pty Limited and Vodafone Australia Limited. Both Vodafone and HTAL have an equal ownership of 50% in the newly formed joint venture, which is renamed Vodafone Hutchison Australia Pty Limited.
- CKI and HK Electric enter into an agreement for HK Electric to purchase CKI's joint venture stakes in three power plants in the Mainland.
- ASW launches Watsons loyalty card in the Mainland, adding three million members in 100 days to its 20 million global customer database.

April – June 2009

- Vietnamobile, the Business Co-operation Contract partnership between Hutchison Telecommunications International Limited ("HTIL") and Hanoi Telecom Joint Stock Company, launches GSM services in Vietnam and its network has a presence in 64 provinces.
- HTIL spins off and lists its Hong Kong and Macau operations on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") by way of introduction. The shares of Hutchison Telecommunications Hong Kong Holdings Limited begin trading on 8 May 2009 on SEHK.
- PT Jakarta International Container Terminal inaugurates the second stage of its expansion programme, which has increased its handling capacity to 2.5 million TEUs.
- Harbour Grand Hong Kong, a luxury hotel managed by Harbour Plaza Hotels and Resorts, opens for operation in Hong Kong.

July – September 2009

- The Hongkong Electric Company, Limited completes the first of a two-phase emission reduction programme at Lamma Power Station with the commissioning of a fuel gas desulphurisation plant and a low nitrogen oxides system for its coal-fired generation Unit 5.

- Hutchison China MediTech Limited ("Chi-Med") announces that 14 of its main drugs have been included in the list of 307 essential drugs on the New National Essential Medicines List issued by the Ministry of Health in the Mainland.

- Husky announces that its subsidiary, Husky Oil China Limited, has completed drilling and testing of the third appraisal well at the Liwan field in the South China Sea. The well flows at an equipment restricted rate of 52 million cubic feet per day, indicating future deliverability could be in excess of 150 million cubic feet per day.

October – December 2009

- Harbour Plaza Hotels & Resorts celebrates the opening of Harbour Plaza 8 Degrees in Hong Kong, a modern and chic hotel winning the 2009 Best Style in Design Star Hotel award presented at the Guangdong International Tourism and Cultural Festival.

- Chi-Med sets up a joint venture with The Hain Celestial Group, Inc, a leading natural and organic products company based in the United States. The newly formed joint venture, Hutchison Hain Organic Holdings Limited, will market and distribute Hain Celestial brand products in the Mainland and other markets through the Group's retail arm.

- HTIL announces that its subsidiary, Advent Investments Pte Limited, has completed the sale of its controlling stake in Partner Communications Company Limited to Scailex Corporation Limited.

- ASW celebrates the opening of its 500th Watsons store in the Mainland, marking an important milestone in ASW's plan to reach 1,000 stores in the Mainland and to exceed 10,000 stores worldwide within two years.

- CKI and HK Electric spend approximately HK$1 billion to increase their combined stakes in Northern Gas Networks Holdings Limited to approximately 88.4%.

- Chi-Med announces the completion of its Phase 2b drug clinical trial for inflammatory bowel disease.

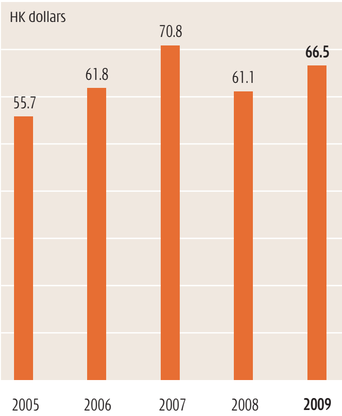
- Husky enters into an agreement to purchase Penn West heavy oil properties, which are contained within Husky's Lloydminster area of operations in Alberta and Saskatchewan, Canada. The asset acquisition is estimated to provide Husky with more than 6,000 barrels of oil production per day, 12 million barrels of oil proven reserves and 8.5 million barrels of oil probable reserves.

- HPH signs an agreement with Sydney Ports Corporation to develop and operate the third container terminal at Port Botany, Australia. The new terminal, the 50th port in the HPH network, will be leased for a period of 30 years.

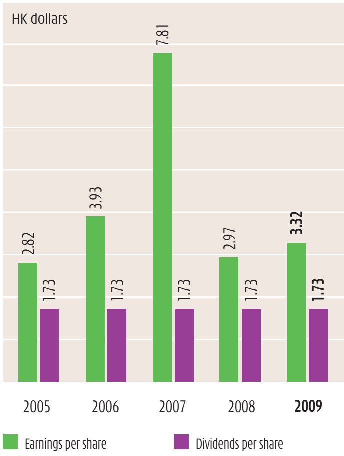
- Husky enters into an agreement with Suncor Energy Inc. and Suncor Energy Products Inc. to purchase 98 retail outlets in Ontario, Canada.

Financial Highlights

Net Assets Attributable to Shareholders of the Company per Share



Earnings and Dividends per Share



	2009 HK$ millions	As restated (5) 2008 HK$ millions	Change
Income statement highlights			
Total revenue (1)	**300,549**	348,382	– 14%
Earnings before interest expense and tax ("EBIT") (2) before the following	**28,948**	39,572	– 27%
Change in fair value of investment properties and profit on disposal of investments and others	**14,135**	7,404	+ 91%
Total EBIT	**43,083**	46,976	– 8%
Profit attributable to shareholders of the Company	**14,168**	12,681	+ 12%
Statement of financial position highlights			
Fixed assets, investment properties, leasehold land and telecommunications licences	**318,456**	321,448	– 1%
Total cash, liquid funds and other listed investments	**115,734**	88,021	+ 31%
Total principal amount of bank and other debts	**259,089**	253,884	+ 2%
Net debt (3)	**143,355**	165,863	– 14%
Total assets	**691,397**	668,181	+ 3%
Total shareholders' funds	**283,531**	260,319	+ 9%
Statement of cash flows highlights			
Earnings before interest and other finance costs, tax, depreciation and amortisation ("EBITDA") (4) and before telecommunications customer acquisition costs ("CACs")	**82,987**	98,120	– 15%
Total telecommunications CACs	**(19,000)**	(22,926)	+ 17%
EBITDA after all telecommunications CACs	**63,987**	75,194	– 15%
Funds from operations before capital expenditures and working capital changes ("FFO") and telecommunications CACs	**41,285**	44,228	– 7%
Telecommunications CACs, subsidiaries only	**(16,544)**	(22,926)	+ 28%
FFO	**24,741**	21,302	+ 16%
Capital expenditures	**19,576**	28,712	– 32%
Key ratios and other information			
Net debt to net total capital ratio (3)	**29.9%**	34.9%	– 5%
EBITDA before all telecommunications CACs net interest coverage ratio	**11.6 times**	7.5 times	+ 4.1 times
Earnings per share for profit attributable to shareholders of the Company (HK$)	**3.32**	2.97	+ 12%
Dividends per share (HK$)	**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 therefore presented as a measure of segment profit or loss in accordance with HKFRS 8. 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 Statement of Cash Flows. 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 Statement of Cash Flows.

(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 change in 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 flows as determined in accordance with generally accepted accounting principles in Hong Kong.

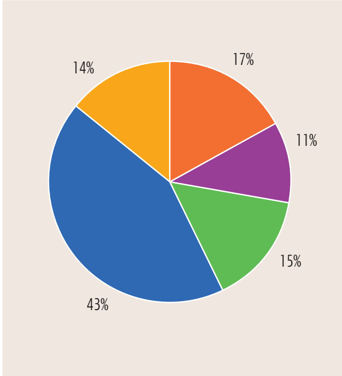
(5) The comparatives have been restated to reflect the effect of adoption of new and revised accounting policies in 2009 (see note 1 to the accounts).

Analyses by Core Business of Total Revenue and EBIT

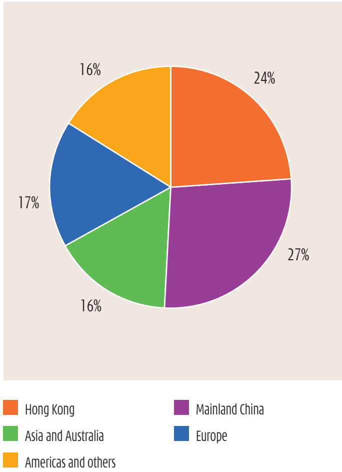
	2009 HK$ millions	As restated (5) 2008 HK$ millions	Change	
Total revenue (including share of associates and JCE)				
ESTABLISHED BUSINESSES				
Ports and related services	**33,427**	39,594	–	16%
Property and hotels	**13,912**	10,467	+	33%
Retail	**116,098**	118,504	–	2%
Cheung Kong Infrastructure	**14,980**	19,868	–	25%
Husky Energy	**35,808**	63,350	–	43%
Finance & Investments	**2,515**	4,303	–	42%
Hutchison Telecommunications Hong Kong	**8,449**	7,999	+	6%
Hutchison Telecommunications International	**11,745**	16,678	–	30%
Others	**6,025**	7,247	–	17%
Subtotal - established businesses	**242,959**	288,010	–	16%
TELECOMMUNICATIONS - 3 Group	**57,590**	60,372	–	5%
Total	**300,549**	348,382	–	14%
EBIT (including share of associates and JCE)				
ESTABLISHED BUSINESSES				
Ports and related services	**10,406**	13,236	–	21%
Property and hotels	**6,430**	8,087	–	20%
Retail	**5,692**	4,384	+	30%
Cheung Kong Infrastructure	**6,905**	7,404	–	7%
Husky Energy	**4,010**	13,316	–	70%
Finance & Investments	**4,079**	6,467	–	37%
Hutchison Telecommunications Hong Kong	**692**	527	+	31%
Hutchison Telecommunications International	**(199)**	2,734	–	107%
Others	**(145)**	(791)	+	82%
EBIT - established businesses	**37,870**	55,364	–	32%
TELECOMMUNICATIONS - 3 Group				
EBIT before depreciation, amortisation and telecommunications CACs	**17,482**	19,337	–	10%
Telecommunications CACs	**(17,306)**	(20,392)	+	15%
EBIT (LBIT) before depreciation and amortisation and after telecommunications CACs	**176**	(1,055)	+	117%
Depreciation	**(7,759)**	(9,237)	+	16%
Amortisation of licence fees and other rights	**(1,339)**	(5,500)	+	76%
LBIT - Telecommunications - **3** Group	**(8,922)**	(15,792)	+	44%
Change in fair value of investment properties	**1,663**	824	+	102%
Profit on disposal of investments and others	**12,472**	6,580	+	90%
Total	**43,083**	46,976	–	8%
Profit attributable to shareholders of the Company				
EBIT	**43,083**	46,976	–	8%
Interest and other finance costs	**(13,025)**	(20,508)	+	36%
Profit before tax	**30,058**	26,468	+	14%
Current tax	**(9,453)**	(7,329)	–	29%
Deferred tax	**1,132**	320	+	254%
Profit attributable to minority interests	**(7,569)**	(6,778)	–	12%
Profit attributable to shareholders of the Company	**14,168**	12,681	+	12%

The above information includes the respective items of the Company and 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 2009



EBIT – Established Businesses
by Geographical Location 2009



Chairman's Statement

The Group's global operations performed satisfactorily despite a very difficult operating environment in 2009, which began to show a tentative recovery in the fourth quarter. The Group's total revenue was HK$300,549 million, 14% lower than the preceding year, mainly due to significantly lower oil and gas prices which reduced Husky Energy Inc. ("Husky")'s revenue, lower trade activity which reduced the ports division's revenue, and the adverse effect of foreign currency exchange rate movements. The Group's total earnings before interest expense and finance costs, taxation and minority interest ("EBIT") totalled HK$43,083 million, an 8% decrease compared to the preceding year, mainly due to the significantly lower profits of Husky and the ports division, partially offset by a 67% reduction of the **3** Group LBIT to HK$5,281 million, primarily due to a gain on merger of **3** Australia, customer growth and cost and licences amortisation reductions.

Results

The Group's profit attributable to shareholders for the year amounted to HK$14,168 million, a 12% increase compared to last year's profit of HK$12,681 million. Earnings per share were HK$3.32 (2008 – HK$2.97).

The results include a profit on investment properties revaluation of HK$1,663 million (2008 – HK$824 million) and profits on disposal of investments totalling HK$12,472 million (2008 – HK$6,580 million), comprised of the following:

	HK$ millions
Established businesses – Hutchison Telecommunications International Limited ("HTIL")'s gain on disposal of entire shareholding in Partner Communications in Israel	7,392
3 Group – Gain on merger of **3** Australia with Vodafone's Australian operations	3,641
Established businesses – Cheung Kong Infrastructure Holdings Limited ("CKI")'s gain on disposal of equity interest in three power plants in Mainland China	847
Established businesses – HTIL's gain on disposal of telecommunications tower assets in Indonesia	592

Dividends

The Board recommends the payment of a final dividend of HK$1.22 per share (2008 – HK$1.22 per share) to those persons registered as shareholders on 27 May 2010. This, together with the interim dividend of HK$0.51 per share paid on 25 September 2009, gives a total dividend of HK$1.73 per share for the year (2008 – HK$1.73 per share). The proposed final dividend will be paid on 28 May 2010 following approval at the Annual General Meeting. The register of members will be closed from 20 May 2010 to 27 May 2010, both days inclusive.

Established Businesses

Ports and Related Services

This division faced a very difficult year in 2009. Total revenue decreased 16% to HK$33,427 million due to the sharp reduction in global trade volume and lower average tariffs. The division handled total throughput of 65.3 million twenty-foot equivalent units ("TEUs") for the full year 2009, 3% lower than last year. Although the results benefited from the cost initiatives implemented in the first half of the year, the division's EBIT decreased 21% to HK$10,406 million.

> "Profit attributable to shareholders and earnings per share increased 12% to HK$14,168 million and HK$3.32 respectively"

Property and Hotels

The property and hotels division reported total revenue of HK$13,912 million, a 33% increase compared to last year. Gross rental income of HK$3,787 million was 11% higher than last year, with the rental properties portfolio 97% let. Development profits for the year were 50% higher than last year, mainly due to the completion and sale of property units in various residential projects. This strong performance was partially offset by weakness in the hotel operations, which reported sharply lower profits in 2009 mainly due to the adverse impact of swine flu and the economic downturn. This division's total EBIT decreased 20% to HK$6,430 million. Excluding the non-recurring profit of HK$2,141 million realised in 2008 on the disposal of an investment property, EBIT for the division increased 8% in 2009.

Retail

Despite volatile consumer sentiment, the retail division delivered impressive results driven by solid sales and total revenue grew by 5% in local currencies, although in Hong Kong dollars total revenue reduced by 2% to HK$116,098 million. Despite slow revenue growth, EBIT increased by 30% to HK$5,692 million due to continued improvement in the division's cost structure, operational efficiency and cautious expansion during the year in markets with high growth potential.

Cheung Kong Infrastructure

CKI, a listed subsidiary, announced its group turnover and its share of jointly controlled entities' turnover totalling HK$4,054 million, 46% below the preceding year mainly due to the disposal of its 45% equity interest in three power plants in the Mainland to Hongkong Electric Holdings ("HK Electric"). In addition, HK Electric itself reported reduced turnover and profits primarily due to the reduction in its permitted return under the new Scheme of Control Agreement, partially offset by increased profits from investments outside Hong Kong. Including a gain of HK$1,314 million on disposal, which after asset valuation consolidation adjustments, amounted to a one-time gain of HK$847 million in the Group's results. CKI announced profit attributable to shareholders of HK$5,568 million compared to HK$4,423 million in 2008, representing an increase of 26%.

Husky Energy

Husky, a listed associated company, announced sales and operating revenues of C$15,074 million, 39% below last year reflecting an average oil price decline of approximately 38% as well as a 56% decline in average prices for natural gas in 2009 compared with 2008. In addition, average total production during the year was 306,500 barrels of oil equivalent per day ("BOEs per day") compared to 355,900 BOEs per day in 2008. As a result, net earnings amounted to C$1,416 million, 62% below last year. Based on forecast oil prices, it is expected that Husky's contribution to the Group's earnings will improve in 2010.

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 and amounted to HK$4,079 million, 37% below last year, mainly due to lower market interest rates.

During the year, the Group refinanced and repaid debts as they matured and repaid early certain other long-term borrowings and notes totalling HK$103,182 million. This refinancing activity significantly extended the maturity profile of the Group's long-term debts. Consolidated net debt, net of cash and liquid investments, reduced by HK$22,508 million or 14% to HK$143,355 million at 31 December 2009.

Hutchison Telecommunications Hong Kong

Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), a listed subsidiary with telecommunications operations in Hong Kong and Macau, announced turnover of HK$8,449 million, a 4% increase compared to 2008. At 31 December 2009, HTHKH announced its total mobile customer base in Hong Kong and Macau was approximately 3.0 million, with the number of postpaid mobile customer reaching 1.9 million, accounting for over 60% of the total mobile customer base. Both mobile and fixed-line operations recorded improved results compared to last year and profit attributable to shareholders increased 103% to HK$468 million.

> "3G customer base increased 29% during the year and currently totals over 26.8 million worldwide"

Hutchison Telecommunications International

At 31 December 2009, HTIL had a mobile customer base of 12.8 million, a 98% increase over the comparable base last year. This 60.36% owned listed subsidiary announced turnover from continuing operations of HK$1,856 million, a 3% increase from last year, and profit attributable to shareholders of HK$4,940 million, including a gain on disposal of its Israeli operations of HK$6,333 million, compared to a profit of HK$1,132 million last year.

Subsequent to the year end, the Group and HTIL announced a proposal to privatise HTIL by way of a Scheme of Arrangement ("the Scheme"). The proposal is for each share of HTIL held by HTIL shareholders (other than those which are wholly-owned by the Group) to be cancelled in exchange for HK$2.20 in cash and that this offer will not be increased. On the assumption that all outstanding HTIL share options are exercised, the cash consideration would total HK$4,227 million. The Scheme is subject to, inter alia, approval by the minority shareholders and also Cayman Island's court sanction on 24 May 2010.

3 Group

The Group's registered 3G customer base increased 29% during the year and currently stands at over 26.8 million customers. The **3** Group's customer base includes approximately 4.5 million mobile broadband access customers, a 75% increase from last year.

Average revenue per active user on a 12-month trailing average active customer basis ("ARPU") overall declined by 15% to €28.32 compared to 2008. This decline reflects an increased proportion of mobile broadband access customers in the **3** Group's customer base as well as price competition together with reductions in regulated mobile termination and roaming rates in certain markets. Although ARPU declined, the customer base continued to grow and total revenue in local currencies increased 5%. However, after translation to Hong Kong dollars, **3** Group's total revenue decreased 5% to HK$57,590 million.

"Cash flow continues to be healthy and the Group's debt is expected to be further reduced in 2010"

3 Group achieved positive EBITDA after all customer acquisition costs and retention costs ("CACs") of HK$176 million, a 117% turnaround from the comparable LBITDA last year of HK$1,055 million. The **3** Group's EBITDA turnaround reflects growth in its customer base, cost savings and working capital management. Gross margin as a percentage of revenue for the **3** Group overall increased compared to 2008 and all operations achieved reduced recurring LBIT, excluding one-time items, compared to 2008. **3** Group reported total LBIT after translation to Hong Kong dollars of HK$5,281 million, a 67% reduction compared to total LBIT of HK$15,792 million in 2008. LBIT reduced significantly due to the reasons above and also because of the effect of an indefinite extension of the telecommunications licences of **3** Italia and **3** UK, resulting in a reduction of amortisation of HK$969 million for **3** Italia and HK$2,926 million for **3** UK. The useful life of the **3** UK licence was revised on the basis that the Statutory Instrument currently before the UK houses of Parliament, which inter alia changes the life of the licence to indefinite, will be enacted by the current Parliament. Also, included in the 2009 results is a one-time gain of HK$3,641 million resulting from the merger of **3** Australia with Vodafone Australia. The LBIT in the comparable 2008 results also included one-time foreign exchange gains totalling HK$2,945 million from **3** European operations' refinancings. Excluding the effect of the reduction in amortisation and one-time gains in both years, LBIT reduced 32% and in local currencies reduced 27%.

Barring any significant adverse market developments or regulatory developments, the **3** Group's results are expected to continue to improve and going forward to make a positive contribution to the Group's EBIT results.

Outlook

The most severe financial crisis since the 1930's, which began in 2008, continued to affect the banking and financial industries through 2009. The downturn also impacted with varying degrees of severity, all geographies and industries including energy, trade and commerce, retail, real estate, hotel and travel. This resulted in significantly lower earnings contribution from Husky and lower earnings in the ports division. However, the economies of the Mainland and Hong Kong benefited from the support of the Central and local Government's policies and initiatives.

Despite various difficulties, the Group's global operations performed satisfactorily in 2009 and are well placed to benefit from a recovering economic environment. Cash flow continues to be healthy and the Group's debt is expected to be further reduced in 2010. Although there remain many elements of uncertainty in the global economy in 2010, the Group will continue to invest to expand its core businesses. Barring major unforeseen circumstances, I have full confidence in the Group's 2010 growth and long term future.

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

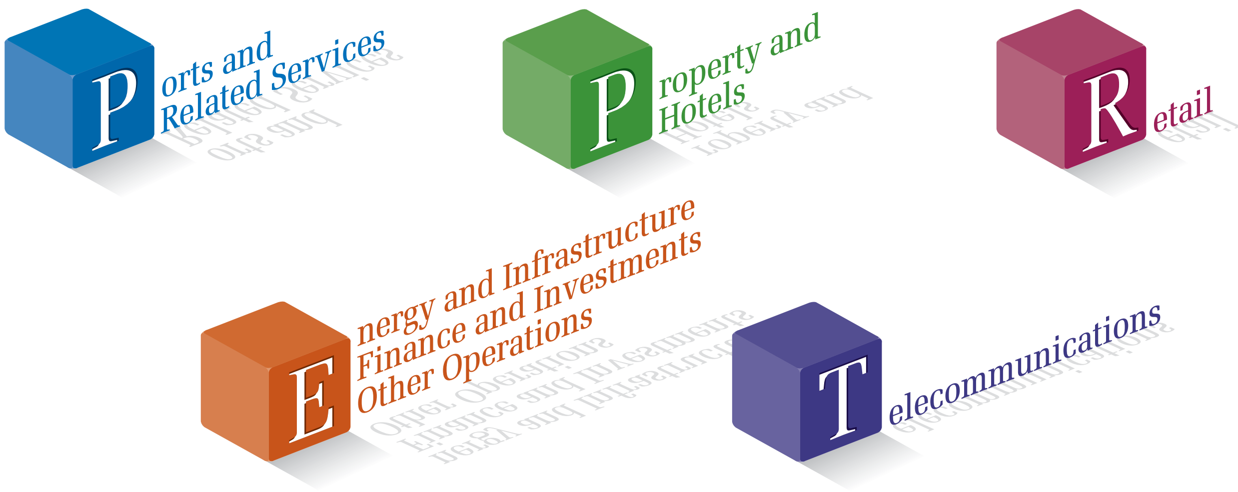
Li Ka-shing
Chairman

Hong Kong, 30 March 2010

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.



The Group reported total revenue, including the Group's share of associated companies' and jointly controlled entities' revenue, of HK$300,549 million, a decrease of 14% compared to 2008. This comprises total revenue from the established businesses of HK$242,959 million, a 16% decrease and from the **3** Group of HK$57,590 million, a 5% decrease. Total earnings before interest expense and finance costs, taxation and minority interests ("EBIT") decreased 8% to HK$43,083 million. EBIT for the Group's established businesses totalled HK$48,364 million, a 23% decrease. The Group's results include a profit on investment properties revaluation of HK$1,663 million (2008 – HK$824 million) and profits on disposal of investments totalling HK$12,472 million (2008 – HK$6,580 million). LBIT of the **3** Group totalled HK$5,281 million, including a gain of HK$3,641 million resulting from the merger of **3** Australia with Vodafone Australia, a 67% reduction from the LBIT of HK$15,792 million in 2008.

The profit attributable to shareholders for the year was HK$14,168 million, a 12% increase compared to last year's profit of HK$12,681 million.

Financial Performance Summary

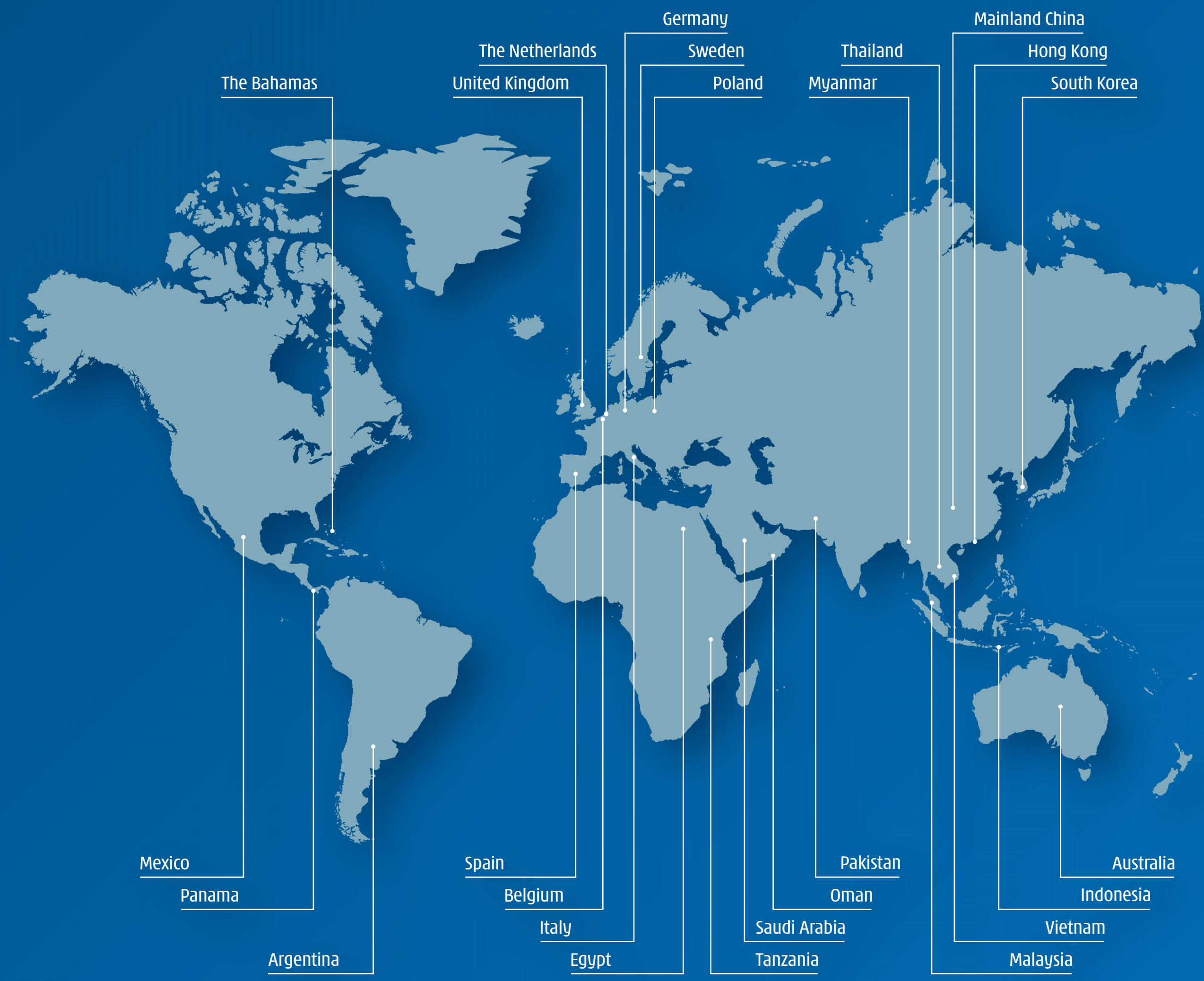
	2009 HK$ millions	2008 Restated(2) HK$ millions	Change
Total revenue(1)			
Ports and related services	**33,427**	39,594	**- 16%**
Property and hotels	**13,912**	10,467	**+ 33%**
Retail	**116,098**	118,504	**- 2%**
Cheung Kong Infrastructure	**14,980**	19,868	**- 25%**
Husky Energy	**35,808**	63,350	**- 43%**
Finance and Investments	**2,515**	4,303	**- 42%**
Hutchison Telecommunications Hong Kong Holdings	**8,449**	7,999	**+ 6%**
Hutchison Telecommunications International	**11,745**	16,678	**- 30%**
Others	**6,025**	7,247	**- 17%**
3 Group	**57,590**	60,372	**- 5%**
Total	**300,549**	348,382	**- 14%**
Established businesses			
Ports and related services	**10,406**	13,236	**- 21%**
Property and hotels	**6,430**	8,087	**- 20%**
Retail	**5,692**	4,384	**+ 30%**
Cheung Kong Infrastructure	**6,905**	7,404	**- 7%**
Husky Energy	**4,010**	13,316	**- 70%**
Finance and Investments	**4,079**	6,467	**- 37%**
Hutchison Telecommunications Hong Kong Holdings	**692**	527	**+ 31%**
Hutchison Telecommunications International	**(199)**	2,734	**- 107%**
Others	**(145)**	(791)	**+ 82%**
EBIT of established businesses before the following	**37,870**	55,364	**- 32%**
Change in fair value of investment properties	**1,663**	824	**+ 102%**
Profits on disposal of investments	**8,831**	6,580	**+ 34%**
EBIT of established businesses	**48,364**	62,768	**- 23%**
3 Group			
EBITDA before all telecommunications CACs	**17,482**	19,337	**- 10%**
Total telecommunications CACs	**(17,306)**	(20,392)	**+ 15%**
EBITDA (LBITDA) of **3** Group	**176**	(1,055)	**+ 117%**
Depreciation and amortisation	**(9,098)**	(14,737)	**+ 38%**
LBIT of the 3 Group before the following	**(8,922)**	(15,792)	**+ 44%**
Profits on disposal of investments	**3,641**	-	**N/A**
LBIT of the **3** Group	**(5,281)**	(15,792)	**+ 67%**
TOTAL EBIT	**43,083**	46,976	**- 8%**
Interest expense and finance costs(1)	**(13,025)**	(20,508)	**+ 36%**
Profit before tax	**30,058**	26,468	**+ 14%**
Tax(1)			
Current tax	**(9,453)**	(7,329)	**- 29%**
Deferred tax	**1,132**	320	**+ 254%**
Profit after tax	**21,737**	19,459	**+ 12%**
Minority interests(1)	**(7,569)**	(6,778)	**- 12%**
Profit attributable to shareholders	**14,168**	12,681	**+ 12%**

(1) The above information includes the Company, its subsidiary companies and its proportionate share of associated companies' and jointly controlled entities' respective items. See Note 5 to the accounts.

(2) 2008 results have been restated to reflect two changes in accounting policies whereby:

(i) costs associated with acquiring and retaining contract customers in the Group's telecommunications businesses are now expensed to the income statement as and when incurred; and

(ii) costs associated with customer loyalty programmes require customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted.



Ports and Related Services

The Group is one of the world's leading port investors, developers and operators with interests in a total of 50 ports comprising 306 berths in 25 countries. The Group operates container terminals in six of the 10 busiest container ports in the world.

Euromax Terminal, Port of Rotterdam, the Netherlands

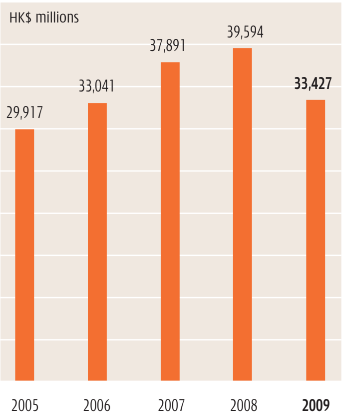
- Annual throughput of 65.3 million TEUs handled during the year.
- Recent increases in international trade volumes is an encouraging sign for a steady recovery.
- The division contributed 14% and 27% respectively to the total revenue and EBIT of the Group's established businesses.

Total revenue of the ports and related services division in local currencies decreased 11% and after translation to Hong Kong dollars, total revenue decreased by 16% compared to last year to HK$33,427 million, mainly due to a 3% decrease in annual throughput to 65.3 million twenty-foot equivalent units ("TEUs") and also tariff pressure. The throughput decrease reflects the sharp reduction in global trade volume during the first part of the year and stablised volumes thereafter. The division's various ports in Hong Kong and Mainland China; other Asian countries; and the Americas recorded combined throughput declines of 8%, 7% and 10% respectively. These decreases were partially offset by new contribution from European ports acquired in the fourth quarter of 2008 and the first quarter of 2009. The division's EBIT in local currencies decreased 19% and after translation to Hong Kong dollars, the EBIT from this division decreased 21% to HK$10,406 million, mainly due to a decrease in throughput and tariff pressure, partially offset by the implementation of a cost saving programme. Although this division reported lower results, recent increases in international trade volumes is an encouraging sign for a steady recovery by this division. The division contributed 14% and 27% respectively to the total revenue and EBIT of the Group's established businesses.

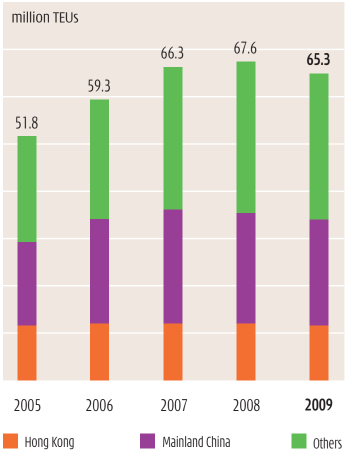
	2009 HK$ millions	2008 HK$ millions	**Change**
Total Revenue	**33,427**	39,594	**-16%**
EBIT	**10,406**	13,236	**-21%**

HIT is the first container terminal operator in Hong Kong to have its information security management system certified to ISO/IEC 27001:2005.

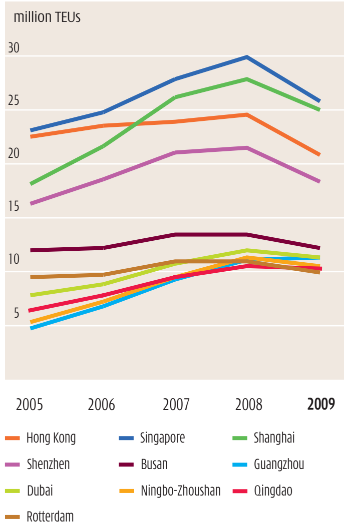
Total Revenue



Total Container Throughput



Comparison of Throughput at World's Busiest Container Ports



Hong Kong and Yantian

Name	Location	Ports Division's Interest	2009 Throughput
			(thousand TEUs)
Hongkong International Terminals/ COSCO-HIT Terminals	Kwai Tsing, Hong Kong	66.5% / 33.25%	9,505 (Note)
Yantian International Container Terminals/ Yantian International Container Terminals (Phase III)/ Shenzhen Yantian West Port Terminals	Yantian, Mainland China	48% / 42.74% / 42.74%	8,579
River Trade Terminal	Tuen Mun, Hong Kong	50%	1,701

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, as the ports and related services division adopts different treatments to volume in relation to lighterwork, etc and the water-borne traffic.

The Group's deep-water port operations in Hong Kong and Yantian serve the Shenzhen and Southern China manufacturing basin. Combined throughput in these operations decreased 5% and EBIT was 18% lower than last year, reflecting continued lower export volumes to the United States and Europe starting from the fourth quarter of 2008 as these economies and consumer demand slowed significantly after the financial crisis.

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 5%, primarily due to an increase in transshipment activities. However, EBIT was 17% below last year, mainly due to continued tariff pressure from increased capacity in the region and an increase in proportion of transshipment throughput handled, which generated lower average revenue per TEU.

Yantian ports include Yantian International Container Terminals ("YICT") Phases I to III and Shenzhen Yantian West Port Terminals. Throughput and EBIT were 11% and 19% below last year respectively, mainly due to the continued decline of exports to the United States and the demand-driven slowdown of manufacturing activities in Southern China since the fourth quarter of 2008. The results were also adversely affected by tariff competition from other port operators in the region. The Yantian Port Phase III expansion project is progressing and an additional berth commenced operation in the second half of 2009. The last berth is expected to be completed in 2010.

Other operations of this sub-division include the mid-stream and river trade businesses in Hong Kong. River Trade Terminal, a 50% owned joint venture that principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, reported 17% lower throughput than last year.

Europe

Name	Location	Ports Division's Interest	2009 Throughput
			(thousand TEUs)
Europe Container Terminals/ Amsterdam Container Terminals	The Netherlands	93.5% / 70.08%	7,871
Hutchison Ports (UK) - Felixstowe/ Harwich/ London Thamesport	United Kingdom	100% / 100% / 80%	3,534
Terminal Catalunya	Spain	70%	908
Gdynia Container Terminal	Poland	99.15%	149
Taranto Container Terminal	Italy	50%	745
Container Terminal Frihamnen	Sweden	100%	23

The Port of Felixstowe's South Reconfiguration will provide the United Kingdom with additional port capacity.

The European port operations comprise existing terminals, including Europe Container Terminals ("ECT") in the Netherlands, the UK ports, Terminal Catalunya ("TERCAT") in Spain, Gdynia Container Terminal ("GCT") in Poland, and two terminals acquired by the Group in late 2008, namely Taranto Container Terminal ("TCTI") in Italy and Amsterdam Container Terminals ("ACT") in the Netherlands. The division also has the right to operate Container Terminal Frihamnen ("CTF") in Sweden and develop Container Terminal Nynäshamn ("CTN"), a new container handling facility at the port of Nynäshamn, Norvikudden, approximately 60 kilometres south of Stockholm, Sweden.

The port operations in the Netherlands, consisting of ECT principally operating in Rotterdam and ACT in Amsterdam, reported combined throughput growth of 25%, mainly due to an increase in barge volume handled by ECT Delta Terminal and the first year throughput contribution from ACT, partially offset by lower deep-sea volume. EBIT, however, decreased by 20% from last year, mainly due to decrease in revenue, reflecting an increase in proportion of lower-tariff barge volume at ECT and also due to unfavourable foreign currency translation into the Group's reporting currency. In local currency, EBIT decreased by 16%.

The Group's UK port operations, consisting of Felixstowe, Harwich and London Thamesport, reported a combined throughput decrease of 7% compared to last year reflecting the economic downturn in the United Kingdom and Continental Europe. EBIT was 19% lower, mainly due to lower throughput and also unfavourable foreign currency translation into the Group's reporting currency. In local currency, EBIT decreased by 6%. The construction work of Phase 1 of the Felixstowe South Reconfiguration scheme is progressing according to schedule.

TERCAT, a four-berth container terminal in Barcelona, reported a throughput decrease of 16% compared to last year due to lower import volumes commensurate with a slower domestic economy. EBIT decreased by 32% from last year, mainly due to lower throughput and unfavourable foreign currency translation into the Group's reporting currency. In local currency, EBIT decreased by 28%.

GCT at the Port of Gdynia in Poland reported a throughput decrease of 11% but an increase in EBIT of 33% from last year, primarily due to stringent cost controls.

The division's European ports network was extended through the acquisitions of TCTI, ACT and CTF. The results of these new container terminals were adversely affected, to varying degrees, by slower economies and resultant reduction of European trade volumes in 2009. These new operations are to be managed and developed together with the division's existing European ports, targeting to provide high quality, full-range services to shipping lines, and to increase its profit contribution to the division in coming years.

The Mainland

Name	Ports Division's Interest	2009 Throughput
		(thousand TEUs)
Shanghai Container Terminals/ Shanghai Mingdong Container Terminals (Waigaoqiao Phase V)/ Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	37% / 50% / 30%	8,238
Ningbo Beilun International Container Terminals	49%	1,773
Ports in Southern China-Jiuzhou, Nanhai, Gaolan and Jiangmen/ Shantou International Container Terminals/ Huizhou Port Industrial Corporation/ Huizhou International Container Terminals	50% / 70% / 33.59% / 80%	1,151
Xiamen International Container Terminals/Xiamen Haicang International Container Terminals	49%	930

With the completion of the fifth berth at YICT Expansion Project, YICT has a total of 15 deep-water container berths.

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

The division's Shanghai area ports reported a combined throughput decrease of 13%, as a result of slowdown in manufacturing activities and also intense competition from recently completed container terminals in the vicinity. EBIT decreased 33% compared to last year, mainly due to decrease in throughput and tariff pressure.

In Ningbo, Ningbo Beilun International Container Terminals reported a 9% decrease and an 8% decrease in throughput and EBIT respectively, mainly due to slowdown in manufacturing activities.

Ports in Southern China include six joint-venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Shantou and Huizhou. Combined container throughput decreased 11%. However, the combined EBIT increased 28% compared to last year, mainly due to tight cost controls, which compensated for the overall lower throughput. New terminal development is progressing with 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, is expected to commence commercial operations in 2010. In Huizhou, a new joint venture was set up in July for the construction of two 50,000-tonne container berths. This new container terminal to be developed by Huizhou International Container Terminals, in which the division has an 80% interest, will be Huizhou Port's first dedicated container terminal. 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.

In Xiamen, the division's two container terminals reported a 4% decrease in combined throughput. EBIT, however, increased by 14%, primarily due to cost savings.

North & South Asia and Australia

Name	Location	Ports Division's Interest	2009 Throughput
			(thousand TEUs)
Westports Malaysia	Malaysia	31.5%	4,452
Hutchison Korea Terminals/ Korea International Terminals	South Korea	100% / 88.9%	2,903
Jakarta International Container Terminal/ Koja Container Terminal	Indonesia	51% / 44.7%	2,296
Hutchison Laemchabang Terminal/ Thai Laemchabang Terminal/ Laemchabang International Ro-Ro Terminal	Thailand	80% / 87.5% / 80%	1,102
Karachi International Container Terminal	Pakistan	100%	724
South Asia Pakistan Terminals	Pakistan	90%	N/A
Saigon International Terminals Vietnam	Vietnam	70%	N/A
Brisbane Container Terminals	Australia	100%	N/A
Sydney International Container Terminals	Australia	100%	N/A

Jakarta International Container Terminal has installed Hutchison Port Holdings' proprietary Next Generation Terminal Management System to enhance operational efficiency.

An overview of Westports Malaysia.

These operations comprise container terminals in operations 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 a throughput decrease of 4%. EBIT decreased 26% compared to last year, mainly due to lower tariffs being offered to customers.

In South Korea, the Group's operations in Busan and Gwangyang continued to face strong competition, in particular from new container terminals developed by shipping lines. Combined throughput decreased 10% compared to last year and EBIT reduced substantially compared to last year.

In Indonesia, Jakarta International Container Terminal ("JICT") and the adjacent Koja Container Terminal reported a combined throughput decrease of 15%. However, EBIT increased by 7%, mainly due to efficiency improvements, which more than offset the lower throughput. The expansion of JICT's facilities, including the deployment of super post-panamax quay cranes, is progressing well, and is expected to deliver improved service levels that will benefit port users.

In Thailand, the Laemchabang container terminals and ro-ro facility reported combined throughput 2% below last year. EBIT decreased 33%, mainly due to higher concession rental.

In Pakistan, Karachi International Container Terminal reported both throughput and EBIT growth of 10%. Phase III extension is scheduled to commence commercial operation in the first half of 2010, which will provide additional capacity to meet the increased demand.

The development of new concessions in Pakistan, Vietnam and Brisbane in Australia are progressing in accordance with demand and market conditions.

In December, the division signed an agreement with Sydney Ports Corporation to develop and operate the third container terminal at Port Botany in Australia pursuant to a 30-year lease. This new terminal will comprise four berths with 1,300 metres of quay line and 46 hectares of yard on completion.

The Americas and The Caribbean

Name	Location	Ports Division's Interest	2009 Throughput
			(thousand TEUs)
Panama Ports Company	Panama	90%	2,367
Internacional de Contenedores Asociados de Veracruz/ L. C. Terminal Portuaria de Contenedores/ Ensenada International Terminal	Mexico	100%	1,416
Freeport Container Port	The Bahamas	51%	1,323
Buenos Aires Container Terminal Services	Argentina	100%	278

Panama Ports Company has taken delivery of four super post-panamax quay cranes at the Port of Balboa, where a large-scale modernisation project is underway.

These operations comprise container terminals in Balboa and Cristobal in Panama; Veracruz, Lazaro Cardenas and Ensenada in Mexico; Freeport in the Bahamas; 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 decreased 2% while EBIT was maintained at similar level as last year. Further expansion and facilities upgrade at Balboa and Cristobal are underway.

The results of the Group's ports operations in Mexico are more dependent on the economy of the United States due to their close proximity. These ports reported combined throughput and EBIT decreases of 6% and 43% respectively compared to last year.

Freeport Container Port, on Grand Bahama Island, reported throughput decline of 22% and EBIT decreased 34%, mainly due to reduced throughput.

Middle East and Africa

Name	Location	Ports Division's Interest	2009 Throughput
			(thousand TEUs)
International Ports Services	Saudi Arabia	51%	1,254
Alexandria International Container Terminals	Egypt	50%	482
Tanzania International Container Terminal Services	Tanzania	70%	327
Oman International Container Terminal	Oman	65%	99

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.

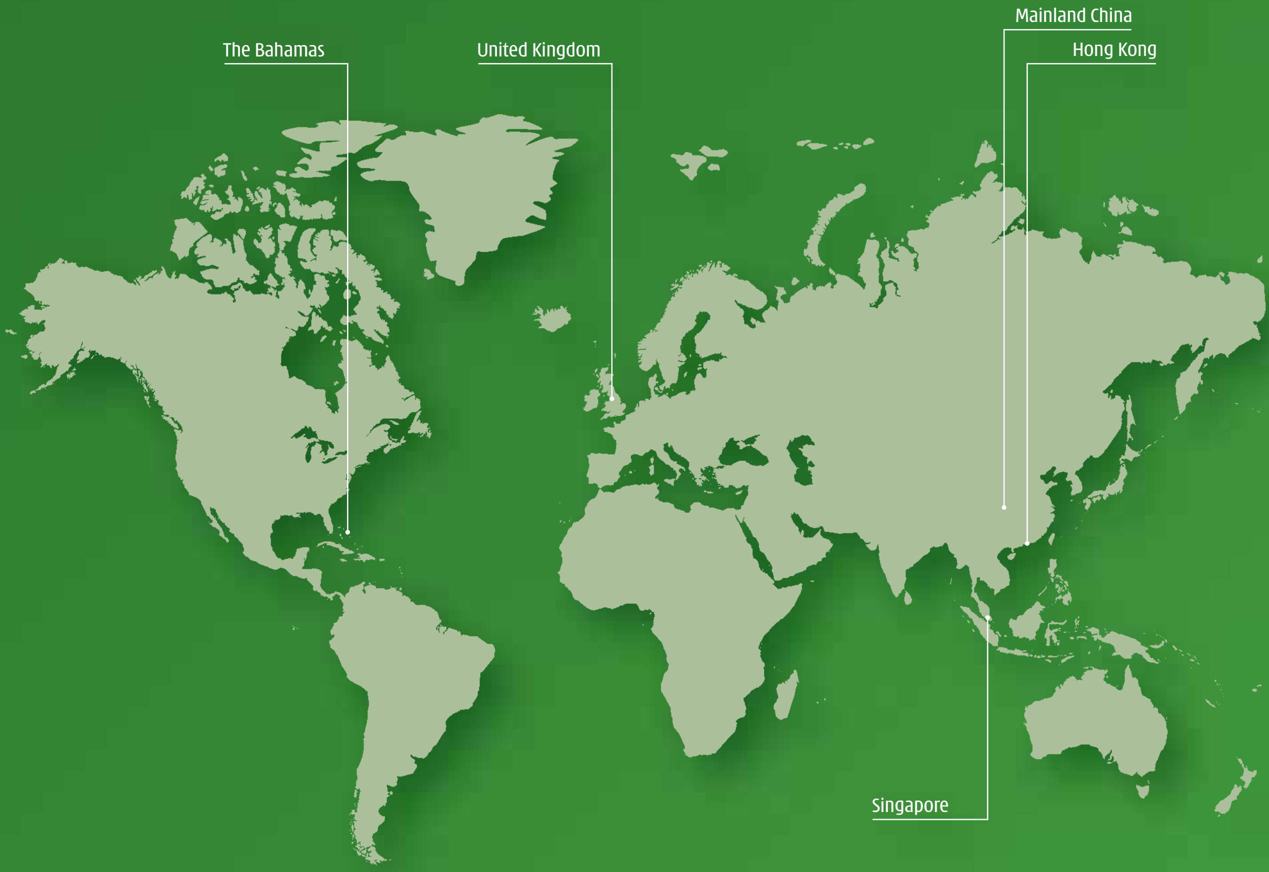
In Saudi Arabia, International Ports Services reported a slight throughput decrease of 1%, but managed to record an EBIT increase of 3%.

In Egypt, the container handling operations at Alexandria and El Dekheila terminals continued to perform well, reporting a combined throughput growth of 26% and an EBIT increase of 171%.

Tanzania International Container Terminal Services reported a throughput decrease of 8%. EBIT was 30% lower than last year, mainly due to additional value-added tax provisions made during the year for certain ancillary services provided in prior years.

Oman International Container Terminal continued to record throughput growth and reduced losses in 2009.

The yard operations at Oman International Container Terminal.



Property and Hotels

The Group's property activities comprise an investment portfolio of approximately 14.9 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.

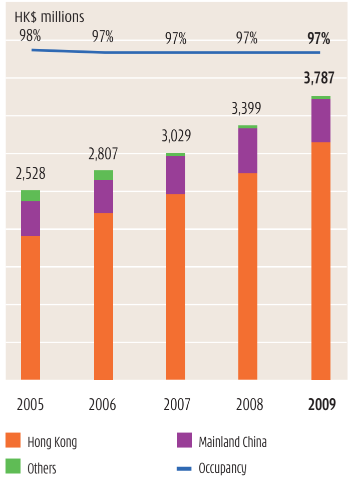
- Total revenue increased 33% to HK$13,912 million in 2009.
- The Group's portfolio of rental properties in Hong Kong continues to provide a steady flow of recurrent income.
- All of the Group's premises remain substantially let.

Total revenue of the property and hotels division increased 33% to HK$13,912 million in 2009, but EBIT declined 20% to HK$6,430 million. This division contributed 6% and 17% respectively to the total revenue and EBIT of 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. Excluding this gain on disposal, EBIT of the property and hotels division increased 8% in 2009. In addition to the EBIT above, the Group recorded a HK$1,663 million (2008 – HK$824 million) gain in fair value of investment properties, of which HK$1,265 million relates to investment properties under development and HK$398 million relates to completed investment properties.

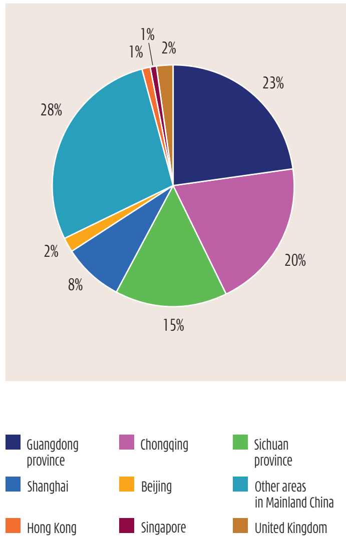
	2009 HK$ millions	2008 HK$ millions	Change
Total Revenue	**13,912**	10,467	**+33%**
EBIT	**6,430**	8,087	**-20%**

Situated in the heart of Hong Kong, Cheung Kong Center is the address of many major multinational corporations.

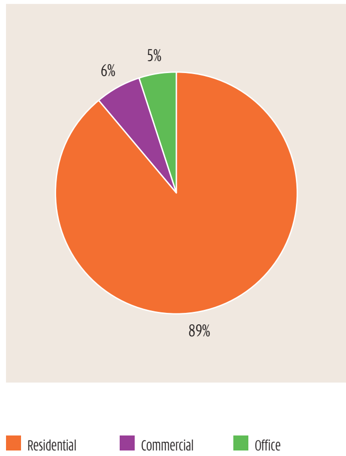
Total Gross Rental Income by Geographical Location and Occupancy



Gross Floor Area of Development Projects by Geographical Location



Gross Floor Area of Development Projects by Property Types



Rental Properties

Hong Kong

Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent	Economic Net Interest	Leased
		(thousand sq ft)		
Cheung Kong Center	Office	1,263	100%	97%
Harbourfront Office Towers I and II	Office	863	100%	96%
Hutchison House	Office	504	100%	97%
Aon China Building	Office	259	100%	97%
Whampoa Garden	Commercial	1,714	100%	99%
Aberdeen Centre	Commercial	345	100%	100%
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 (2008 – 12.6 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$3,180 million, including the Group's share of associated companies' and jointly controlled entities' rental income, was 15% above last year, reflecting higher lease renewal rates in 2009. 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	Economic Net Interest	Leased
			(thousand sq ft)		
Oriental Plaza	Beijing	Office, serviced apartments & commercial	5,553	18%	88%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	95%
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	96%

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 8.5 million square feet, of which the Group's share is 2.3 million square feet (2008 – 2.9 million square feet). The Group's share of gross rental income of HK$607 million was 5% below last year, mainly due to the renovation of the Seasons Villas residential development in Shanghai and the subsequent sale of Phase 1A during 2009.

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, Regency Park and Seasons Villas developments in Shanghai, the Regency Park projects in Shenzhen and Changchun, as well as the Chengdu Le Parc development. As a result of higher sales activities, development profits increased 50% in 2009.

The Group did not increase its landbank during 2009 and its current attributable landbank (including interests held directly and its share of interests held by joint ventures, associates and jointly controlled entities) is approximately 94 million square feet, of which 96% is in the Mainland, 3% in the United Kingdom and overseas, and 1% in Hong Kong. This landbank comprises 45 projects in 20 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 2010, the division will continue to focus primarily on the orderly development and sale of its existing landbank projects in the Mainland, Hong Kong, Singapore and the UK markets.

Commanding a premier location in Pudong, Shanghai Regency Park is a development comprising luxurious villas and semi-detached houses, accompanied by a prestigious clubhouse.

Hong Kong

Major properties in Hong Kong under development

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest	Expected Completion Date
			(thousand sq ft)		
Hung Shui Kiu	Yuen Long	Residential	537	50%	2011
Knightsbridge Court	The Peak	Residential	29	100%	2011

The Mainland

With the upturn in the property market, the Group has substantially sold all of the remaining residential and commercial units in Maison des Artistes and Regency Park in Shanghai. Phase 1A of Seasons Villas was renovated and sold during the year. In 2009, the Group also completed a number of joint venture residential development projects in the Mainland, mainly Phases 1 and 2 of Regency Park and Phase 1A of Le Sommet in Shenzhen, Phase 1 of Regency Park and Regency Residence in Changchun, Phases 1A and 1B of Le Parc in Chengdu, Phase 1 of Cape Coral in Chongqing and Phase 1 of The Greenwich in Xian. All of these development projects have generated satisfactory returns to the Group. Pre-sale activities for Phase 2A of Le Parc in Chengdu, Phase 3 of The Riverside in Guangzhou and Phases 1B and 2A of The Greenwich in Xian have commenced with 81%, 57% and 67% of the units presold respectively. The other properties under development in the Mainland are progressing satisfactorily.

Close to the Changchun Jingyuetan Tourism Development Zone, Changchun Regency Park is a large-scale, high-end residential project with a total gross floor area of over 3.7 million square feet.

Major properties in the Mainland under development

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest	Expected Completion Date
			(thousand sq ft)		
The Riverside and Metropolitan Plaza	Guangzhou	Residential & commercial	2,603	50%	2010
Century Place	Shenzhen	Residential & commercial	1,933	40%	2010
Regency Park	Shenzhen	Residential	649	50%	2010
Regency Cove	Shanghai	Residential	477	43%	2010
Regency Park	Shanghai	Residential & commercial	107	50%	2010
Metropolitan	Tianjin	Residential & commercial	2,741	40%	2011
The Greenwich	Beijing	Residential	2,575	50%	2011
Le Sommet	Shenzhen	Residential & commercial	2,515	50%	2011
Noble Hills, Guanlan	Shenzhen	Residential & commercial	1,586	50%	2011
Regency Residence	Changchun	Residential & commercial	1,935	50%	2011

The Mainland (continued)

Major properties in the Mainland under development (continued)

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest	Expected Completion Date
			(thousand sq ft)		
The Greenwich	Xian	Residential & commercial	10,049	50%	2012
Noble Hills	Chongqing	Residential	4,296	50%	2012
Cape Coral, Nanan	Chongqing	Residential & commercial	1,649	48%	2012
Regency Park	Changchun	Residential & commercial	3,747	50%	2012
Zengcheng	Guangzhou	Residential & commercial	3,573	50%	2012
Lujiazui	Shanghai	Commercial	861	50%	2012
Xin Zha Road	Shanghai	Commercial	623	30%	2012
Regency Oasis	Chengdu	Residential & commercial	5,280	50%	2013
Zhoupu	Shanghai	Residential & commercial	3,663	43%	2013
Jiading	Shanghai	Residential & commercial	3,551	50%	2013
Century Link	Shanghai	Commercial	2,351	25%	2013
Cape Coral, Panyu Dashi	Guangzhou	Residential & commercial	3,475	50%	2013
Yuhu Mingdi	Guangzhou	Residential & commercial	2,496	40%	2013
Tianning	Changzhou	Residential	2,375	50%	2013
Laopu Pian	Wuhan	Residential & commercial	1,757	50%	2013
Shisanling	Beijing	Residential	861	50%	2013
Noble Hills	Changsha	Residential & commercial	6,683	50%	2014
Daya Bay, Aotou	Huizhou	Residential	2,585	50%	2014
Qiao Island	Zhuhai	Residential	2,540	50%	2014
Hualou Jie	Wuhan	Residential & commercial	3,947	50%	2015
International Toys and Gifts Center	Guangzhou	Commercial	1,844	30%	2015
Le Parc	Chengdu	Residential & commercial	23,353	50%	2016
Caidian	Wuhan	Residential, commercial & hotel	11,587	50%	2016
Xiao Gang Wan	Qingdao	Residential & commercial	9,900	45%	2016
Yin Hu Wan	Jiangmen	Residential, commercial & hotel	4,535	45%	2017
Putuo	Shanghai	Residential, commercial & hotel	7,750	38%	2018
Laguna Verona	Dongguan	Residential & commercial	15,159	50%	2019
Yangjiashan	Chongqing	Residential & commercial	33,250	48%	2021

Overseas

Major overseas properties under development

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest	Expected Completion Date
			(thousand sq ft)		
Singapore					
The Vision	Singapore	Residential	362	50%	2013
Marina Bay	Singapore	Residential & commercial	4,673	17%	2014
United Kingdom					
Lots Road and Chelsea Harbour	London	Residential & commercial	849 (Note)	48%	2016
Convoys Wharf	London	Residential & commercial	3,105 (Note)	50%	2019

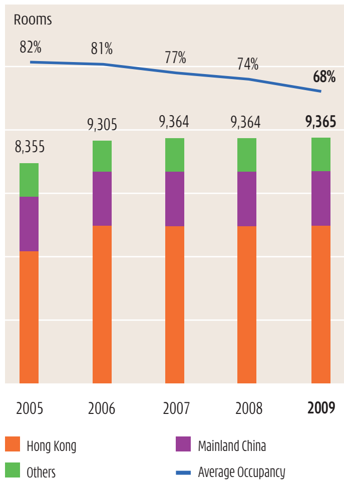
Note: Total net floor area

The development projects in Singapore and the United Kingdom continue to progress satisfactorily.

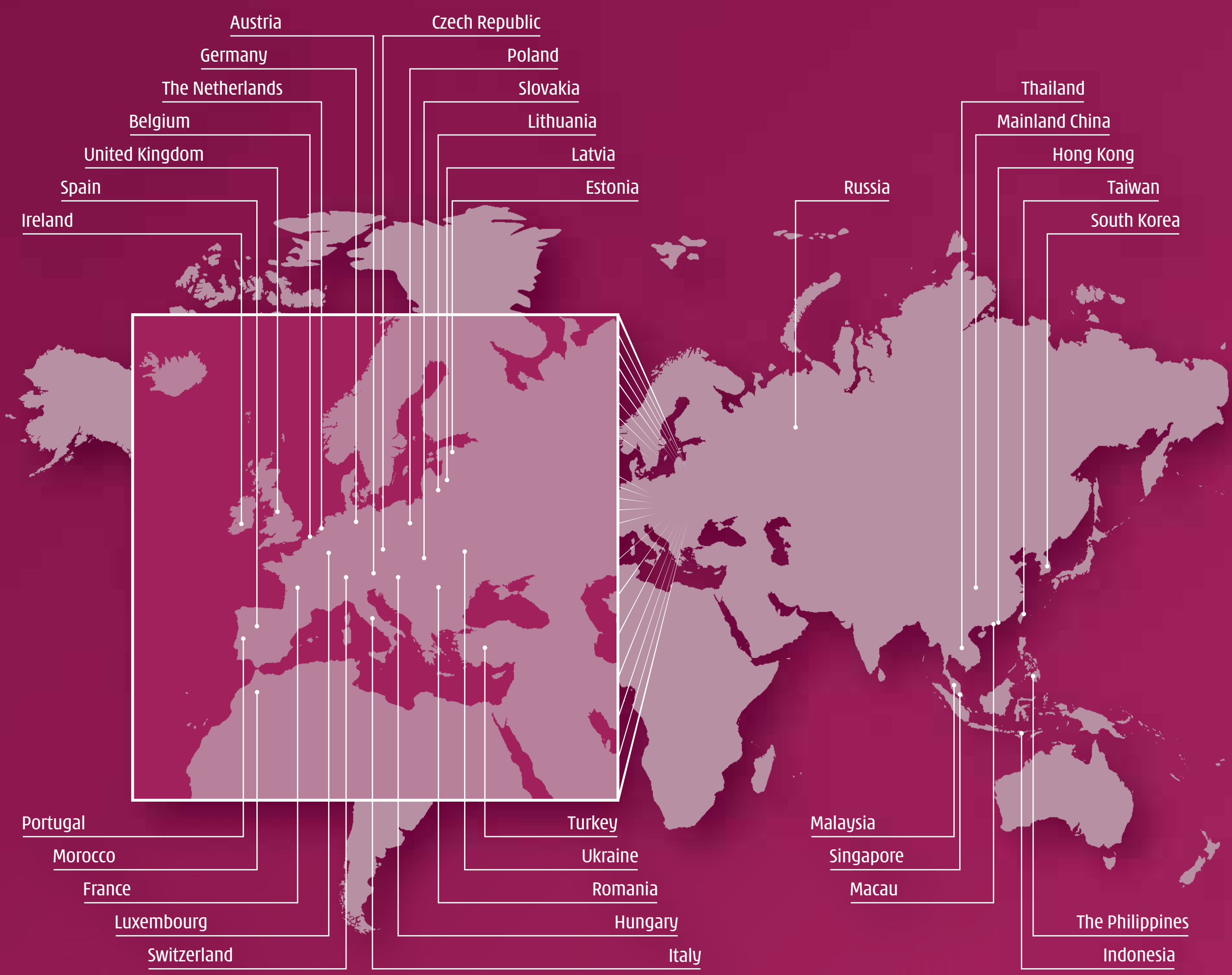
Hotels

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 2009, the hotels division recorded a reduction in total revenue and EBIT of 26% and 55% respectively compared to 2008, primarily due to the significant adverse impact of swine flu and the global economic downturn.

Average Actual Room Inventory by Geographical Location and Average Occupancy



Harbour Grand Hong Kong opens its doors to customers on 1 June 2009. All hotel guestrooms and serviced suites offer spectacular views overlooking the Victoria Harbour.



Retail

The retail division consists of the A S Watson group of companies, one of the world's largest health and beauty retailers in terms of store numbers. A S Watson currently operates 12 retail brands in Europe and 10 retail brands in Asia, with more than 8,700 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.

Shanghai Watsons Your Personal Store, China

- Total revenue increased 5% in local currencies.
- EBIT improved 30% to HK$5,692 million.
- The division contributed 48% and 15% respectively to the total revenue and EBIT of the Group's established businesses.

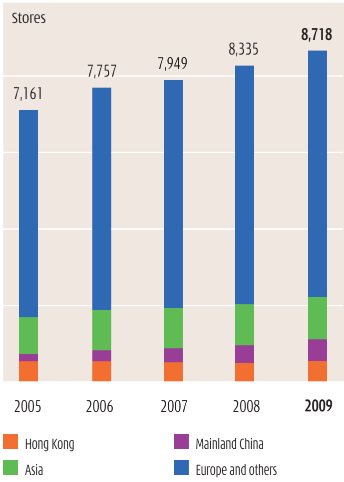
The Group's retail businesses are managed under four principal operating divisions: Health and Beauty; Luxury Perfumeries and Cosmetics; Retail Hong Kong; and Manufacturing.

Despite volatile consumer sentiment in all markets in 2009, the retail division achieved a 5% increase in total revenue in local currencies compared to last year, although in Hong Kong dollars, total revenue decreased by 2% to HK$116,098 million. In this difficult environment, the retail division achieved EBIT of HK$5,692 million, 30% above last year, by continuing to focus on streamlining operations to improve efficiency and profitability, reducing inventory levels, increasing centralised purchasing, developing higher-margin own-brand products, expanding cautiously in high growth markets and launching successful sales strategies. The major contributors to sales and EBIT growth include the retail operations in Hong Kong, the health and beauty operations in Asia and the Benelux countries, the luxury perfumery business in the United Kingdom and the operations in Poland, partially offset by lower results from the Marionnaud operations in Europe. The retail division contributed 48% and 15% respectively to the total revenue and EBIT of the Group's established businesses.

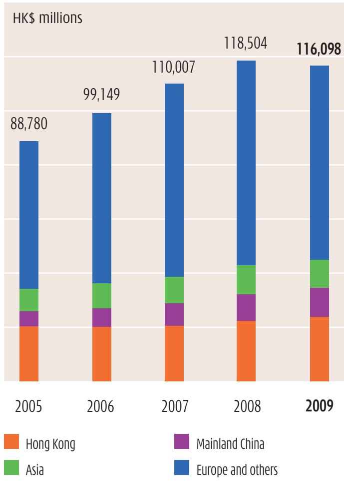
	2009 HK$ millions	2008 Restated HK$ millions	Change
Total Revenue	116,098	118,504	-2%
EBIT	5,692	4,384	+30%

Kruidvat unveils a new brand identity and offers customers a better shopping environment.

Total Number of Retail Stores
by Geographical Location



Total Revenue
by Geographical Location



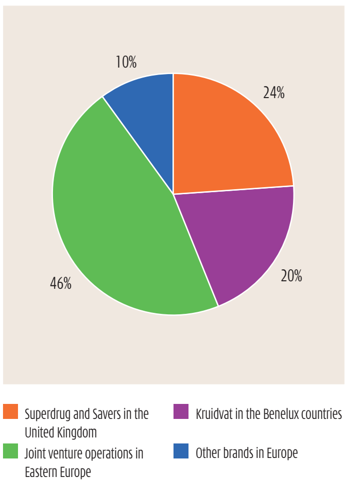
Health and Beauty

The health and beauty retail chain stores consist of Superdrug and Savers in the United Kingdom; Kruidvat and Trekpleister in the Benelux countries; joint ventures in certain Eastern European countries; Drogas in the Baltic States; Watsons in Asia and certain Eastern European countries; and Nuance-Watson in the Hong Kong and Singapore international airports. In local currencies, the health and beauty division's total revenue and EBIT increased 8% and 56% respectively. After translating to Hong Kong dollars, total revenue decreased by 2%, while EBIT increased by 48%.

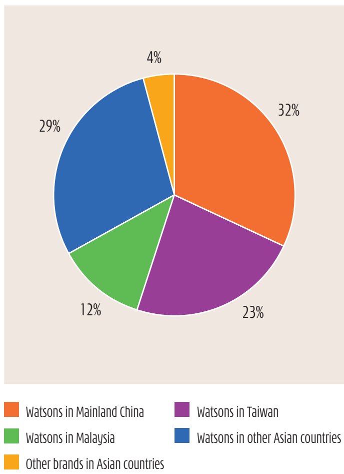
The health and beauty businesses in the United Kingdom and Europe reported, in local currencies, a combined total revenue improvement of 6% over last year, mainly due to the record sales performances of Kruidvat in the Benelux countries; continued expansion of the operations in Poland and the improved sales of Savers in the United Kingdom. After translation to Hong Kong dollars, total revenue decreased 5% compared to last year. EBIT improved 64% in local currencies compared to last year, and 52% after translation to Hong Kong dollars. This was mainly due to better results from the operations in Poland and the Benelux countries, as well as the turnaround performance of the combined businesses in the United Kingdom from improved operational efficiencies and cost management strategies, partially offset by lower performances from certain Eastern European businesses which suffered from ailing local market economies. In the Benelux countries, Kruidvat maintained its market leading position in the health and beauty retail sector and the division reported total revenue growth, in local currencies, of 6%, and a 37% improvement in EBIT. The health and beauty European division currently has more than 4,800 retail outlets in 13 markets.

In Asia, the health and beauty business under the Watsons brand name is a leading beauty and personal care retail chain as well as a leading pharmacy chain with strong brand name recognition and extensive geographical coverage, particularly in the Mainland. Combined total revenue grew by 9% compared to last year, with an EBIT growth of 44%, mainly due to increased contributions from continued expansion in the Mainland which now has over 550 stores. This is partially offset by weaker performances from the retail concessions at the Hong Kong International Airport operated by Nuance-Watson, a 50% owned joint venture. The division currently has more than 1,700 stores operating in eight Asian markets outside of Hong Kong and Macau.

Number of Retail Stores by Brands
of Health and Beauty Europe
Division at the end of December 2009



Number of Retail Stores by Brands
of Health and Beauty Asia
Division at the end of December 2009



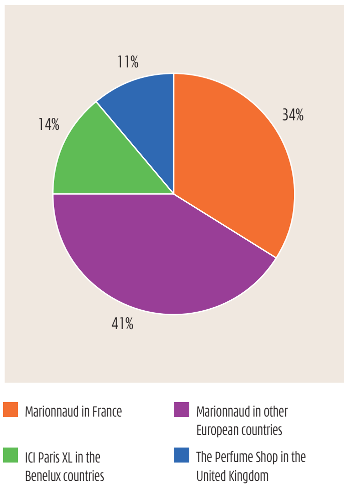
Customers in Turkey appreciate Watsons' wide range of products at attractive prices.

Luxury Perfumeries and Cosmetics

The luxury perfumeries and cosmetics division comprises the three European-based luxury perfumeries and cosmetics retail chains, Marionnaud, The Perfume Shop and ICI Paris XL. In local currencies, the division maintained its total revenue at the same level as last year and reported an increase in EBIT of 1% over 2008. After translation to Hong Kong dollars, combined total revenue decreased 5%, whilst EBIT increased 10%.

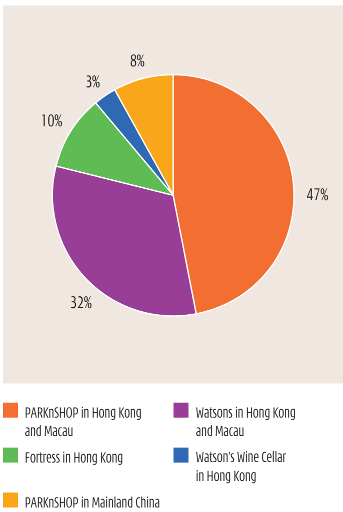
Marionnaud faced a challenging economic environment in various European countries during the year with reduced customer spending on luxury items amid the financial crisis and has reported lower results compared with last year. In local currencies, combined total revenue declined 2% and EBIT was marginally lower compared to last year due to a higher share of losses from the Eastern European operations as a result of the increased shareholding in 2009. In the United Kingdom, The Perfume Shop reported strong growth in both total revenue and EBIT of 9% and 37% respectively in local currency. In the Benelux countries, ICI Paris XL reported solid growth in total revenue and EBIT of 1% and 18% respectively in local currency. There are currently over 1,600 stores in 17 markets in this division.

Number of Retail Stores by Brands of Luxury Perfumeries and Cosmetics Division at the end of December 2009



Fortress offers the leading brands, the latest models and the lowest prices guaranteed to a diverse customer base who shops for personal electronics, digital devices and home appliances.

Number of Retail Stores by Brands of Retail Hong Kong Division at the end of December 2009



Retail Hong Kong

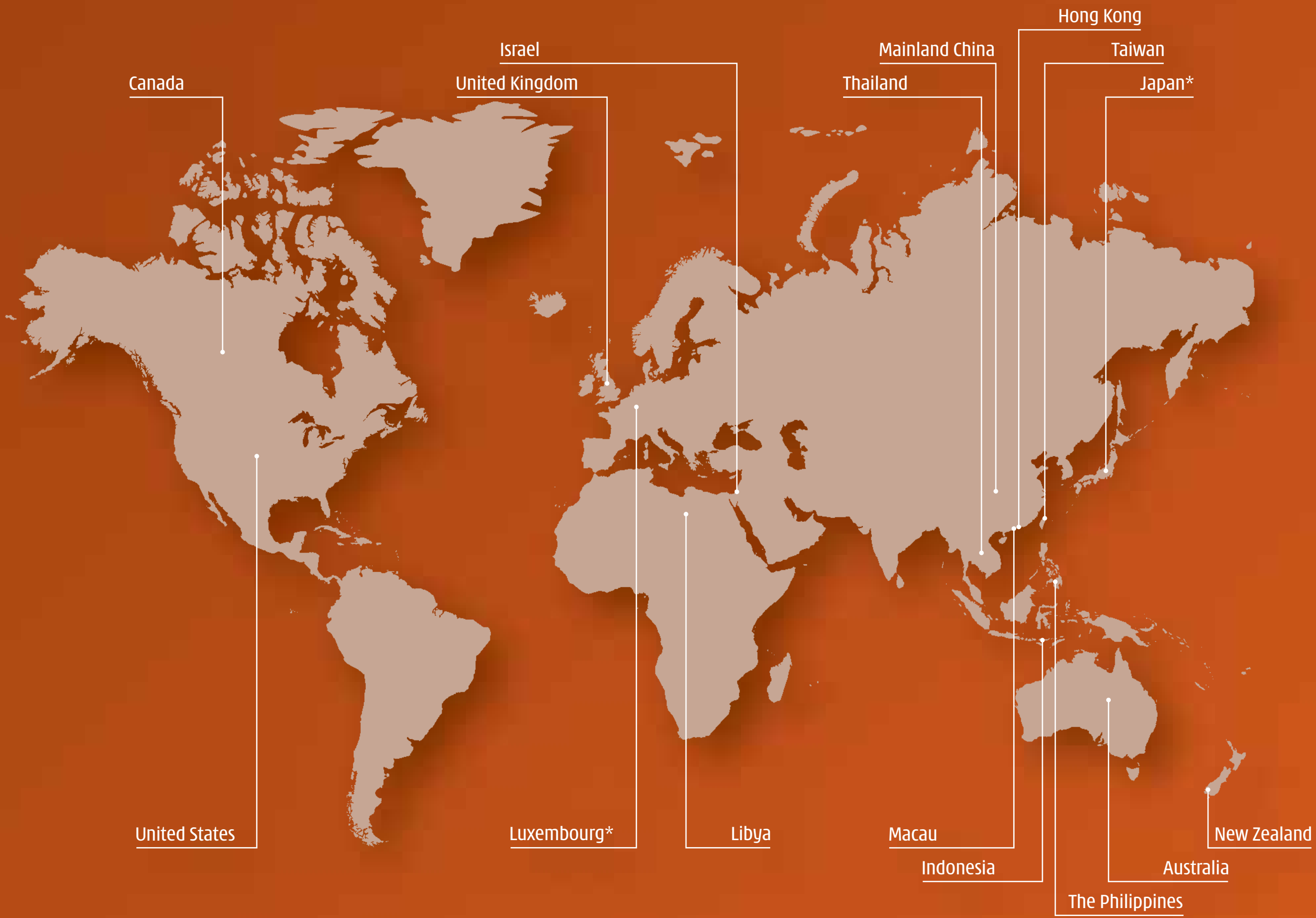
The Retail Hong Kong division consists of leading retail concepts in Hong Kong, being PARKnSHOP supermarkets and other related concept stores; Watsons health and beauty personal care stores; Fortress consumer electronics and electrical appliances retail chain; Watson's Wine Cellar stores; as well as PARKnSHOP in the Mainland. This division, which currently operates over 500 retail outlets, reported total revenue growth of 3% and an EBIT improvement of 23%.

The Hong Kong economy was less affected by the financial crisis than other regions and most business units in this division achieved overall healthy growth in total revenue and EBIT. Notwithstanding the intense competition and pressures on 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 total revenue and EBIT in 2009. Watsons reported better total revenue and EBIT compared to last year through a heightening of brand awareness, improved efficiency and strengthening of product mix and differentiation. Despite severe competition in the market, Fortress was able to increase its market share and reported increased total revenue and EBIT for the year. Watson's Wine Cellar reported growth in both total revenue and EBIT as consumer sentiment improved since mid-2009.

In the Mainland, the PARKnSHOP operations reported reduced total revenue in 2009 mainly due to price deflation for food products at the beginning of the year and keen competition from foreign retailers. The impact of the lower sales was mitigated by cost saving measures and improved inventory management, resulting in a 25% growth in EBIT compared to last year.

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 maintained its total revenue at the same level as last year and reported an 18% increase in EBIT, primarily driven by the operations in the Mainland.



* Finance & Investments

Energy and Infrastructure Finance and Investments Other Operations

The energy and infrastructure division includes the Group's 84.58% interest in Cheung Kong Infrastructure Holdings Limited ("CKI"), a leading investor in the infrastructure sectors in Hong Kong, the Mainland, Australia, New Zealand, the United Kingdom, Canada and the Philippines, and the Group's 34.55% interest in Husky Energy Inc. ("Husky"), one of Canada's largest integrated energy and energy-related companies. Also reported at the end of this section are the results of the finance and investments operations and certain other businesses.

West Hercules Deep-water Drilling Rig, South China Sea

- Combined total revenue for the energy and infrastructure division totalled HK$50,788 million.
- CKI announced turnover of HK$4,054 million and profit attributable to shareholders of HK$5,568 million.
- Husky announced sales and operating revenues of C$15,074 million and net earnings of C$1,416 million.

Combined total revenue for the energy and infrastructure division for 2009 totalled HK$50,788 million, 39% lower than 2008, mainly due to a decrease in the Group's share of revenue from Husky. EBIT totalled HK$10,915 million, a 47% decrease.

	2009 HK$ millions	2008 HK$ millions	Change
Total Revenue	**50,788**	83,218	**-39%**
EBIT	**10,915**	20,720	**-47%**

ETSA Utilities is South Australia's primary electricity distributor, and is engaged in building, extending, maintaining and upgrading the state's electricity distribution network.

HK Electric's Lamma Power Station provides electricity to customers on Hong Kong Island and Lamma Island.

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 seven jurisdictions: Hong Kong; the Mainland; Australia; New Zealand; the United Kingdom; Canada; and the Philippines, it is one of the leading players in the global infrastructure arena.

CKI announced its group turnover and its share of jointly controlled entities' turnover of HK$4,054 million, 46% below last year mainly due to the disposal of joint venture power plants in the Mainland. Profit attributable to shareholders was HK$5,568 million, a 26% increase over last year's profit of HK$4,423 million. The increase in profit is mainly attributable to a one-off gain on disposal of a 45% equity interest in three power plants in the Mainland to Hongkong Electric Holdings Limited ("HK Electric") totalling HK$1,314 million, which after asset valuation consolidation adjustments, amounted to a gain of HK$847 million in the Group's results. CKI, after adjusting for the Group's asset valuation consolidation adjustments, contributed 6% and 18% respectively to the total revenue and EBIT of the Group's established businesses.

CKI holds a 38.87% interest in HK Electric, a company listed on The Stock Exchange of Hong Kong Limited. HK Electric is the largest contributor to CKI's results and is the sole provider of electricity to Hong Kong Island and Lamma Island through its wholly-owned subsidiary, The Hongkong Electric Company, Limited ("HEC"). HK Electric announced turnover of HK$10,395 million, a 19% decrease compared to last year and profit attributable to shareholders of HK$6,697 million, 17% below last year. The lower profit was primarily due to HEC's lower rate of permitted return under the new Scheme of Control Agreement, partially offset by increased profit from HK Electric's investments outside Hong Kong.

In November, CKI and HK Electric jointly announced they had increased their combined stake in Northern Gas Networks Holding Limited ("NGN") from around 75.1% to 88.4% for a consideration of approximately HK$1 billion. NGN is responsible for distributing gas to homes and businesses across the North of England, an area covering approximately 6.7 million inhabitants and in this area it has over 2.6 million customers.

Despite the prevailing economic conditions, CKI achieved a strong performance for the year.

Husky's Upgrader in Lloydminster, Saskatchewan, has the capacity to process 82,000 barrels per day of heavy oil from the region into lighter, refinery-ready synthetic crude oil.

Husky Energy

The Group has a 34.55% interest in Husky, a listed Canadian-based international integrated energy and energy-related company. Husky announced sales and operating revenues in 2009 of C$15,074 million, 39% below last year, and net earnings of C$1,416 million, 62% below last year. The decreases in revenues and net earnings reflected the lower average oil and natural gas prices and lower production volumes. Considering this economic environment, Husky prudently reduced capital expenditures in 2009 and continues to review and implement cost containment and efficiency opportunities.

Cashflow from operations of Husky in 2009 was C$2,507 million, a 58% decrease from last year. A total dividend of C$1.2 per share was declared in 2009. During the year, cash received by the Group from dividends from Husky amounted to HK$2,739 million. Husky, after adjusting for the Group's asset valuation consolidation adjustments and adjustments to conform Husky's accounting policies to the Group's Hong Kong Financial Reporting Standards, contributed 15% and 11% respectively to the total revenue and EBIT of the Group's established businesses.

In 2009, Husky's gross production volume averaged approximately 306,500 barrels of oil equivalent per day ("BOEs per day"), a 14% decrease when compared to 355,900 BOEs per day in 2008, mainly due to reduced natural gas production in Western Canada as a result of lower capital expenditures and lower production at the White Rose oil field offshore Canada's East Coast as a result of the planned shutdown of production for a major maintenance operation and satellite tie-in work for the North Amethyst project.

In December 2009, Husky announced that it made another significant gas discovery in the South China Sea, the Liuhua exploration well. The Liuhua field will be tied into the planned offshore infrastructure associated with the Liwan Deepwater Project. Husky expects to submit the Liwan field overall development plan to the regulatory authorities in 2010 and first gas production is targeted to be in the 2013 timeframe.

In the White Rose development offshore Canada's East Coast, the North Amethyst satellite sub-sea tie-back work was completed and production is expected to come on stream in the second quarter of 2010.

In late 2009, Husky signs an agreement to purchase 98 retail outlets in Southern Ontario and integrate them into Husky's branding, systems and operations. This brings the total number of Husky retail outlets in Canada to 571.

In December 2009, Husky agreed to purchase 98 retail outlets, increasing its total retail outlets to 571. The acquisition strengthens Husky's market share in Canada and establishes its position in the Southern Ontario market.

Husky and its partner, BP, sanctioned the Continuous Catalytic Reformer Regeneration Project at the Toledo Refinery, Ohio in the United States. The project will improve the efficiency and competitiveness of the refinery by reducing energy consumption and lowering operating costs.

In January 2010, Husky announced that it has completed the front end engineering and design for Phase 1 of the Sunrise Oil Sands Project in Western Canada, and has obtained necessary approvals from the Government of Alberta, Environment Department and the Energy Resources and Conservation Board to proceed with the project. Pending project sanction by Husky and its partner, BP, the detailed engineering, procurement and construction phase of the project is scheduled to begin in the second half of 2010. Phase 1 production of 60,000 barrels per day is anticipated in 2014.

	2009 HK$ millions	2008 HK$ millions	Change
Total Revenue	**2,515**	4,303	**-42%**
EBIT	**4,079**	6,467	**-37%**

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$115,734 million at 31 December 2009, a 31% increase from HK$88,021 million in 2008. The EBIT reported by this operation decreased by 37% to HK$4,079 million, primarily due to lower profits on disposal of certain listed equity investments from HK$2,084 million in 2008 compared to HK$666 million in 2009, as well as lower interest income as a result of significantly lower market interest rates and reduced average cash and liquid investments on hand after the repayment of certain debts in 2008 and 2009. During the year, the Group refinanced and repaid debts as they matured and repaid early certain other long-term borrowings and notes totalling HK$103,182 million. This refinancing activity significantly extended the maturity profile of the Group's long-term debts. 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.

Other Operations

The Group's share of the results of Hutchison Whampoa (China) Limited, listed subsidiary Hutchison Harbour Ring Limited ("HHR") and listed associate TOM Group Limited ("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 United Kingdom and France, and also has an investment in Hutchison China MediTech Limited ("Chi-Med"), a 71.5% owned subsidiary listed on the Alternative Investment Market of the London Stock Exchange PLC in the United Kingdom. Chi-Med manufactures, distributes and retails healthcare and traditional Chinese medical and pharmaceutical products.

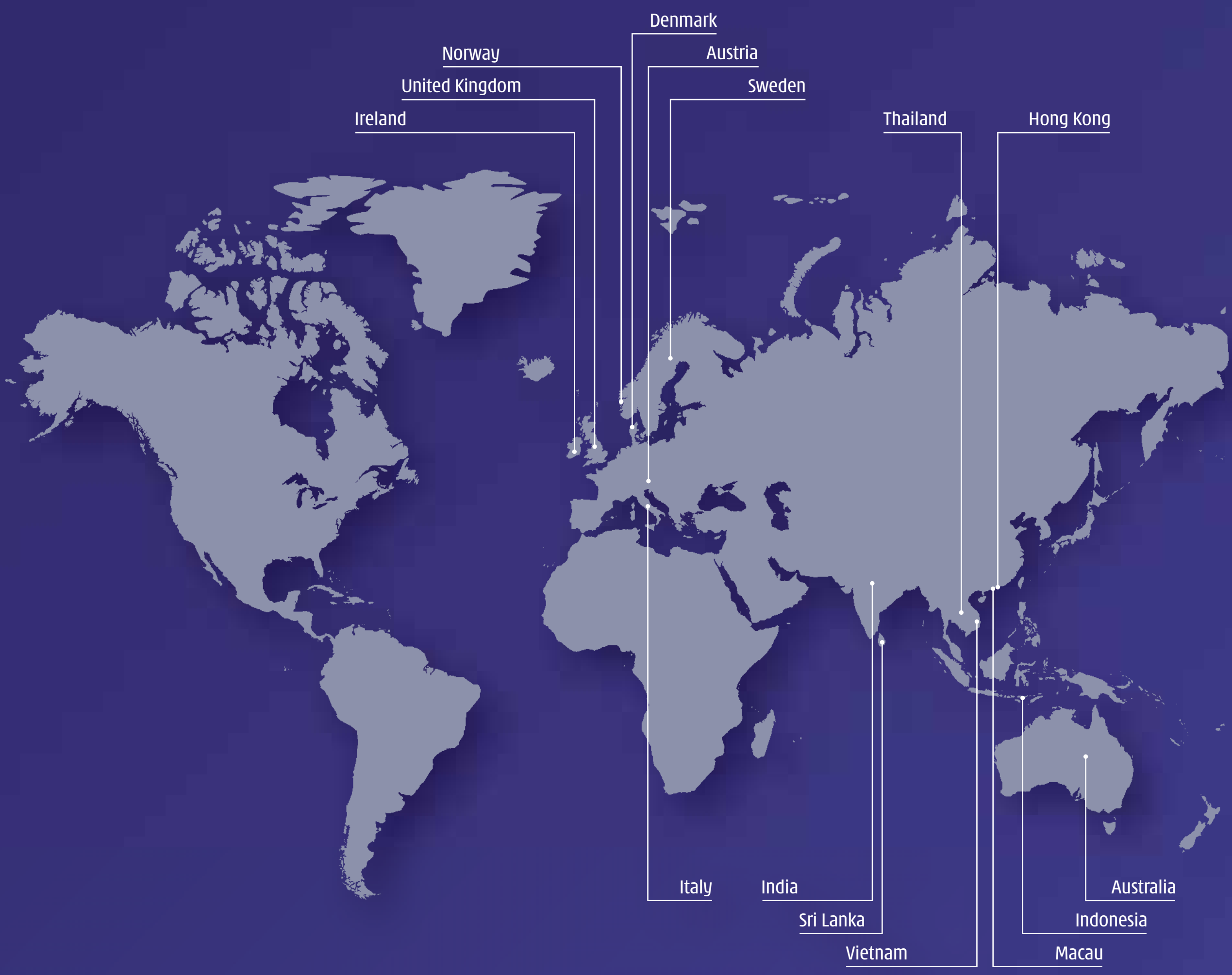
Hutchison Harbour Ring

HHR is a 71.5% owned subsidiary as at 31 December 2009, listed on The Stock Exchange of Hong Kong Limited, and its businesses include property investments, the manufacture of certain consumer electronic products and some retail product licensing and sourcing. HHR announced revenue from continuing operations of HK$272 million, a decrease of 65% compared to last year. Profit attributable to shareholders of HHR decreased from HK$2,009 million in 2008 to HK$188 million in 2009, reflecting the effect of the disposal of one of its investment properties in 2008 and difficult economic conditions in its other businesses.

TOM Group

TOM, a 24.5% associate, is listed on The Stock Exchange of Hong Kong Limited and its businesses include Internet, publishing, outdoor media, and television and entertainment. TOM announced turnover of HK$2,436 million, a decrease of 11% compared to the HK$2,728 million in 2008. Loss attributable to shareholders was significantly reduced by 96% to HK$61 million due to an impairment of goodwill and other assets of HK$1,250 million made in 2008 relating mainly to the wireless business of TOM.

Fourteen drugs of Chi-Med are included in the list of essential drugs by the Ministry of Health in the Mainland.



Telecommunications

The Group's telecommunications division includes, as at 31 December 2009, a 62.60% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on The Stock Exchange of Hong Kong Limited, a 60.36% interest in Hutchison Telecommunications International ("HTIL"), which is listed on The Stock Exchange of Hong Kong Limited and the New York Stock Exchange, and the **3** Group businesses in Europe and Australia.

3 Shop in Hong Kong

- HTHKH announced turnover of HK$8,449 million and profit attributable to shareholders of HK$468 million.
- HTIL announced turnover of HK$1,856 million and profit attributable to shareholders of HK$4,940 million.
- Registered 3G customer base grew 29% to 25.9 million at 31 December 2009 and currently totals over 26.8 million.

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

3.0 Shop addresses the growing demand for mobile data and broadband services.

Hutchison Telecommunications Hong Kong Holdings

HTHKH was spun off by way of distribution in specie by HTIL, and was then listed by way of introduction on The Stock Exchange of Hong Kong Limited on 8 May 2009. HTHKH announced its full year 2009 turnover of HK$8,449 million and profit attributable to shareholders of HK$468 million, a 4% and a 103% increase respectively over last year. Both mobile and fixed-line operations reported improved results compared to last year. HTHKH, after adjusting for the Group's asset valuation consolidation adjustments, contributed 3% and 2% respectively to the total revenue and EBIT of the Group's established businesses.

The mobile operations in Hong Kong and Macau achieved a 3% increase in combined turnover and an EBIT increase in 2009. The improved results were mainly due to an enlarged 3G customer base, higher service margin driven by the increased contribution from Internet and data access services, partially offset by lower inbound roaming revenues. The combined mobile customer base, on an active basis, was approximately 3.0 million as at 31 December 2009, representing a 10% increase from the beginning of the year, with the number of postpaid customers reaching 1.9 million, accounting for over 60% of the total mobile customer base. In January 2009, a joint venture of HTHKH and Hong Kong Telecommunications (HKT) Limited successfully bid for a Broadband Wireless Access ("BWA") radio spectrum in Hong Kong. The BWA licence paves the way to establish a next generation platform for high speed data services.

The fixed-line telecommunications business in Hong Kong continues to progress, reporting a 6% increase in revenue and an EBIT increase in 2009. The overall revenue growth was mainly due to improved performance of the carrier and corporate and business segments, partially offset by lower interconnection revenue following the abolishment of fixed-mobile interconnection charges from April 2009.

Hutchison Telecommunications International

HTIL, a subsidiary listed on The Stock Exchange of Hong Kong Limited and the New York Stock Exchange announced 2009 turnover of HK$1,856 million, a 3% increase over last year, and profit attributable to shareholders of HK$4,940 million (2008, as restated – HK$1,132 million). The 2009 results include a gain, after a prudent provision for tax, of HK$6,333 million from the disposal of its entire shareholding in Partner Communications in Israel and contributions from certain suppliers totalling HK$155 million (2008 – HK$731 million) in relation to its Indonesian operations. At 31 December 2009, HTIL had a mobile customer base of 12.8 million, representing a 98% increase over the comparable base last year. HTIL, after adjusting for the Group's asset valuation consolidation adjustments and adjustments to conform HTIL's accounting policies to the Group's Hong Kong Financial Reporting Standards, contributed 5% and a negative 1% respectively to the total revenue and EBIT of the Group's established businesses.

Subsequent to the year end, the Group and HTIL announced a proposal to privatise HTIL by way of a Scheme of Arrangement ("the Scheme") whereby each share of HTIL held by HTIL shareholders (other than those which are wholly owned by the Group) on 24 May 2010 to be cancelled in exchange for HK$2.20 in cash and that this offer will not be increased. On the assumption that all outstanding HTIL share options are exercised, the cash consideration would total HK$4,227 million. The Scheme is subject to, inter alia, approval by the minority shareholders and court sanction. Court dates are scheduled in the second quarter of 2010 for determination of the Scheme.

As disclosed in the Group's 2008 annual report in the Risk Factors section, HTIL received comments from the staff of the US Securities and Exchange Commission (the "Staff") regarding its annual report on Form 20-F for the year ended 31 December 2007. The Staff raised certain questions in August 2008 regarding the accounting treatment of the sale and leaseback of base station tower sites entered into by HTIL's Indonesian subsidiary, PT. Hutchison CP Telecommunications ("HCPT").

HCPT entered into a Tower Transfer Agreement to sell up to 3,692 base station tower sites for a cash consideration of US$500 million (HK$3,882 million), with completion in tranches over a two-year period commencing on 18 March 2008. Concurrent with completion of the first tranche, HCPT entered into a Master Lease Agreement to lease back a portion of the capacity on the base station tower sites. HTIL reviewed the substance of this transaction in accordance with International Financial Reporting Standards and determined, with the agreement of its auditor, that this transaction satisfied the criteria for recognition as an operating lease. Accordingly, HTIL reflected this treatment in its audited accounts for the year ended 31 December 2008 and a gain on disposal of the base station tower sites amounting to US$182.2 million (HK$1,421 million) was recognised, as well as the lease expense for the period from the commencement of the lease.

Motorbike marketing campaigns in Hanoi, Ho Chi Minh and Da Nang to build brand awareness for "Vietnamobile".

This sale and leaseback transaction was first reported as a subsequent event in HTIL's annual report on Form 20-F for the year ended 31 December 2007. As part of its periodic review of HTIL's 2007 Form 20-F, the Staff queried this accounting treatment in a letter dated 28 August 2008. Since that date, HTIL and its auditor have had a number of discussions with the Staff.

Although HTIL continues to believe its judgement that this transaction satisfies the criteria for recognition as an operating lease is appropriate, it has not been able to agree this accounting treatment with the Staff who believes the transaction should be treated as a finance lease. In view of the judgemental aspects of this complex issue and with regard to the impending shareholders' meeting to enable the shareholders of HTIL to vote on the proposal for privatisation and the requirement to prepare as soon as possible a scheme document for the use of shareholders for the purpose of this shareholders' meeting, HTIL has decided to amend and restate the previously reported accounts for the year ended 31 December 2008 to reflect the accounting for the transaction as a finance lease in accordance with the Staff's judgement and will be filing an amended annual report on Form 20-F for the year ended 31 December 2008. The adjustments required to the 2008 accounts include:

- deferring and amortising the gain from the sale of the capacity leased back by HTIL over the lease period in the consolidated income statement;
- recognising the leased assets and the related finance lease obligations in the consolidated statement of financial position; and
- recognising depreciation expense on the leased assets and interest expense on the lease payments as finance lease charges.

The gain attributable to the portion of the capacity of the base station tower sites sold under the Tower Transfer Agreement that has not been leased back by HCPT, amounting to US$54.6 million (HK$426 million) continues to be recognised in the consolidated income statement of HTIL in 2008. HTIL has disclosed in Note 2(b) to its 2009 financial statements the effect of this restatement in detail.

Having noted that HTIL, the Group's 60.36% owned subsidiary, has decided to restate its previously reported consolidated financial statements for the year ended 31 December 2008 to reflect the accounting for a certain sale and leaseback transaction as a finance lease, the Group has determined not to restate its consolidated financial statements. This restatement in a subsidiary is not material to the Group's consolidated financial statements. For the sake of transparency, if the Group had adopted the changes made by HTIL; in 2008, the Group's profit attributable to shareholders would have reduced by HK$446 million or 3.5%, total assets would have increased by HK$899 million or 0.1%, total liabilities would have increased by HK$1,965 million or 0.5% and total equity would have reduced by HK$1,066 million or 0.4%; in 2009, the Group's profit attributable to shareholders would have reduced by HK$170 million or 1.2%, total assets would have increased by HK$2,161 million or 0.3%, total liabilities would have increased by HK$3,261 million or 0.9% and total equity would have reduced by HK$1,100 million or 0.3%.

In Indonesia, HCPT owns a nationwide licence to provide 2G and 3G services. In 2009, the business continued to grow and now serves Bali, Lombok, Sumatra, Kalimantan, Sulawesi and Java, covering 76% of the population of the country. The customer base at the end of 2009 increased to 8.5 million. Turnover for the year increased 93% to HK$608 million and LBITDA amounted to HK$1,300 million.

In Vietnam, HTIL with Hanoi Telecommunications Joint Stock Company launched GSM services in April 2009 under the new brand name "Vietnamobile". The customer base at the end of 2009 was 2.5 million. Turnover for the year increased from HK$18 million to HK$141 million and LBITDA amounted to HK$361 million.

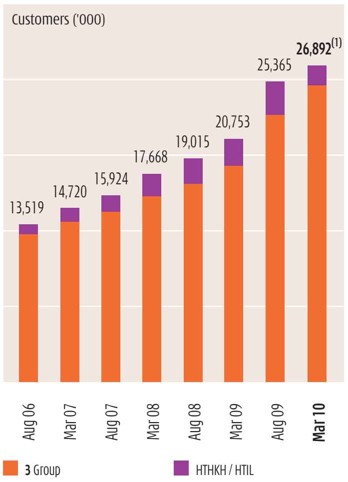
In Sri Lanka, Hutchison Telecom Lanka faced a difficult operating environment and the customer base decreased to 779,000 customers from 887,000 last year. Turnover was down to HK$61 million, compared to HK$160 million last year and LBITDA was HK$94 million, compared to an EBITDA of HK$37 million in 2008.

In Thailand, HTIL's mobile business provides CDMA services. Turnover was HK$1,046 million in 2009, a 12% decrease compared to last year. EBITDA was HK$83 million, compared with HK$81 million last year. HTIL remains in discussions to exit this operation.

3 Group

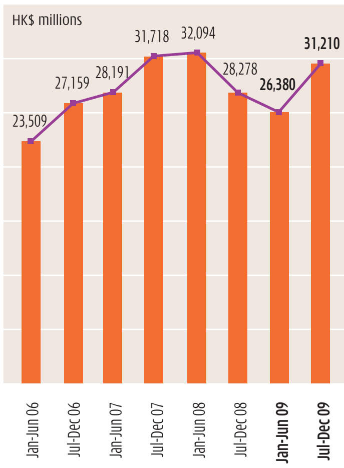
	2009 HK$ millions	2008 Restated HK$ millions	Change
Total Revenue	**57,590**	60,372	**-5%**
LBIT	**(8,922)**	(15,792)	**+44%**
Gain on merger of **3** Australia with Vodafone Australia	**3,641**	–	**N/A**
LBIT after the merger gain	**(5,281)**	(15,792)	**+67%**

Total Registered 3G Customers



(1) Excludes Israel's customer base following the sale of HTIL's entire shareholding in Partner Communications in Israel in August. Israel's customer base in August 2009 was 1,139,000.

3 Group's Total Revenue



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

Despite depressed economic conditions in most of its markets, overall the **3** Group continued to grow its customer and revenue bases, reduce operating losses and reduce cash outflows by focusing on acquiring higher margin mobile broadband access customers, stabilising churn and implementing cost reduction measures. **3** Group has maintained its 3G market leading position in the countries it operates in.

The **3** Group reported, in local currencies, a 5% growth in total revenue as a result of the growth in the customer base partially offset by lower ARPU. After translation to Hong Kong dollars, **3** Group's total revenue decreased 5% from 2008 to HK$57,590 million. In local currencies, **3** Group reported a reduction in LBIT of 64% and after translation to Hong Kong dollars, LBIT amounted to HK$5,281 million, a 67% reduction compared to total LBIT of HK$15,792 million in 2008. The terms of **3** Italia's and **3** UK's telecommunications licences provide for continuous renewal and extension rights such that the licences have an indefinite life. With an indefinite life, licence costs are no longer required to be amortised and both **3** Italia and **3** UK ceased recording amortisation charges for the year. The effect of this change in useful life and amortisation is to reduce **3** Group's reported LBIT in the current year and going forward by approximately HK$3,895 million. Also, included in this result is a one-time gain of HK$3,641 million resulting from the merger of **3** Australia with Vodafone Australia. The LBIT in the comparable 2008 results also includes a one-time gain resulting from foreign exchange gains totalling HK$2,945 million from **3** European operations' refinancings. Excluding the effect of the change in amortisation and the above one-time gains in both years, LBIT reduced 32% and in local currencies reduced 27%.

The Group's registered 3G customer base (including the 3G customers of HTHKH) grew 29% during the year to approximately 25.9 million at 31 December 2009 and currently totals over 26.8 million, reflecting continued growth and the additional customers arising from the merger of the Group's Australian business with Vodafone's business in Australia in June. The proportion of active customers in the **3** Group's registered customer base and contract customer base was approximately 84% and 97% respectively at the end of the year, compared to 79% and 97% at the end of 2008. Management continues to focus on managing churn, which has stabilised at an average monthly customer churn rate of 2.7% in 2009, consistent with 2008, whilst the churn rate of contract customers has improved slightly from 1.9% last year to 1.8% this year. The proportion of contract customers as a percentage of the registered customer base has decreased slightly from 55% last year to 54% at the end of 2009. All operations within the **3** Group achieved solid customer growth and increased their respective market share in 2009.

ARPU, on a 12-month trailing average basis, decreased 15% in 2009 to €28.32, largely due to regulatory reductions of mobile termination and roaming rates, price competition and an increased proportion of mobile broadband access customers added during the year. Mobile broadband access customers characteristically generate lower ARPU, but higher gross margins than handset customers.

Growth of higher margin non-voice revenues continued to be a key focus of the **3** Group in 2009. Average non-voice revenue per active user as a percentage of ARPU for 2009 increased to 38%, compared to 33% in 2008. 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 Packet Access mobile broadband services. At 31 December 2009, approximately 4.5 million customers, representing 18% of the total **3** Group customer base, have mobile broadband access, an increase of 75% from last year. As a result of the success in increasing the proportion of higher gross margin customers, overall the **3** Group reported increased gross margin as a percentage of revenues compared to 2008. Gross margins also continued to improve due to the economies of scale from a larger customer base, stringent controls over operating costs and outsourcing the operational management of certain network infrastructure. The **3** Group continues to explore opportunities to reduce operating costs and maximise the benefits from its investments in the mobile networks through cell site and network sharing arrangements.

INQ launches the INQ Mini to offer a suite of social media services including Twitter, Facebook and Skype.

Customer acquisition costs and retention costs ("CACs") totalling HK$17,306 million in 2009 were 15% lower than 2008 due to a 25% reduction in the unit cost to acquire a customer, averaging €106 per customer, on a 12-month trailing basis, compared to €141 for 2008, partially offset by an increase in the number of customers acquired and retained during the year. This favourable declining trend of average CACs 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 access customers. To further enhance the customer experience with the **3** Group's high-speed mobile broadband network, **3** Group has designed and developed more models of innovative yet affordable and simple-to-use consumer mobile devices such as the INQ Mini and the INQ Chat that put social networking, email and instant messaging at the heart of mass-market mobile phones.

In order to increase the comparability of performance with other operators within the global industry and to more closely align the income statement with the cash flow statement, the Group retrospectively adopted a new accounting policy during the year to expense as incurred all acquisition and retention costs related to contract customers. Previously, these costs were capitalised and amortised over the contract terms. The impact of this change has been included in the Group's results and amounts to a reduction of **3** Group's reported LBIT in the current year by HK$875 million (2008 – increased LBIT by HK$4,935 million).

3 Group achieved positive EBITDA after all CACs of HK$176 million, a 117% turnaround from the comparable LBITDA last year of HK$1,055 million. This turnaround is due to an enlarged customer base, cost savings from outsourcing activities, stringent cost controls and effective working capital management.

Depreciation and amortisation expense, which includes the depreciation of networks and amortisation of licence fees, content and other rights decreased 38% to HK$9,098 million in 2009, largely due to the cessation of licence amortisation in **3** Italia and **3** UK as mentioned above.

The **3** Group's capital expenditure amounted to HK$8,259 million in 2009, a 35% reduction compared to the HK$12,726 million in 2008, mainly due to the completion of most of the major network expansion activities and deconsolidation of the financial results of **3** Australia. Capital expenditure during the year primarily related to network expansion and upgrades of High Speed Downlink Packet Access ("HSDPA") and High Speed Uplink Packet Access ("HSUPA") capabilities.

Key Business Indicators

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

	Customer Base					
	Registered Customers at 29 March 2010 ('000)			Registered Customer Growth (%) from 31 December 2008 to 31 December 2009		
	Prepaid	Postpaid	**Total**	Prepaid	Postpaid	**Total**
United Kingdom & Ireland	2,537	3,724	**6,261**	36%	6%	**15%**
Italy	5,619	3,388	**9,007**	-5%	21%	**3%**
Australia[1]	3,177	4,208	**7,385**	1,455%	112%	**239%**
Sweden & Denmark	191	1,444	**1,635**	56%	24%	**27%**
Austria	207	698	**905**	15%	38%	**32%**
3 Group Total	11,731	13,462	**25,193**	39%	34%	**36%**
Hong Kong and Macau[2]	272	1,427	**1,699**	119%	12%	**20%**
Total	12,003	14,889	**26,892**	40%	21%	**29%**

	Customer Service Revenue							
	Revenue for the year ended 31 December 2009 (millions)					Growth (%) compared to the year ended 31 December 2008		
		% of total		% of total		Revenue		
	Prepaid	Revenue	Postpaid	Revenue	**Total**	Prepaid	Postpaid	**Total**
United Kingdom & Ireland	£168.9	11%	£1,379.9	89%	**£1,548.8**	–	-1%	**-1%**
Italy	€409.2	25%	€1,237.8	75%	**€1,647.0**	-26%	5%	**-5%**
Australia[3]	A$318.5	17%	A$1,566.0	83%	**A$1,884.5**	313%	13%	**28%**
Sweden & Denmark	SEK130.4	2%	SEK5,421.8	98%	**SEK5,552.2**	39%	21%	**22%**
Austria	€5.0	3%	€169.2	97%	**€174.2**	-4%	3%	**3%**

	12-month Trailing Average Revenue per Active User ("ARPU")[4] to 31 December 2009					
	Total				Non-voice	
	Prepaid	Postpaid	**Blended Total**	% Variance compared to 31 December 2008	**ARPU**	% of total ARPU
United Kingdom & Ireland	£10.74	£32.24	**£26.46**	-21%	**£9.71**	37%
Italy	€11.23	€36.74	**€23.49**	-7%	**€9.05**	39%
Australia[3]	A$29.04	A$71.61	**A$55.82**	-16%	**A$20.48**	37%
Sweden & Denmark	SEK111.58	SEK366.18	**SEK347.55**	-8%	**SEK144.92**	42%
Austria	€10.61	€24.79	**€23.87**	-28%	**€11.60**	49%
3 Group Average	€13.01	€36.88	**€28.32**	-15%	**€10.77**	38%

Note 1: Active customers (including customers of mobile virtual network operators ("MVNOs")) at 31 December 2009 as announced by listed subsidiary HTAL, updated for net additions to 29 March 2010.

Note 2: Hong Kong and Macau active customers at 31 December 2009 as announced by listed subsidiary HTHKH, updated for net additions to 29 March 2010.

Note 3: Revenue and ARPU (excluding ARPU from MVNOs) as announced by listed subsidiary HTAL. Revenue represents the results of the **3** business for the five months to May 2009 and 50% of the merged business for the seven months to December 2009.

Note 4: ARPU equals total revenue excluding handset and connection revenues, divided by the average number of active customers during the year, 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.

United Kingdom and Ireland

The combined registered customer base of wholly-owned subsidiaries, **3** UK and **3** Ireland where the 3G business is still at a relatively early stage of development, has grown by 15% from 31 December 2008 to over 6.0 million at 31 December 2009, and currently the combined base totals over 6.2 million. The growth reflects a 59% increase in mobile broadband access customers to over 1.7 million which affected the customer mix. Contract customers decreased to 62% of the combined registered base at the end of 2009 (2008 – 68%). Active customers, as a proportion of the combined registered base, was 86% at 31 December 2009, compared to 87% last year. Of the combined contract customer base, 96% are active, in line with last year, and contributed 89% of the combined revenue base. The average combined monthly customer churn rate increased from 2.6% in 2008 to 3.0% in 2009, while the average combined monthly churn rate of contract customers increased from 1.6% last year to 1.9% this year. The combined ARPU, on a 12-month trailing average basis, declined from £33.57 in 2008 to £26.46, mainly due to the adverse impact of the regulated interconnection and international roaming fee reductions in the United Kingdom and also the increase in the combined mobile broadband access customers.

Although these mobile broadband access customers generate lower average ARPU, they contribute higher gross margins. The proportion of revenue from the higher margin non-voice services increased to 37% of combined ARPU compared to 34% in 2008. Combined revenue, in British pounds, decreased 1% during the year to £1,549 million, reflecting the adverse impact of the tariff regulations and the increasing proportion of non-contract and mobile broadband access customers as mentioned above.

3 UK is the first UK mobile operator to open a store specifically aimed at catering to the Chinese community in London.

3 UK continued to improve, reporting EBITDA after all CACs growth of 5%. This improved result reflects tighter cost controls. LBIT totalled £89 million, a 72% reduction from the comparable recurring LBIT last year before non-recurring 2008 foreign exchange gains. The reduction is due to the above factors, reduced licence amortisation charges of £240 million, partially offset by increased depreciation charges. Combined LBIT for **3** UK and **3** Ireland, in British pounds, improved 66% compared to 2008 before non-recurring 2008 foreign exchange gains.

The network upgrade to roll out HSDPA through the UK network sharing arrangement with another UK mobile network operator continues to progress. In December 2008, **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 and the nationwide rollout is progressing well.

Italy

The Group has a 97.4% interest in **3** Italia at 31 December 2009. The registered customer base grew 3% in 2009 to total over 8.8 million at 31 December 2009 and is currently over 9.0 million. **3** Italia continued to focus on higher value contract customers, which represented 37% of the registered base at the end of 2009 (2008 – 32%), and building its mobile broadband access customer base which increased 196% during the year. Active customers, as a proportion of the total registered customer base was 69% at 31 December 2009, compared to 67% last year. Of the contract customer base which contributed 75% of the revenue base, 92% is active compared to 94% last year. Average monthly customer churn rate decreased from 3.1% in 2008 to 2.7% in 2009, largely due to the significant improvement in the churn rate of contract customers decreasing from 3.0% last year to 2.2%. ARPU, on a 12-month trailing average basis, declined from €25.34 to €23.49 in 2009, mainly due to regulatory actions on top up charges and mobile termination rates, and also competition. Gross margin declined as a percentage of revenue in 2009 mainly due to the launch of new tariff plans with marketing initiatives to attract higher value contract customers. The proportion of revenue from the higher margin non-voice services increased to 39% of ARPU, compared to 32% in 2008. **3** Italia's revenue, in local currency, declined 5% mainly due to regulatory actions, competition and the increasing proportion of mobile broadband access customers.

3 Italia continues to build its mobile broadband access customer base.

3 Italia continued to improve, reporting a decrease in LBITDA after all CACs of 70% to €136 million in 2009. This improved result reflects cost savings from outsourcing activities, stringent cost controls and lower CACs. LBIT totalled €447 million, a 50% reduction from the comparable recurring LBIT last year before non-recurring 2008 foreign exchange gains. The reduction is due to the above factors and a reduction in licence amortisation charges of €89 million in 2009 and lower depreciation charges.

Australia

The Group's 87.87% owned, listed subsidiary in Australia, Hutchison Telecommunications (Australia) Limited ("HTAL"), announced service revenue attributable to HTAL of A$1,885 million, a 28% increase over the previous year, and a profit for the year attributable to shareholders of A$468 million, a 387% improvement from last year's results. Excluding the gain on the merger of **3** Australia with Vodafone Australia of A$587 million, HTAL reported a net loss of A$119 million, which is 27% lower than last year's loss of A$163 million. HTAL also announced a 239% growth of its active customer base from 31 December 2008 to total approximately 6.9 million at 31 December 2009, and the base is currently over 7.3 million active customers. Postpaid customers represented 57% of the active customer base at the end of the year, compared with 91% at the end of 2008. This shift in the customer base was due to a larger proportion of prepaid customers acquired as part of the merger. The business has maintained industry low postpaid customer churn of 1.3% per month in 2009. Mobile broadband access customers increased to 673,000, a 134% increase from 288,000 in 2008. ARPU, on a 12-month trailing average basis, was affected by the higher proportion of prepaid customers in the post-merger period, declining 16% to A$55.82 in 2009. Revenue from non-voice services attributable to HTAL increased 46% to A$677 million. Non-voice services now contribute 37% of ARPU, up from 31% in 2008.

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 27% to over 1.5 million at 31 December 2009 and currently totals over 1.6 million. Contract customers at 31 December 2009 represented 88% of the combined registered customer base, a decrease from 90% last year. Active customers, as a proportion of the total combined registered customer base and the combined contract customer base at 31 December 2009, was 95% and 100% respectively, and is comparable to the 96% and 100% respectively, reported last year. The average combined monthly customer churn rate remained stable at 2.1% in both 2008 and 2009. Although ARPU, on a 12-month trailing average basis, decreased 8% to SEK347.55, combined revenue in Swedish Kronas increased by 22% compared to 2008, primarily due to the enlarged customer base. The proportion of revenue from the higher margin non-voice services increased from 36% of ARPU in 2008 to 42% in 2009.

3 Sweden and **3** Denmark continued to improve, reporting EBITDA after all CACs growth of 1,312% resulting from a turnaround of LBITDA last year to EBITDA in 2009. This improved result reflects higher gross margins and tight cost controls. LBIT totalled SEK439 million, a 63% reduction from the comparable recurring LBIT last year. This reduction is due to the above factors, lower depreciation charges, partially offset by increased licence amortisation charges.

The registered customer base of **3** Austria increased by 32% during 2009 to over 864,000 at 31 December 2009 and currently stands at 905,000. The proportion of contract customers at 31 December 2009 represented 78% of the total registered customer base, an increase compared to the 74% reported last year. Active customers as a proportion of the total registered customer base increased from 78% in 2008 to 83% in 2009, while active customers as a proportion of the contract customer base at 31 December 2009 remained stable at 99% in both years. The average monthly customer churn rate decreased from 1.6% in 2008 to 1.3% in 2009. ARPU, on a 12-month trailing average basis, declined 28% from €33.04 in 2008 to €23.87 in 2009, mainly due to an increased proportion of mobile broadband access customers and an ongoing decline in interconnection revenues due to regulatory actions. The proportion of revenue from the higher margin non-voice services increased from 36% of ARPU in 2008 to 49% in 2009. **3** Austria's revenue and LBIT, before non-recurring foreign exchange gains in 2008, in local currency, increased 3% and reduced 8% respectively, mainly due to an enlarged customer base and improved gross margins.

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$13,025 million, a decrease of 36% when compared to 2008, mainly due to lower effective market interest rates and repayment of certain bank loans and notes in 2008 and 2009. During the year, the Group refinanced and repaid debts as they matured and repaid early certain other long-term borrowings and notes totalling HK$103,182 million. 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$8,321 million for the year, an increase of 19%, mainly due to a prudent provision for tax by HTIL arising from the disposal of its Israeli telecommunications operation.

Summary

The Group faced a challenging year in 2009, with the severity of the financial crisis impacting all industries and countries to varying degrees. Despite the difficult operating environment in 2009, the Group's diversified operations performed satisfactorily. The uncertain economic environment is anticipated to continue in 2010 and the Group will continuously monitor the operations and focus on cost controls to meet upcoming challenges.

The 2009 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, 30 March 2010

Group Capital Resources and Liquidity

Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and 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 derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British pound, Euro and HK dollar borrowings.

At 31 December 2009, approximately 38% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 62% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$97,813 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$3,806 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 74% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 26% were at fixed rates at 31 December 2009.

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 for debt financing 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 (such as major procurement contracts) 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. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in overseas subsidiaries and associates. During the year, the currencies of most of those countries where the Group has overseas operations strengthened against the Hong Kong dollar. This gave rise to an unrealised gain of HK$15,875 million (2008, as restated – loss of HK$37,046 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, which was reflected as a movement in the "Consolidated Statement of Changes in Equity" under the heading of exchange reserve.

At 31 December 2009, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$28,593 million to Hong Kong 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, after the above swap, are denominated as follows: 30% in HK dollars, 31% in US dollars, 28% in Euro, 5% in British pounds and 6% in other currencies.

Treasury Management (continued)

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 2009, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch.

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 swaps as described in "Interest Rate Exposure" above. The Group's holding of listed debt and equity securities represented approximately 19% (2008 – approximately 33%) 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.

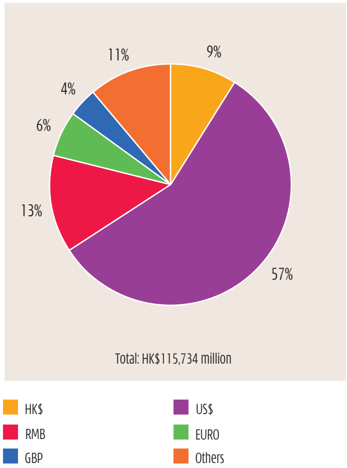
Liquid Assets

The Group continues to have a healthy financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK$115,734 million at 31 December 2009, 31% higher than the balance as at 31 December 2008 of HK$88,021 million, mainly due to cash flow from its established businesses and cash proceeds received on disposal of the Group's interests in its telecommunications operations in Israel and certain power plants, as well as new borrowings of HK$111,452 million, partially offset by the utilisation of cash to repay debts as they matured, and also to repay certain debts early, totalling HK$103,182 million. Of the liquid assets, 9% were denominated in HK dollars, 57% in US dollars, 13% in Renminbi, 6% in Euro, 4% in British pounds and 11% in other currencies.

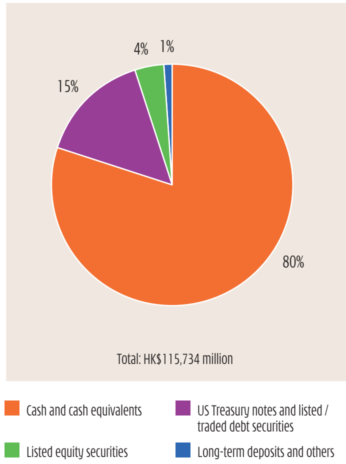
Cash and cash equivalents represented 80% (2008 – 65%) of the liquid assets, US Treasury notes and listed/traded debt securities 15% (2008 – 29%), listed equity securities 4% (2008 – 5%) and long-term deposits and others 1% (2008 – 1%).

The US Treasury notes and listed/traded debt securities, including those held under managed funds, consisted of supranational notes (38%), government guaranteed notes (32%), government related entities issued notes (12%), notes issued by the Group's associated company, Husky Energy Inc. (5%), US Treasury notes (1%) and others (12%). Of these US Treasury notes and listed/traded debt securities, 78% are rated at Aaa/AAA with an average maturity of 1.3 years on the overall portfolio. The Group has no exposure in mortgage backed securities, collateralised debt obligations or similar asset classes.

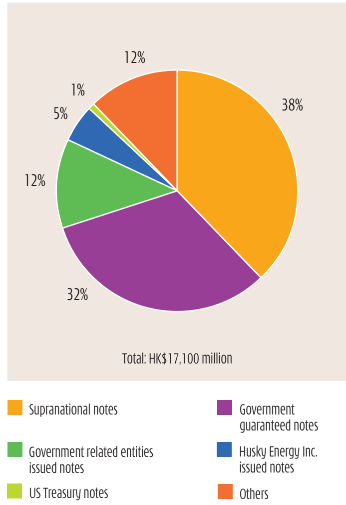
Liquid assets by currency denomination at 31 December 2009



Liquid assets by type at 31 December 2009



US Treasury notes and listed/traded debt securities by type at 31 December 2009



Cash Flow

Consolidated EBITDA before and after all telecommunications CACs amounted to HK$82,987 million and HK$63,987 million respectively for 2009, both decreasing 15% compared to last year. Total CACs of all of the Group's telecommunications operations amounted to HK$19,000 million for the year, a 17% decrease compared to 2008, mainly due to a 25% reduction in **3** Group's unit cost to acquire a customer, partially offset by an increase in the number of customers acquired and retained during the year. Consolidated funds from operations ("FFO") after all telecommunications CACs but before cash profits from disposals, capital expenditures and changes in working capital amounted to HK$24,741 million, a 16% increase from last year.

In 2009, the Group's capital expenditures decreased 32% to total HK$19,576 million (2008 – HK$28,712 million). The decrease in the Group's total capital expenditures is primarily due to reduced expenditures by the ports and related services division as projects were completed, and by **3** Group with the completion of most of the major network expansion activities and deconsolidation of the financial results of **3** Australia. Capital expenditures for the ports and related services division amounted to HK$4,970 million (2008 – HK$9,502 million); for the property and hotels division HK$54 million (2008 – HK$89 million); for the retail division HK$1,072 million (2008 – HK$1,686 million); for the energy and infrastructure division HK$139 million (2008 – HK$92 million); for the finance and investments division HK$19 million (2008 – HK$14 million); for HTHKH HK$1,111 million (2008 – HK$1,105 million); for HTIL HK$3,893 million (2008 – HK$3,414 million); for others HK$59 million (2008 – HK$84 million) and for **3** Group HK$8,259 million (2008 – HK$12,726 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.

Cash Flow (continued)

Debt Maturity and Currency Profile

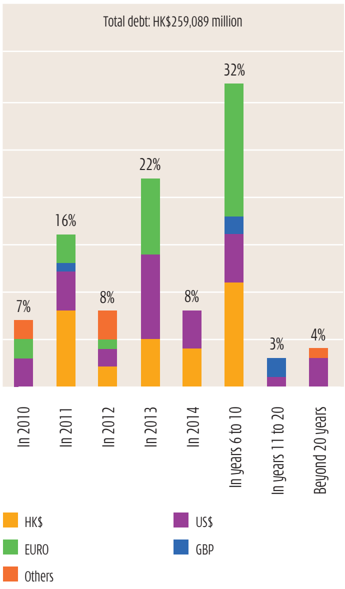
The Group's total principal amount of bank and other debts at 31 December 2009 increased 2% to total HK$259,089 million (2008 – HK$253,884 million) of which 62% (2008 – 53%) are notes and bonds and 38% (2008 – 47%) are bank and other loans. The net increase in principal amount of bank and other debts was primarily due to new borrowings of HK$111,452 million, as well as the adverse effect of the translation of foreign currency denominated loans to Hong Kong dollars of HK$4,414 million, partially offset by the repayment of debts as they matured and also early repayment of certain debts maturing in 2010 and 2011 totalling HK$103,182 million. The Group's weighted average cost of debt for the year to 31 December 2009 reduced 2.0% to 3.2% (year ended 31 December 2008 – 5.2%). Interest bearing loans from minority shareholders, which are viewed as quasi-equity, totalled HK$13,424 million at 31 December 2009 (2008 – HK$13,348 million).

The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2009 is set out below:

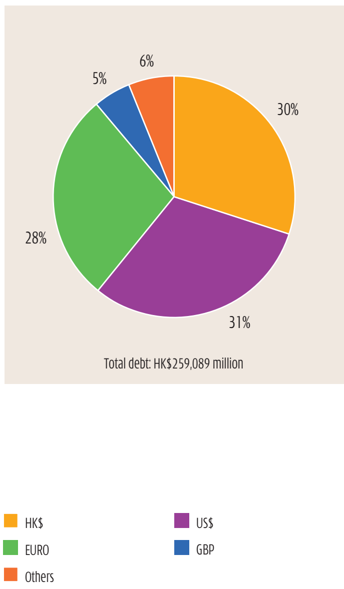
	HK$	US$	EURO	GBP	Others	Total
In 2010	–	3%	2%	–	2%	7%
In 2011	8%	4%	3%	1%	–	16%
In 2012	2%	2%	1%	–	3%	8%
In 2013	5%	9%	8%	–	–	22%
In 2014	4%	4%	–	–	–	8%
In years 6 to 10	11%	5%	14%	2%	–	32%
In years 11 to 20	–	1%	–	2%	–	3%
Beyond 20 years	–	3%	–	–	1%	4%
Total	30%	31%	28%	5%	6%	100%

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 2009



Debt profile by currency denomination
at 31 December 2009



Changes in Financing

The significant financing activities in 2009 were as follows:

- In March, obtained two five-year floating rate loan facilities totalling HK$5,000 million primarily to refinance existing indebtedness;
- Between March and May, prepaid a syndicated loan facility totalling HK$1,750 million;
- In April, issued ten-year, fixed rate US$1,500 million (approximately HK$11,700 million) guaranteed notes to refinance existing indebtedness;
- In April, repaid at maturity, a loan of €240 million (approximately HK$2,425 million);
- In May, obtained a four-year, floating rate term loan facility of HK$1,500 million, to refinance existing indebtedness;
- In May, obtained a five-year, floating rate term loan facility of HK$2,000 million to refinance existing indebtedness;
- In May, obtained a four-year, floating rate syndicated loan facility of HK$8,000 million to refinance existing indebtedness;
- In May, listed subsidiaries HTHKH and HTIL, repaid on maturity, a floating rate term and revolving credit facility loan totalling HK$6,260 million;
- In May, listed subsidiary HTHKH obtained a 13-month, floating rate loan facility of HK$5,200 million to refinance existing indebtedness;
- In May, repaid on maturity, a floating rate loan facility of HK$3,300 million;
- Between June and November, through various tenders, purchased and effectively retired US$2,034 million (approximately HK$15,868 million), £275 million (approximately HK$3,518 million) and €276 million (approximately HK$3,019 million) of the Group's outstanding notes of various maturities. The Group has also purchased US$240 million (approximately HK$1,870 million) and €53 million (approximately HK$573 million) of these outstanding notes of various maturities during the year;
- In June, obtained a two-year, floating rate term loan facility of €300 million (approximately HK$3,246 million) to refinance existing indebtedness. In August, the maturity date of this facility was extended for four years to 2015;
- In June, prepaid a floating rate term loan facility of €300 million (approximately HK$3,279 million);
- In June, listed subsidiary HTIL, prepaid floating rate Israeli notes of NIS167 million (approximately HK$327 million) maturing in March 2012;
- In July, obtained a five-year, floating rate term loan facility of HK$1,000 million to refinance existing indebtedness;
- In July, put options were exercised to retire US$196 million (approximately HK$1,532 million) fixed rate notes maturing in August 2037;
- In September, issued six-year, fixed rate US$2,000 million (approximately HK$15,600 million) and ten-year, fixed rate US$1,000 million (approximately HK$7,800 million) guaranteed notes to refinance existing indebtedness;
- In September, listed subsidiary CKI obtained a three-year, floating rate term bank loan facility of A$300 million (HK$2,019 million) to refinance existing indebtedness;

Cash Flow (continued)

Changes in Financing (continued)

- In November, issued seven-year, fixed rate €1,750 million (approximately HK$20,248 million) guaranteed notes to refinance existing indebtedness;
- In November, prepaid a €47.9 million (approximately HK$554 million) loan facility maturing in 2010;
- In November, prepaid a syndicated loan facility of €2,000 million (approximately HK$23,140 million) maturing in 2011;
- In November, issued six-year, fixed rate US$189 million (approximately HK$1,477 million) guaranteed notes to refinance existing indebtedness;
- In November, obtained a five-year, floating rate loan facility of US$300 million (approximately HK$2,340 million) to refinance existing indebtedness;
- In December, listed subsidiary HTHKH obtained a three-year, floating rate facility of HK$5,000 million to refinance existing indebtedness;
- In December, repaid before maturity a syndicated loan facility of SEK10,500 million (approximately HK$11,130 million), and obtained a three-year, floating rate syndicated loan facility of SEK6,300 million (approximately HK$6,678 million);
- In December, obtained a five-year, floating rate syndicated loan facility of HK$5,000 million to refinance existing indebtedness;
- In December, repaid a €450 million (approximately HK$4,986 million) loan facility on maturity;
- In December, obtained a four-year, floating rate term loan facility of €1,000 million (approximately HK$11,080 million) to refinance existing indebtedness; and
- In December, prepaid a syndicated loan facility of €1,000 million (approximately HK$11,080 million) maturing in 2011.

Subsequent to the year end:

- In February this year, obtained a five-year, floating rate loan facility of HK$1,000 million to refinance existing indebtedness;
- In March this year, obtained a five-year, floating rate loan facility of HK$1,000 million to refinance existing indebtedness; and
- In March this year, prepaid a HK$5,000 million loan facility maturing later in 2010.

Capital, Net Debt and Interest Coverage Ratios

The Group's total shareholders' funds increased 9% to HK$283,531 million at 31 December 2009 compared to HK$260,319 million at 31 December 2008 (after restatement for the retroactive change of the CACs accounting policy), reflecting the profit for the year, net of dividends paid and a non-cash favourable effect, of HK$15,875 million arising from the translation of overseas subsidiaries' net assets at 31 December 2009 exchange rates, mainly due to the strengthening of the Euro and the British pound against the Hong Kong dollar compared to the prior year end. At 31 December 2009, the consolidated net debt of the Group, excluding interest bearing loans from minority shareholders which are viewed as quasi-equity, unamortised loan facilities fees and premiums or discounts on issue and fair value changes of interest rate swap contracts, was HK$143,355 million (2008 – HK$165,863 million), a 14% reduction compared to the net debt at the beginning of the year. The Group's net debt to net total capital ratio at 31 December 2009 is 29.9% (2008, as restated – 34.9%). This ratio is affected by foreign currency translation effects on shareholders' funds and on debt balances as shown below.

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 2009.

Net debt/Net total capital ratios at 31 December 2009:	**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	30.6%	29.9%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	28.1%	27.6%
B1 – including interest bearing loans from minority shareholders as debt	33.5%	32.7%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	30.8%	30.2%

The Group's consolidated gross interest expense and other finance costs of subsidiaries, before capitalisation, decreased 45% to total HK$9,889 million in 2009, compared to HK$17,891 million last year, mainly due to lower effective market interest rate in 2009 and lower average borrowings as a result of the previously mentioned debt repayments during the year.

Consolidated EBITDA and FFO before all telecommunications CACs for the year covered consolidated net interest expense and other finance costs 11.6 times and 6.9 times respectively (2008, as restated – 7.5 times and 4.4 times).

Secured Financing

At 31 December 2009, assets of the Group totalling HK$2,503 million (2008 – HK$10,857 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 2009 amounted to the equivalent of HK$20,340 million (2008 – HK$13,342 million).

Contingent Liabilities

At 31 December 2009, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and jointly controlled entities totalling HK$13,081 million (2008 – HK$4,334 million), of which HK$12,527 million (2008 – HK$3,749 million) has been drawn down as at 31 December 2009, and also provided performance and other guarantees of HK$5,039 million (2008 – HK$7,820 million).

Risk Factors

The Group's business, financial condition and results of operations are subject to various business risks and uncertainties. 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, Interest Rates and Currency Markets

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 maritime container shipping, decline in the value of securities investments, and also volatility in interest rates and currency markets. There can be no assurance that the combination of industry trends, and currency 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 bank and debt capital markets to obtain financing. The availability of financing with acceptable terms and conditions may be impacted by many factors including, among others, liquidity in the global and regional banking and debt capital markets and the Group's credit ratings. Although the Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings, the Group's actual credit ratings could be adversely affected by operating or financial conditions, in which case the availability and cost of debt capital could be affected.

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 may 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 associated companies and also on the repatriation of earnings, equity investments and loans. Although the Group actively manages its currency exposures, fluctuation of the currencies in which the Group conducts or finances its 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's results of operations and financial condition are dependent on the prices received for its crude oil and natural gas production. Lower prices for crude oil and natural gas could adversely affect the value and quantity of Husky's oil and gas reserves. Prices for crude oil are based on world supply and demand. Supply and demand can be affected by a number of factors including, but not limited to, actions taken by the Organisation of Petroleum Exporting Countries ("OPEC"), non-OPEC crude oil supply, social conditions in oil producing countries, the occurrence of natural disasters, general and specific economic conditions, prevailing weather patterns and the availability of alternate sources of energy. Husky's natural gas production is located entirely in Western Canada and is, therefore, subject to North American market forces. North American natural gas supply and demand is affected by a number of factors including, but not limited to, the amount of natural gas available to specific market areas either from the well head or from storage facilities, prevailing weather patterns, the price of crude oil, the US and Canadian economies, the occurrence of natural disasters and pipeline restrictions. 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, 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 disruptive alternate telecommunications or energy technologies and potential competition in the future from substitute telecommunications or energy technologies being developed or to be developed;

- increasing competition in property investment and development in the Mainland, which may result in lower returns achieved on the Group's property businesses; and

- expected continuous significant competition and pricing pressure from retail competitors, 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 businesses in Europe, Australia, Hong Kong and Macau. In order to grow its customer base, the Group has made significant investments in customer acquisition costs in each of the **3** Group's markets. The Group may need to incur more capital expenditure to expand or improve its 3G networks and incur more customer acquisition and retention costs to build the **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.

Future Growth (continued)

As at 31 December 2009, the Group had a total deferred tax asset balance of HK$14,657 million, of which HK$13,054 million was attributable to the Group's 3G operations in the United Kingdom. The ultimate realisation of these deferred tax assets depends principally on the Group's UK businesses achieving profitability and generating sufficient taxable profits to utilise these UK shared unused tax losses. In the United Kingdom, 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. If there is a significant adverse change in the projected performance and resulting taxable profits of the Group's UK businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which would have an adverse effect on the Group's financial condition and results of operations.

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, acquisitions 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 in 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 property 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 governmental and economic policies may affect, among others, the level of investment and funding requirements from the Group in these joint venture property 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 (including but not limited to the utilisation of greenhouse gas emissions) 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. Certain of these licences have historically been issued for a set duration and renewed, however renewal may not be guaranteed, or, if the licences are renewed, their terms and conditions may be changed. Going forward the Group's 3G licences in the United Kingdom and Italy effectively provide for perpetual renewal rights. All of these licences contain regulatory 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 the 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.

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 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 regulatory reviews

HWL and some of its subsidiaries and associated companies are listed on various stock exchanges around the world and all are subject to regulatory reviews of their various filings by the respective stock exchange's regulatory bodies. While all listed companies endeavour to comply with all regulatory requirements of the various stock exchanges and other authorities in the countries in which they operate, and obtain independent professional advice as appropriate, there can be no assurance that the regulatory bodies' review will not result in a disagreement with the companies' interpretations and judgements and that any required actions mandated by the authorities will not have a significant impact on the Group's reported financial position and results of operations.

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. Since then, 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, and also since May 2009 the spread of H1N1 virus or "Swine Flu" among humans. 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 Group's financial position and results of operations.

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 experienced a severe earthquake that caused significant property damage and loss of life in 2008.

Although the Group has not experienced any major structural damage to property 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 property development projects or ports or other facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely effect the Group's financial condition and results of operations.

Employee Relations

With the hard work and dedication of employees throughout the Group, the Group was able to sail through the financial tsunami and focused on the long-term growth and success of the Company. With approximately 220,000 dedicated individuals, the Group's businesses made considerable headway in 2009 and continued to build the foundation while establishing the framework for the long-term success of the Group as a world-leading multinational corporation.

Dedicated and motivated employees have development and advancement opportunities as the Group expands its businesses worldwide. The Group's companies take heed to invest in their employees' personal development as well as their professional growth. Furthermore, the Group is committed to providing a safe, effective and congenial work environment for all our staff.

A sunny hike to Lantau Island, Hong Kong is one of the many activities organised by ASW for its staff.

Development

A wide range of internal and external training courses, as well as e-learning programmes, is available to employees to expand their business expertise and skill sets. Furthermore, tailor-made programmes 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 investing in its employees will pay dividends to the Company's success in the long term.

Diversity

Diversity is second-nature to the Group. Spanning 54 countries, the Group attracts 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.

HWL employees and their families in Hong Kong enjoy fun and games at the HWL Group Orienteering Competition in October.

Remuneration

Investing in and rewarding employees according to their performance and productivity are crucial to retaining talent, especially in a highly competitive environment. Amid economic downturns, high-quality talents will not only help the Company weather the storm, but also position the Company to take advantage of opportunities when times get better. 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 also enjoy a wide range of product and service discounts offered by various Group companies.

Fellowship

Numerous activities are organised throughout the year to give employees the sense of belonging and fellowship. A series of programmes of different genres was organised; and these programmes ranged from opportunities to improve relationships with colleagues and their families across the Group to activities that serve the local communities.

Corporate Social Responsibility

HK Electric, through its Clean Energy Fund, helps 12 schools implement renewable energy projects.

Even amidst the difficult economic environment in 2009, HWL was focused on long-term growth. While managing its businesses prudently, HWL was able to leverage its strong foundation to weather the financial crisis and continue to deliver quality products and services. Across the Group, HWL has garnered over 2,000 awards throughout the year, ranging from best in-class products and services to best performing employees, as well as recognition for environmental protection and corporate governance.

During the year, HWL's Head Office has formed a CSR committee that consists of representatives from each of the Group's key departments and chaired by Deputy Group Managing Director Mrs Susan Chow. The Committee is tasked with identifying CSR initiatives to be supported by the Head Office and to encourage employee participation. The key focus areas are, but not limited to, environment, employee morale and community involvement.

HWL and its subsidiaries continue their active participation in the local communities through volunteerism, contribution to charitable activities and sponsorship initiatives.

Giving Back to Society

As a responsible corporation, HWL takes pride in giving back to society. In 2009, HWL Group's companies and employees worked hand in hand with their local communities in an array of initiatives that ranges from cleaning the environment to educating the next generation. The following are some examples of the activities the Group was involved in during the year.

Environment

HWL understands the importance of treasuring our natural resources. In 2009, HWL deployed a printing software across the Group that will eliminate printing waste by allowing employees to delete unnecessary images, text or pages. This worldwide programme, part of the Group's "Green IT" initiative, will help save toner, paper and reduce greenhouse gases.

3 Italia sought to make a positive impact on the environment by becoming the first Italian operator to reduce its carbon dioxide emissions by using renewable energy sources and to offset the remaining emissions with emission credits.

In Hong Kong, 12 schools were chosen to receive a sponsorship from the HK Electric Clean Energy Fund for their creative and good use of renewable energy. Among the ideas were an organic farm, a green road safety town, a micro-wind farm as well as a hybrid solar lighting system which uses optical fibre for sunlight transmission. HK Electric also supported the work of World Wide Fund for Nature, Friends of the Earth and Green Power.

PARKnSHOP supported the 2009 Hong Kong Tree Planting Day as the title sponsor where 10,000 trees were planted in one day.

Watsons Water joined hands with the Hong Chi Association in the "Nurture-a-Bloom" project where customers buying Watsons Water received a flower seeding nurtured by students of the association who have learning disabilities.

In Europe, Kruidvat, Trekpleister and ICI Paris XL introduced a box made of grass and recycled carton which would be used in their logistic operations.

INQ joined the Cycle to Work Scheme in the United Kingdom which helps employees buy bikes to get to and from work.

In Canada, the Husky Energy Endangered Species Reintroduction Programme at the Calgary Zoo returned 68 black-footed ferrets back to the wild.

Thanks to the Husky Energy Endangered Species Reintroduction Programme, the black-footed ferret once again roams the prairies of Canada.

Community

As the ripples from the financial tsunami are felt throughout the world, it is more important than ever for those who are able to contribute back to their communities do so with time and care. Volunteerism is encouraged throughout the Group and our employees have served their communities with their myriad of talents.

Under the motto of the 3Hs – Harmony, Health and Happiness, HWL Volunteers put on a range of activities for the community in conjunction with various social organisations such as the Li Ka Shing Hospice Centre, Yan Oi Tong and the Tung Wah Group of Hospitals, among others.

Hong Kong youngsters were trained to be "little tour guides" as they developed their own tour itineraries with HWL Volunteer mentors.

To help brighten the lives of the underprivileged, Hutchison Whampoa Property Group organised moon cake collection and donations so that everyone could celebrate Mid-Autumn Festival, an important Chinese festival. Other volunteers knit scarves that kept those in an elderly centre in Hong Kong warm. Chefs from Harbour Plaza North Point took time from their busy schedules to decorate cakes with children in "The Great Chefs of Hong Kong" charity event. Metro Info, with its network of artistes and celebrities, organised a large scale campaign to encourage teenagers to say "No" to drugs and crime.

Over 10,000 trees are planted during the Hong Kong Tree Planting Day 2009 which PARKnSHOP sponsors.

Watsons Taiwan helps children get in tune with their feelings with the "It must be Good Friends" programme.

Over 2,000 senior citizens were encouraged to volunteer themselves as they continue to learn other skills and hobbies through HK Electric's involvement with the U3A network of Hong Kong.

In Taiwan, Watsons organised the "It must be Good Friends" campaign to support The Child Welfare League Foundation to raise children awareness of their growing process and to lend support to their friends.

Watsons Thailand organised a new year party to raise funds for an association that sought to improve the status of women in society.

Underprivileged children in India got a treat from volunteers from **3** Global Services, who organised multiple events for them during the year including a Sports Day and a Christmas party. Children in Latvia benefited from Drogas' "School bag" charity project that gave books, toys, and stationery to needy children.

In Panama, Panama Ports Company and its employees supported the "I have a Friend" Inn, a facility opened by the Foundation of Friends of Children with Leukemia and Cancer. Staff donated their time and efforts to help with the maintenance works that needed to be done at the Inn.

Europe Container Terminals helped encourage local unemployed youngsters in Rotterdam with courses on how to become port workers. Likewise, the Kowloon Hotel in Hong Kong introduced entrepreneurship to teenagers through the "School-Company Partnership" programme to give the youngsters exposure to the hospitality industry.

Music is in the air as ETSA partnered with the Adelaide Symphony Orchestra and the Helpmann Academy while Powercor sponsored the Melbourne Symphony Orchestra's Regional Touring Programme.

Panama Ports Company and its employees strap on their hard hats to help with the maintenance work of 'I have a Friend' Inn, a facility opened by the Foundation of Friends of Children with Leukemia and Cancer.

Education

Young postgraduates from Hong Kong and the Mainland who wish to pursue their studies in UK universities will once again benefit from the Hutchison Chevening Scholarships. Over the past eight years the Group has donated over £3.6 million, benefiting more than 480 scholars.

HPH continued to support local schools in need of financial and educational assistance through its Dock School Programme. Established in 1992, HPH has supported more than 20 Dock Schools around the world. For example, HIT provided scholarships to children of South Asian immigrants in Hong Kong for their schooling.

Other HWL businesses are also active in education initiatives. HK Electric supported 170 secondary school students in need through the Centenary Trust Scholarship. In Vietnam, Vietnamobile granted scholarships and training and employment opportunities for students of local universities.

Husky donated C$4.4 million to the University of Calgary in support of research to improve Canada's road and highway network, helping to keep motorists safe.

Medical / Healthcare

In Austria, **3** brought laughter and smiles to the faces of children in hospitals through its support of CliniClowns, a project that sends clowns to visit 37 Austrian hospitals every year.

Husky donated C$500,000 to the Eastern Health's Cardiac Care Programme for the purchase of a new state-of-the-art electrophysiology suite. The donation kicked off a C$10 million fundraising campaign to improve cardiac and heart health across Newfoundland. In Alberta, Husky continued its support of the Husky Energy Chair in Child and Maternal Health at the Alberta Children's Hospital. The Chair is part of the hospital's Research Institute for Child and Maternal Health, dedicated to finding new discoveries, treatments and cures for sick and injured children and their families.

In Hong Kong, ESD*life* supported the Children's Thalassaemia Foundation while Metro Info organised a four-day Karaoke Marathon to raise funds for World Vision.

Arts and Culture

In Canada, Husky announced a donation of C$500,000 to the Banff Centre, bringing total contribution to the Centre to C$1 million.

In Australia, ETSA continued its sponsorship of the South Australian Museum with a donation of A$80,000.

Sports

The A S Watson Group Hong Kong Student Sports Awards honoured over 800 primary, secondary and special school student athletes. Watsons Water also supported both the East Asian Games and the Hong Kong Marathon.

Disaster Relief

In April, Italy was hit by an earthquake that devastated the Abruzzo region. **3** Italia donated free phone traffic and mobile phones to the people there and helped them raise over €700,000 for rebuilding the neighbourhood.

TOM and its staff initiated a fundraiser and donated to the Red Cross to assist flood victims of Taiwan in the aftermath of Typhoon Morakot in August. CETV, a subsidiary of TOM, contributed NT$1 for each comforting message sent by its audience to the affected people. Watsons Taiwan provided NT$3 million worth of materials and NT$1 million to the Reconstruction Programme of the Child Welfare League Foundation, helping 1,000 children affected by the typhoon.

3 Austria sponsors a coffee house where young and old can gather for communications and fellowship together.

Children smile as they decorate cakes with Harbour Plaza North Point chefs in Hong Kong.

A couple of earthquakes hit Indonesia in September, killing thousands and rendering more homeless. **3** Indonesia set up an SMS donation programme with proceeds going to Red Cross Indonesia. **3** also worked with the local emergency support teams to distribute emergency kits, food packets, drinks, clothes, medication and blankets to those in affected areas.

Continuing the support for victims of the 2008 Sichuan quake, Hutchison Global Communications and China Telecom jointly sponsored the "Sichuan & Hong Kong Psychological Health Information Network Programme", which provides psychological and medical consultation to the remote areas and villages of Sichuan. In addition, volunteers from Yantian International Container Terminals held a shoes donation drive in May for the children affected by the quake while Shanghai Hutchison Pharmaceuticals donated towards the construction of a new elementary school.

Stakeholder Engagement

Operating in over 50 countries in diverse businesses, the Group and its operating companies hold dialogues with different stakeholders including shareholders, employees, suppliers, customers, regulators, academics and non-governmental organisations. In a challenging economic environment, HWL seeks to balance the differing opinions of the various stakeholders to chart the best way forward for the company and the local communities.

Through constructive dialogue, the Company believes that the Company and its stakeholders can make a positive impact to society and the long-term interests of the Company.

Shareholders

The Company is committed to enhancing long-term shareholders' value. To accomplish this, our management is tasked with the diligent and prudent allocation of the Group's resources.

To increase transparency, the Group also 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 are the responsibilities of all corporations. At the Head Office, we aim to lead by example. We have implemented a policy that vendors and suppliers who wish to provide printing services, including the annual report, must agree to a covenant based on the United Nations ("UN") 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, ASW joined the Business Social Compliance initiative that calls for, amongst other things, strict compliance of all applicable laws, regulations, industry minimum standards and International Labour Organisation and UN Conventions.

Government

The Group operates a wide spectrum of industries around the world. Each operating company works diligently to ensure they are compliant with the laws and regulations in the countries they operate in.

Customers

Customer feedback is important especially in the ultra-competitive environment we operate in. The Group's subsidiaries have numerous mechanisms to gather customer comments and recommendations on how to improve their products and services. Some companies are even using new technologies such as social networking tools to help them gauge customer feedback.

HWL Volunteer Team's motto of the 3Hs, "Harmony, Health, and Happiness", is part of the corporate culture of HWL. In our experience of developing businesses around the world, we understand the importance of exchanging ideas and communicating frequently with our stakeholders. It is through working together that we can all build a better future not just for the next generation, but the generations after them.

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 81, 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 (the "SFO"), and has been engaged in many major commercial developments in Hong Kong for 60 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 45, 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 the Hong Kong General Chamber of Commerce. Mr Li is the Honorary Consul of Barbados in Hong Kong. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Structural Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). 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 58, 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 Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL") and HEH 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 56, 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, HTHKH and TOM Group Limited ("TOM") and director of HTAL. She is a solicitor and holds a Bachelor's degree in Business Administration.

Frank John SIXT

aged 58, 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, HTIL and HTHKH and director of HTAL and Husky. 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 56, has been Executive Director of the Company since 2000. He is also deputy chairman of HHR, non-executive director of HTHKH and director of HTAL. He has over 26 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 63, 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 l'Ordre de Léopold II, Commandeur de l'Ordre des Arts et des Lettres, aged 68, 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 68, 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 Shoppers Drug Mart Corporation. He holds a Bachelor of Commerce degree and a Master's degree in Business Administration.

Margaret LEUNG KO May Yee

JP, aged 57, has been an Independent Non-executive Director of the Company since 22 May 2009. She is executive director, vice-chairman and chief executive of Hang Seng Bank Limited and non-executive director of The Hongkong and Shanghai Banking Corporation Limited and Swire Pacific Limited. She is also the chairman of Hang Seng Bank (China) Limited and Hang Seng School of Commerce and group general manager of HSBC Holdings plc. Mrs Leung is a member of standing committee of Chinese People's Political Consultative Conference in Henan, Board of Trustees of Ho Leung Ho Lee Foundation, Hong Kong Export Credit Insurance Corporation Advisory Board, Hong Kong Special Administrative Region Commission on Strategic Development and the Advisory Committee of Securities and Futures Commission, a council member of the University of Hong Kong and a member of the University's Finance Committee, honorary vice president of Hong Kong University Alumni Association, and a court member of Hong Kong Baptist University. She is also the board member of The Community Chest of Hong Kong, chairman of the Campaign Committee of The Community Chest of Hong Kong, member of the Executive Committee of The Community Chest of Hong Kong and second vice president of The Community Chest of Hong Kong. Mrs Leung holds a bachelor's degree in Economics, Accounting and Business Administration.

George Colin MAGNUS

OBE, BBS, aged 74, 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 57, 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.

William SHURNIAK

aged 78, 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. He was awarded the Saskatchewan Order of Merit by the Government of Saskatchewan in Canada in November 2009.

WONG Chung Hin

CBE, JP, aged 76, 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.

Changes in Information of Directors

Pursuant to Rule 13.51(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the changes in information of Directors of the Company subsequent to the date of the 2009 Interim Report of the Company are set out below:

Name of Director	Details of Changes
Li Tzar Kuoi, Victor	Total emoluments decreased by HK$1,620,000 to HK$35,342,448 compared to 2008
Fok Kin-ning, Canning	Resigned as chairman and director of Partner Communications Company Ltd. ("Partner")* on 28 October 2009
	Total emoluments decreased by HK$9,024,463 to HK$124,274,753 compared to 2008
Chow Woo Mo Fong, Susan	Resigned as director of Partner* on 28 October 2009
	Total emoluments decreased by HK$1,396,414 to HK$35,993,339 compared to 2008
Frank John Sixt	Resigned as director of Partner* on 28 October 2009
	Total emoluments decreased by HK$1,352,650 to HK$34,007,871 compared to 2008
Lai Kai Ming, Dominic	Total emoluments increased by HK$1,163,065 to HK$31,195,849 compared to 2008
Kam Hing Lam	Total emoluments decreased by HK$306,000 to HK$8,168,004 compared to 2008
Margaret Leung Ko May Yee	Appointed as honorary vice president of Hong Kong University Alumni Association in March 2009, council member of the University of Hong Kong in November 2009 and member of the University's Finance Committee in January 2010
	Resigned as non-executive director of Wells Fargo HSBC Trade Bank NA on 12 February 2010
William Shurniak	Awarded the Saskatchewan Order of Merit by the Government of Saskatchewan in Canada in November 2009

* a company listed on NASDAQ Global Select Market and on the Tel Aviv Stock Exchange

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 2009.

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 221 to 226.

Group Profit

The consolidated income statement is set out on page 130 and shows the Group profit for the year ended 31 December 2009.

Dividends

An interim dividend of HK$0.51 per share was paid to shareholders on 25 September 2009 and the Directors recommend the declaration of a final dividend at the rate of HK$1.22 per share payable on 28 May 2010 to all persons registered as holders of shares on 27 May 2010. The Register of Members will be closed from 20 May 2010 to 27 May 2010, both dates inclusive.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 45 to the accounts on pages 219 to 220 and the consolidated statement of changes in equity on page 136 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK$26,000,000 (2008-approximately HK$105,000,000).

Fixed Assets

Particulars of the movements of fixed assets are set out in note 13 to the accounts.

Share Capital

Details of the share capital of the Company are set out in note 32 to the accounts.

Directors

The board of Directors of the Company (the "Board") as at 31 December 2009 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, Mrs Margaret Leung Ko May Yee, Mr George Colin Magnus, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr William Shurniak and Mr Wong Chung Hin.

Mr Or Ching Fai, Raymond retired as Director with effect from the conclusion of the annual general meeting of the Company held on 21 May 2009. Mrs Margaret Leung Ko May Yee was appointed as an Independent Non-executive Director on 22 May 2009. The Board would like to record its appreciation for the services of Mr Or Ching Fai, Raymond to the Group and is pleased to welcome the appointment of Mrs Margaret Leung Ko May Yee.

Mr Li Tzar Kuoi, Victor, Mr Frank John Sixt, The Hon Sir Michael David Kadoorie and Mr George Colin Magnus, and Mrs Margaret Leung Ko May Yee will retire at the forthcoming annual general meeting under the provisions of Article 85 and Article 91 of the Articles of Association of the Company respectively and, 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 74 to 76.

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 ended 31 December 2009 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:

(1) On 6 April 2009, the Company and Hutchison Telecommunications International Limited ("HTIL", an indirect subsidiary of the Company whose shares are listed on the Main Board of the Stock Exchange and American depositary shares are listed on New York Stock Exchange, Inc.) jointly announced that on 3 April 2009, (a) Hutchison Telecommunications (Luxembourg) S.à r.l. ("HTLS", an indirect wholly owned subsidiary of HTIL) entered into a conditional loan agreement to advance to Lucky Wealth Success Ltd. ("Lucky Wealth") (guaranteed by PT. Asia Mobile) US$55 million (approximately HK$426.3 million); (b) Loudella Limited (an indirect wholly owned subsidiary of HTIL) entered into a conditional agreement to acquire the benefits of certain shareholder loans of approximately US$91.4 million (approximately HK$708.4 million) in aggregate principal amount advanced by PT. Asia Mobile to PT. Hutchison CP Telecommunications ("HCPT"), an indirect 65% owned subsidiary of HTIL, at a consideration of US$1.00 (approximately HK$7.75); (c) HTLS entered into a share option deed and pursuant to which, PT. Asia Mobile agreed for a consideration of US$1.00 to grant to HTLS a share option to purchase and to require PT. Asia Mobile to sell its shares in HCPT exercisable by notice in writing at any time during a twenty-year period and on an unlimited number of occasions subject to compliance with all requisite approvals, registrations and/or notifications required for effecting any transfer of option shares on any exercise of such share option; and (d) HCPT and CAC Holdings (Netherlands) B.V. (an indirect wholly owned subsidiary of HTIL) entered into an amended and restated shareholders agreement with PT. Asia Mobile to amend and restate the parties respective rights and obligations as shareholders of HCPT.

    The above transactions constituted connected transactions for the Company under the Listing Rules by virtue of HTIL being a subsidiary of the Company, PT. Asia Mobile being a substantial shareholder of HTIL by virtue of its holding 35% equity interest in HCPT and Lucky Wealth being an associate of PT. Asia Mobile.

(2) On 7 May 2009, Ace Dimension Limited, an indirect wholly owned subsidiary of the Company, received an allocation and agreed to acquire the 5.90% Notes due 2014 and the 7.25% Notes due 2019 issued by Husky Energy Inc. ("Husky") for an aggregate purchase price of US$200 million (or approximately HK$1,550 million).

    Husky is a connected person of the Company by virtue of being an associate of a director of the Company. The transaction constituted provision of financial assistance by the Company to Husky and as such amounted to a connected transaction for the Company under the Listing Rules.

(3) On 9 June 2009, Acelist Limited ("Acelist"), Daystep Limited ("Daystep"), Ideal Zone Limited and Plan Bright Limited, all being indirect wholly owned subsidiaries of the Company, completed the cash tender offers made and announced on 7 May 2009 (the "First Tender Offer") for up to US$1,500 million (approximately HK$11,625 million) in aggregate principal amount of the following Notes:

(a) an aggregate of US$3,500 million (approximately HK$27,126 million) 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited ("HWI(03/13)") and unconditionally and irrevocably guaranteed by the Company (the "2013 Notes");

(b) an aggregate of US$2,000 million (approximately HK$15,500 million) 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited ("HWI(03/33)") and unconditionally and irrevocably guaranteed by the Company (the "2014 Notes");

(c) an aggregate of US$500 million (approximately HK$3,875 million) 7.50% Notes due 2027 issued by Hutchison Whampoa Finance (CI) Limited and unconditionally and irrevocably guaranteed by the Company; and

(d) an aggregate of US$1,500 million (approximately HK$11,625 million) 7.45% Notes due 2033 issued by HWI(03/33) and unconditionally and irrevocably guaranteed by the Company (the "2033 Notes").

On 17 June 2009, Acelist and Daystep completed the tender offers made and announced on 15 May 2009 (the "Second Tender Offer") for up to US$750 million (approximately HK$5,813 million) in aggregate principal amount of the following Notes:

(a) an aggregate of US$1,500 million (approximately HK$11,625 million) 5.45% Notes due 2010 issued by HWI(03/33) and unconditionally and irrevocably guaranteed by the Company; and

(b) an aggregate of US$1,500 million (approximately HK$11,625 million) 7.00% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited and unconditionally and irrevocably guaranteed by the Company (the "2011 Notes").

Dragonfield Limited ("Dragonfield") tendered for sale, inter alia, and sold on the terms of the First Tender Offer US$10.792 million (approximately HK$84 million) in aggregate principal amount of the 2013 Notes, US$8 million (approximately HK$62 million) in aggregate principal amount of the 2014 Notes and US$15 million (approximately HK$116 million) in aggregate principal amount of the 2033 Notes and on the terms of the Second Tender Offer US$12 million (approximately HK$93 million) in aggregate principal amount of the 2011 Notes all for an aggregate cash consideration of US$47,599,706.72 (approximately HK$369 million).

Dragonfield is a connected person of the Company by virtue of being an associate of Mr Li Tzar Kuoi, Victor, a director of the Company. The transactions constituted connected transactions for the Company under the Listing Rules.

(4) On 21 July 2009, the Company provided guarantees on a several basis in respect of (i) 39.37% of the obligations of TOM Group Limited ("TOM") under a term loan facility of up to HK$300 million in principal amount agreed to be made available to TOM by an independent financial institution for a term of 36 months pursuant to a facility agreement entered into by TOM on 21 July 2009; and (ii) 80.32% of TOM's obligations under each of the three separate term and revolving loan facilities of up to an aggregate principal amount of HK$1,600 million agreed to be made available to TOM by three independent financial institutions for a term of 36 months pursuant to three facility agreements respectively, entered into by TOM on 30 June 2009 and 21 July 2009 (as appropriate).

TOM was owned as to approximately 25.45%, 24.47% and 12.23% by Cranwood Company Limited and its subsidiaries, the subsidiaries of the Company and Cheung Kong (Holdings) Limited ("Cheung Kong") respectively. By virtue of Cheung Kong being a substantial shareholder and a connected person (other than at the level of the subsidiaries) of the Company, the provision of the guarantees by the Company for the benefit of TOM constituted connected transactions for the Company under the Listing Rules.

(5) On 10 December 2009, the Company executed a guarantee (the "HI3G Guarantee") in respect of 60% of the obligations of HI3G Enterprise AB ("HI3GE") under a SEK10,500,000,000 (approximately HK$11,470 million) term loan facility made available to HI3GE by independent financial institutions.

HI3GE is a connected person of the Company by virtue of being 40% held by, and hence an associate of Investor AB, a substantial shareholder of the Company by virtue of its 40% interest in a subsidiary of the Company, HI3G Holdings AB. The provision of the HI3G Guarantee constituted a connected transaction for the Company under the Listing Rules.

(6) On 8 January 2010, Hutchison Telecommunications Holdings Limited ("HTHL"), an indirect wholly owned subsidiary of the Company, requested the board of directors of HTIL to put forward a proposal to the shareholders of HTIL regarding the privatisation of HTIL by way of a scheme of arrangement (the "Scheme") under Section 86 of the Companies Law of the Cayman Islands (the "Proposal"). On 15 March 2010, by a composite scheme document issued jointly by the Company, HTHL and HTIL, it was proposed that upon the Scheme becoming effective, shares of HTIL which are held by the shareholders of HTIL (other than HTHL and Hutchison Telecommunications Investment Holdings Limited) (together the "Scheme Shares") are cancelled in exchange for HK$2.20 in cash for each Scheme Share and holders of the American depositary shares of HTIL (the "HTIL ADS") will receive for each HTIL ADS the US dollar equivalent of 15 times the cancellation price of HK$2.20 in cash which represented approximately US$4.26 in cash at an exchange rate (being US$1.00 to HK$7.75) in effect on 6 January 2010.

The aggregate payment by HTHL of the cancellation price to connected persons (including companies controlled by Mr Li Ka-shing (the Chairman of the Company), Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust, companies controlled by Cheung Kong, companies controlled by Mr Li Tzar Kuoi, Victor (the Deputy Chairman of the Company), a company equally controlled by Mr Fok Kin-ning, Canning (the Group Managing Director of the Company and the chairman of HTIL) and his wife, Mrs Chow Woo Mo Fong, Susan (the Deputy Group Managing Director of the Company and a non-executive director of HTIL), Mr Frank John Sixt (the Group Finance Director of the Company and a non-executive director of HTIL), Mr George Colin Magnus (a Non-executive Director of the Company), Mr Lui Dennis Pok Man (an executive director of HTIL), Mr Chan Ting Yu (an executive director of HTIL), Mr John W Stanton (an independent non-executive director of HTIL) and Mr Woo Chiu Man, Cliff (an alternate director to Mr Christopher John Foll, an executive director of HTIL) and persons who are or were in the preceding 12 months directors of the Company or HTIL (or of other subsidiaries of the Company)) in consideration for the cancellation of their respective interests in HTIL Shares upon the Scheme becoming effective will constitute a connected transaction for the Company under the Listing Rules.

Continuing Connected Transactions

(1) Pursuant to a marketing agreement dated 14 August 1996 (the "Thai Marketing Agreement") made between Hutchison CAT Wireless MultiMedia Limited ("Hutchison CAT", a company consolidated into the financial statements of 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 (the "Thai Continuing Connected Transactions") for the Company under the Listing Rules during the year ended 31 December 2009 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 amount for the year ended 31 December 2009 attributable to the Thai Continuing Connected Transactions subject to annual review requirements under the Listing Rules was HK$788 million in respect of the revenue to the HTIL Group.

(2) On 17 April 2009, the Company entered into:

(a) a conditional master agreement with Cheung Kong (the "CKH Master Agreement") pursuant to which the Company or its wholly owned subsidiaries may acquire the CKH Connected Debt Securities (as described below) as are or to be issued by Cheung Kong or any of its subsidiaries (the "CKH Connected Issuers") in the secondary market; and

(b) a conditional master agreement with Husky (the "HSE Master Agreement") pursuant to which the Company or its wholly owned subsidiaries may acquire the HSE Connected Debt Securities (as described below) as are or to be issued by Husky or any of its subsidiaries (the "HSE Connected Issuers") in the secondary market.

The aforementioned acquisitions are subject to (i) the Company obtaining all applicable approvals (including the CCT Approval (as described below, if applicable), and (ii) the entering into of separate contracts from time to time during the CCT Relevant Period (as described below) in forms and on terms to be agreed between members of the Group and independent third parties (such as banks, debt securities dealers and institutional investors).

The respective consideration for the CKH Connected Debt Securities and the HSE Connected Debt Securities (together the "Connected Debt Securities") are to be on normal commercial terms to be determined with reference to market prices quoted on financial data providers (such as Bloomberg), which will be updated from time to time to reflect the ask/bid prices quoted by independent third parties (such as banks, debt securities dealers and institutional investors) having regard to the prevailing credit spread, market liquidity and counterparty risks, and, where applicable, accrued coupons of the relevant Connected Debt Securities and are to be settled in accordance with such terms of the CKH Connected Issuers or HSE Connected Issuers (as the case may be) as may be applicable from time to time. For the other terms of the Connected Debt Securities, they would have been determined by the relevant CKH Connected Issuers or HSE Connected Issuers at the time such securities were first issued.

The respective caps applicable to the transactions contemplated under the CKH Master Agreement and the HSE Master Agreement (together the "Master Agreements") and effected during the CCT Relevant Period shall be subject to, inter alia, the following limitations:

(i) with respect to those transactions contemplated under the CKH Master Agreement, the CKH Net Connected Debt Securities Position during the CCT Relevant Period shall not exceed 20% of the aggregate value of the subject issue and all outstanding CKH Connected Debt Securities of the same issuer with the same maturity or shorter maturities;

(ii) with respect to those transactions contemplated under the HSE Master Agreement, the HSE Net Connected Debt Securities Position during the CCT Relevant Period shall not exceed 20% of the aggregate value of the subject issue and all outstanding HSE Connected Debt Securities of the same issuer with the same maturity or shorter maturities; and

(iii) the aggregate amount of the CKH Net Connected Debt Securities Position and the HSE Net Connected Debt Securities Position at any time during the CCT Relevant Period shall not exceed HK$16,380 million, being approximately 20% of the Company's "net liquid assets" as at 31 December 2008 (the "Reference Date"). For this purpose, the Company's "net liquid assets" as at the Reference Date shall mean the aggregate value of cash, deposits and marketable securities held by the Company or any entity which is accounted for and consolidated in the accounts of the Company as subsidiaries as at the Reference Date less the aggregate value of any such assets which are subject to pledges or other encumbrances as at the Reference Date. The above formulation was determined as the cap for any acquisition of the Connected Debt Securities to avoid any undue concentration in a single issue of Connected Debt Securities and to achieve a reasonable degree of diversification, which is in line with the market practice as opined by the Independent Financial Adviser.

"CCT Approval" means the approval sought from the independent shareholders at the extraordinary general meeting of the Company held on 21 May 2009 (the "EGM") for acquisition of Connected Debt Securities pursuant to the relevant Master Agreements and subject to the limitations set out in the Master Agreements.

"CCT Relevant Period" means the period from the obtaining of the CCT Approval until the earlier of: (i) the conclusion of the next annual general meeting of the Company; and (ii) the date on which the authority set out in the CCT Approval is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.

"CKH Connected Debt Securities" means such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by any of the CKH Connected Issuers pursuant to the CKH Master Agreement.

"CKH Net Connected Debt Securities Position" means the aggregate gross purchase price of CKH Connected Debt Securities of a particular issue to be acquired, after deducting any net sale proceeds of CKH Connected Debt Securities to be sold, by the Group.

"HSE Connected Debt Securities" means such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by any of the HSE Connected Issuers pursuant to the HSE Master Agreement;

"HSE Net Connected Debt Securities Position" means the aggregate gross purchase price of HSE Connected Debt Securities of a particular issue to be acquired, after deducting any net sale proceeds of HSE Connected Debt Securities to be sold, by the Group.

Each of the CKH Connected Issuers and HSE Connected Issuers are connected persons of the Company by virtue of being either a substantial shareholder of the Company, an associate of a substantial shareholder or an associate of a director of the Company. The transactions underlying the Master Agreements constituted continuing connected transactions (the "CKH & HSE Continuing Connected Transactions") for the Company under the Listing Rules, if these respective transactions, on an aggregated basis, are in excess of the applicable percentage ratios of the Company under the Listing Rules.

The aggregate amount of the CKH Net Connected Debt Securities Position and the HSE Net Connected Debt Securities Position during the year ended 31 December 2009 subject to annual review requirements under the Listing Rules was approximately HK$711 million.

A summary of the related parties transactions entered into by the Group during the year ended 31 December 2009 is contained in Note 38 to the consolidated accounts. The transactions in relation to the acquisition of traded debt securities issued by Husky as described in Note 38 fall under the definition of continuing connected transactions under the Listing Rules, the transactions in relation to the establishment of joint ventures with CKH, the provision of financial assistance for benefit of such joint ventures and the outstanding balances of approximately HK$1,508 million (out of approximately HK$4,081 million) in principal amount with associated companies and jointly controlled entities as described in Note 38 fall under the definition of the connected transactions under the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2009.

Annual Review of Continuing Connected Transactions

All the Independent Non-executive Directors of the Company have reviewed the Thai Continuing Connected Transactions and the CKH & HSE Continuing Connected Transactions (together 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 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 agreements 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 following effect with respect to the Continuing Connected Transactions:

(1) Thai Continuing Connected Transactions

(i) have received approval of the Board of Directors of HTIL;

(ii) are in accordance with the pricing policies of the HTIL Group;

(iii) are entered into in accordance with the terms of the Thai Marketing Agreement governing such transactions; and

(iv) do not exceed the respective cap amounts for the financial year ended 31 December 2009 as referred to in the announcement of HTIL dated 27 March 2007.

(2) CKH & HSE Continuing Connected Transactions

(i) have received approval of the Board of Directors of the Company;

(ii) do not involve the provision of goods or services by the Group;

(iii) are entered into in accordance with the terms of the HSE Master Agreement governing such transactions and that no CKH Connected Debt Securities were acquired by the Group during the year; and

(iv) do not exceed the cap amount as referred to in the announcement of the Company dated 17 April 2009.

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 2009, 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	64,253,000 (2)	2,205,951,773	51.7420%
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	4,810,875 (4)	4,810,875	0.1128%
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, a beneficiary and/or a discretionary object of 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 ultimately held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.

(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 2009, 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) 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;

(ii) 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;

(iii) 3,066,238,120 ordinary shares, representing approximately 63.69% of the then issued share capital, in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") of which 52,092,587 ordinary shares and 3,013,992,253 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) 2,420,028,908 ordinary shares, representing approximately 62.16% of the then issued share capital, in TOM of which

  (a) 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; and

  (b) 991,004,363 ordinary shares charged by Cranwood Company Limited and its subsidiaries in favour of the Company as security;

(vi) 293,618,956 common shares, representing approximately 34.55% of the then issued share capital, in 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 the 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 35.96% 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.

Mr Li Ka-shing, as Director of the Company, was also deemed to be interested in (a) a nominal amount of US$78,000,000 in the 5.90% Notes due 2014 issued by Husky; and (b) a nominal amount of US$25,000,000 in the 7.25% Notes due 2019 issued by Husky held by a wholly owned subsidiary of the Company by virtue of his interests in the shares of the Company as described in Note (1) above.

In addition, Mr Li Ka-shing had, as at 31 December 2009, corporate interests in (i) a nominal amount of US$100,000,000 in the 5.90% Notes due 2014 issued by Husky; (ii) 266,621,499 ordinary shares, representing approximately 5.54% of the then issued share capital, in HTIL, and (iii) 266,621,499 ordinary shares, representing approximately 5.54% of the then issued share capital, in HTHKH, 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 2009, 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$10,208,000 in the 6.50% Notes due 2013 issued by HWI(03/13); (b) a nominal amount of US$45,792,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited ("HWI(09)"); (c) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in HTIL; and (d) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in HTHKH, 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 2009, the following interests:

(i) corporate interests in (a) a nominal amount of US$1,216,000 in the 6.50% Notes due 2013 issued by HWI(03/13); (b) a nominal amount of US$4,000,000 in the 7.625% Notes due 2019 issued by HWI(09); (c) a nominal amount of US$4,000,000 in the 5.75% Notes due 2019 issued by Hutchison Whampoa International (09/19) Limited ("HWI(09/19)"); and (d) a nominal amount of US$2,000,000 in the 7.25% Notes due 2019 issued by Husky;

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

(iii) 5,100,000 ordinary shares, representing approximately 0.04% 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 1,202,380 ordinary shares, representing approximately 0.02% of the then issued share capital, in HTHKH; and

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

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 2009, personal interests in (a) 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTIL; and (b) 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTHKH.

Mr Frank John Sixt had, as at 31 December 2009, the following interests:

(i) personal interests in (a) 1,000,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HTAL; (b) 17,000 American depositary shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTIL; and (c) 17,000 American depositary shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTHKH; and

(ii) corporate interests in a nominal amount of US$1,000,000 in the 5.90% Notes due 2014 issued by Husky.

Mr Frank John Sixt held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company of which Mr Frank John Sixt is interested in the entire issued share capital.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 31 December 2009, 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 2009, personal interests in (i) 200,000 ordinary shares, representing approximately 0.001% of the then issued share capital, in HTAL; and (ii) 25,914 common shares, representing approximately 0.003% of the then issued share capital, in Husky.

Mr George Colin Magnus had, as at 31 December 2009, 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) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in HTHKH 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.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in 8,412 common shares, representing approximately 0.001% of the then issued share capital, in Husky.

Save as disclosed above, as at 31 December 2009, 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 2009, 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 2009, 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 within 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.

Particulars of share options outstanding under the **3** Italia Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the **3** Italia Plan during the year were as follows:

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 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	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
								€	€	€
Directors										
Christian Salbaing	20.5.2004	1,490,313	-	-	(1,490,313)	-	From Listing (2) to 16.7.2009	5.17	5.00	N/A
Vincenzo Novari	20.5.2004	1,490,313	-	-	(1,490,313)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	1,402,382	-	-	(1,402,382)	-	From Listing to 16.7.2009	5.17	5.00	N/A
		2,892,695	-	-	(2,892,695)	-				
Giorgio Moroni (4)	20.5.2004	745,156	-	-	(745,156)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	149,031	-	-	(149,031)	-	From Listing to 16.7.2009	5.17	5.00	N/A
		894,187	-	-	(894,187)	-				
Secondina Ravera	20.5.2004	484,351	-	-	(484,351)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	335,320	-	-	(335,320)	-	From Listing to 16.7.2009	5.17	5.00	N/A
		819,671	-	-	(819,671)	-				
Antonella Ambriola	20.5.2004	335,320	-	-	(335,320)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	76,006	-	-	(76,006)	-	From Listing to 16.7.2009	5.17	5.00	N/A
		411,326	-	-	(411,326)	-				
Sub-total:		6,508,192	-	-	(6,508,192)	-				
Other employees in aggregate	20.5.2004	10,245,865	-	-	(10,245,865)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	20.11.2004	1,490,309	-	-	(1,490,309)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	523,099	-	-	(523,099)	-	From Listing to 16.7.2009	5.17	5.00	N/A
Sub-total:		12,259,273	-	-	(12,259,273)	-				
Total:		18,767,465	-	-	(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.

(4) Mr Giorgio Moroni resigned as director of **3** Italia on 18 September 2009.

As at the date of this report, **3** Italia had no share options outstanding under the **3** Italia Plan.

No share option had been granted under the **3** Italia Plan during the year ended 31 December 2009.

(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 a 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.

Particulars of share options outstanding under the **3** UK Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the **3** UK Plan during the year were as follows:

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 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	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	6,274,500	-	-	-	6,274,500	From Listing [(2)] to 18.4.2011	1.00	1.00	N/A
	20.5.2004	25,770,250	-	-	(2,041,250)	23,729,000	From Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	3,213,750	-	-	(102,750)	3,111,000	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	247,750	-	-	-	247,750	From Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	1,737,750	-	-	(90,000)	1,647,750	From Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	272,500	-	-	(22,500)	250,000	From Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	430,000	-	-	(50,000)	380,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	1,165,000	-	-	(60,000)	1,105,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	1,547,250	-	-	(780,000)	767,250	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	477,750	-	-	-	477,750	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	3,060,500	-	-	(410,000)	2,650,500	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		44,617,000	-	-	(3,556,500)	41,060,500				

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 **3** UK Shares 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 40,416,250 share options outstanding under the **3** UK Plan, which represented approximately 0.91% 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 2009.

(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. A "Chi-Med Eligible Person" shall be any person who is (or will be on and following the date of offer of the relevant 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 a 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 a 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 a 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 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.

Particulars of share options outstanding under the Chi-Med Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the Chi-Med Plan during the year were as follows:

Name or category of participant	Effective date of grant or date of grant of share options	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	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
								£	£	£
Director										
Christian Hogg	19.5.2006 (1)(2)	768,182	-	-	-	768,182	19.5.2006 to 3.6.2015	1.09	2.505 (5)	N/A
Other employees in aggregate	19.5.2006 (1)(2)	603,683	-	(50,000)	-	553,683	19.5.2006 to 3.6.2015	1.09	2.505 (5)	2.015 (7)
	11.9.2006 (2)	80,458	-	-	-	80,458	11.9.2006 to 18.5.2016	1.715	1.715 (6)	N/A
	23. 3. 2007 (3)	8,535	-	-	-	8,535	23.3.2007 to 22.3.2017	1.75	1.75 (6)	N/A
	18. 5. 2007 (3)	90,298	-	-	-	90,298	18.5.2007 to 17.5.2017	1.535	1.535 (6)	N/A
	24. 8. 2007 (3)	256,060	-	-	(256,060)	-	24.8.2007 to 23.8.2017	1.685	1.685 (6)	N/A
	25. 8. 2008 (4)	256,146	-	-	-	256,146	25.8.2008 to 24.8.2018	1.26	1.26 (6)	N/A
Total:		2,063,362	-	(50,000)	(256,060)	1,757,302				

Notes:

(1) The share options were granted on 4 June 2005, conditionally upon Chi-Med's admission to trading on the AIM which took place on 19 May 2006.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) 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 on which the share options were exercised.

As at the date of this report, Chi-Med had 1,713,711 share options outstanding under the Chi-Med Plan, which represented approximately 3.34% of the Chi-Med Shares in issue as at that date.

No share option had been granted under the Chi-Med Plan during the year ended 31 December 2009.

(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 and 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 (as defined in the Listing Rules) 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.

Particulars of share options outstanding under the HHR Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the HHR Plan during the year were as follows:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options [(1)]	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$
Directors										
Chan Wen Mee, May (Michelle)	3.6.2005	12,000,000	-	-	-	12,000,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
Endo Shigeru	3.6.2005	5,000,000	-	-	-	5,000,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
Kwok Siu Kai, Dennis [(4)]	3.6.2005	4,000,000	-	-	(4,000,000)	-	3.6.2006 to 2.6.2015	0.822	0.82	N/A
	25.5.2007	4,000,000	-	-	(4,000,000)	-	25.5.2008 to 24.5.2017	0.616	0.61	N/A
Sub-total:		25,000,000	-	-	(8,000,000)	17,000,000				
Other employees in aggregate	3.6.2005	15,600,000	-	-	(7,700,000)	7,900,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
	25.5.2007	21,524,000	-	(1,420,000)	(7,236,000)	12,868,000	25.5.2008 to 24.5.2017	0.616	0.61	0.71
Sub-total:		37,124,000	-	(1,420,000)	(14,936,000)	20,768,000				
Total:		62,124,000	-	(1,420,000)	(22,936,000)	37,768,000				

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.

(4) Mr Kwok Siu Kai, Dennis resigned as executive director of HHR with effect from 24 January 2009.

As at the date of this report, HHR had 25,652,000 share options outstanding under the HHR Plan, which represented approximately 0.29% 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 2009.

(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 a 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 a 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.

Particulars of share options outstanding under the HTAL Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the HTAL Plan during the year were as follows:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options	Exercise price of share options (2) A$	Price of HTAL Share at grant date of share options (3) A$	Price of HTAL Share at exercise date of share options A$
Employees in aggregate	14.6.2007 (1a)	27,400,000	-	-	(3,025,000)	24,375,000	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:		28,200,000	-	-	(3,225,000)	24,975,000				

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 were 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 were 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 9,031,271 shares, which represented approximately 0.067% of the HTAL Shares in issue as at that date.

No share option had been granted under the HTAL Plan during the year ended 31 December 2009.

(VI) Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH")

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

The directors of HTHKH (the "HTHKH 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 of HK$0.25 each in the share capital of HTHKH (the "HTHKH Shares"):

(a) any employee or consultant (as to functional 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 HTHKH, any of its subsidiaries or any entity in which any member of the HTHKH Group holds any equity interest (the "HTHKH Invested Entity");

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

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

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

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

(f) any shareholders of any member of the HTHKH Group or any HTHKH Invested Entity or any holder of any securities issued by any member of the HTHKH Group or any HTHKH 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 HTHKH Group; and

(h) any company wholly owned by any 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 HTHKH for the subscription of HTHKH Shares or other securities of the HTHKH Group to any person who falls within any of the above classes of participants shall not, by itself, unless the HTHKH Directors otherwise determine, be construed as a grant of share options under the HTHKH Plan.

The eligibility of any of the above classes of participants to an offer for the grant of any share options shall be determined by the HTHKH Directors from time to time on the basis of their contribution to the development and growth of the HTHKH Group.

The maximum number of HTHKH Shares to be allotted and issued is as follows:

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

(b) the total number of HTHKH 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 HTHKH Plan and Other HTHKH Plan) to be granted under the HTHKH Plan and Other HTHKH Plan must not in aggregate exceed 10% of the relevant class of securities of HTHKH (or its subsidiaries) in issue, being 4,814,346,208 HTHKH Shares (the "HTHKH General Scheme Limit"), as at 8 May 2009, being the date of listing of securities of HTHKH on the Stock Exchange (the "HTHKH Listing Date"). Based on the number of HTHKH Shares in issue on the HTHKH Listing Date, the HTHKH General Scheme Limit of the HTHKH Plan is 481,434,620 HTHKH Shares. As at the date of this report, the total number of HTHKH Shares available for issue under the HTHKH Plan is 481,434,620, representing 10% of the existing issued share capital of HTHKH.

(c) subject to sub-paragraph (a) above and without prejudice to sub-paragraph (d) below, HTHKH may seek approval of its shareholders (the "HTHKH Shareholders") in a general meeting to refresh the HTHKH General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) provided that the total number of HTHKH Shares which may be allotted and issued upon the exercise of all share options to be granted under the HTHKH Plan and Other HTHKH Plan must not exceed 10% of the relevant class of securities of HTHKH (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 HTHKH Plan and Other HTHKH Plan previously granted under the HTHKH Plan and Other HTHKH Plan will not be counted.

(d) subject to sub-paragraph (a) above and without prejudice to sub-paragraph (c) above, HTHKH may seek separate approval of the HTHKH Shareholders in a general meeting to grant share options under the HTHKH Plan beyond the HTHKH General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) or, if applicable, the extended limit referred to in sub-paragraph (c) above to participants specifically identified by HTHKH before such approval is sought.

The total number of HTHKH Shares issued and which may fall to be issued upon exercise of the share options under the HTHKH Plan and Other HTHKH Plan (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 HTHKH for the time being (the "HTHKH Individual Limit"). Any further grant of share options in excess of the HTHKH Individual Limit in any such 12-month period up to and including the date of such further grant shall be subject to the approval by the HTHKH Shareholders in a general meeting of HTHKH (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) with such participant and his associates (as defined in the Listing Rules) 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 HTHKH 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 accepted by a participant within 21 days from the date of the offer of grant of the share option.

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

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

The HTHKH Plan will remain in force for a period of 10 years commencing from 21 May 2009, being the date on which the HTHKH Plan becomes unconditional, and has a remaining term of approximately nine years as at the date of this report.

Particulars of share options outstanding under the HTHKH Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during the year were as follows:

Name or category of participant	Date of grant of share options (1)	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options	Exercise price of share options (2)	Price of HTHKH Share at the grant date of share options (3)	Price of HTHKH Share at the exercise date of share options
								HK$	HK$	HK$
Employees in aggregate	1.6.2009	-	4,750,000	-	-	4,750,000	1.6.2009 to 31.5.2019	1.00	0.96	N/A
Total:		-	4,750,000	-	-	4,750,000				

Notes:

(1) The share options will be vested according to a schedule, namely, as to as close to one-third of the HTHKH Shares which are subject to the share options as possible on each of 1 June 2009, 23 November 2009 and 23 November 2010, and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as defined in the HTHKH Plan) on such vesting date.

(2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTHKH Plan.

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

As at the date of this report, HTHKH had 4,750,000 share options outstanding under the HTHKH Plan, which represented approximately 0.10% of the HTHKH Shares in issue as at that date.

The fair value of share options granted for the year ended 31 December 2009 determined using the Black-Scholes model was approximately HK$0.27 each. The significant inputs into the model were an expected volatility of 49%, an expected dividend yield of 5.9%, an expected option life up to six years and an annual risk-free interest rate of 1.65%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the comparable companies over one and a half years immediately preceding the grant date.

(VII) 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 five 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 (the "HTIL Invested Entity");

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

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

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

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

(f) any shareholders or security holders of any member of the HTIL Group or any HTIL 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 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 aggregate exceed 10% of the relevant class of securities of HTIL 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 the 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 a 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 (as defined in the Listing Rules) 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 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.

Particulars of share options outstanding under the HTIL Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the HTIL Plan during the year were as follows:

Name or category of participant	Date of grant of share options (1)	Number of share options held at 1 January 2009	Granted during 2009 (6) (7)	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options (5) (6) (7)	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$
Director										
Christopher John Foll (6)	12.12.2008	5,000,000	-	-	(5,000,000)	-	12.12.2009 to 11.12.2018	2.20	2.22	N/A
	1.6.2009	N/A	5,000,000	-	-	5,000,000	12.12.2009 to 31.5.2019	1.61	1.58	N/A
Sub-total:		5,000,000	5,000,000	-	(5,000,000)	5,000,000				
Other employees in aggregate	23.11.2007	8,766,666	-	-	(8,766,666)	-	23.11.2008 to 22.11.2017	4.51	11.26	N/A
	15.12.2008	4,383,334	-	-	(4,383,334)	-	15.12.2008 to 14.12.2018	4.51	2.09	N/A
	1.6.2009	N/A	8,400,000	(216,667)	(616,667)	7,566,666	1.6.2009 to 31.5.2019	1.61	1.58	1.92
Sub-total:		13,150,000	8,400,000	(216,667)	(13,766,667)	7,566,666				
Total:		18,150,000	13,400,000	(216,667)	(18,766,667)	12,566,666				

Notes:

(1) The share options will be vested according to a schedule, namely, as to as close to one-third of the HTIL Shares 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 defined in the HTIL Plan) on such vesting date.

(2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTIL Plan (as amended).

(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 15 December 2008 are vested immediately on the grant date.

(6) On 1 June 2009, 5,000,000 new share options were granted to Mr Christopher John Foll subject to his acceptance of the grant and consent to cancellation of his then existing 5,000,000 share options (the "Director Replacement Options"). The new share options are exercisable subject to the vesting schedule of one-third of the share options on each of 12 December 2009, 12 December 2010 and 12 December 2011.

(7) On 1 June 2009, a total of 8,400,000 new share options were granted to other employees subject to their acceptance of the grant and consent to cancellation of their then existing 8,400,000 share options (the "Employees Replacement Options"). The new share options are exercisable subject to the vesting schedule of one-third of the share options on each of 1 June 2009, 23 November 2009 and 23 November 2010.

The fair value of the Director Replacement Options was determined using Black-Scholes model. The weighted average fair value of the Director Replacement Options was increased from HK$0.77 to HK$0.93. The significant inputs into the model were standard deviation of expected share price returns of 38.24%, expected life of share options of five to six years and annual risk-free interest rate of 2.485%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily share prices of HTIL over the last one year up to 24 April 2009.

The fair value of the Employees Replacement Options was determined using Black-Scholes model. The weighted average fair value of the Employees Replacement Options was increased from HK$2.82 to HK$3.25. The significant inputs into the model were standard deviation of expected share price returns of 38.24%, expected life of share options of four to five years and annual risk-free interest rate of 2.022%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily share prices of HTIL over the last one year up to 24 April 2009.

As at the date of this report, HTIL had 12,566,666 share options outstanding under the HTIL Plan, which represented approximately 0.26% 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 357,633,334, which represented approximately 7.42% of the issued share capital of HTIL as the date of this report.

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

On 28 October 2009, Partner ceased to be a subsidiary of the Company following the sale of the entire controlling equity interest in Partner by Advent Investments Pte Ltd (an indirect wholly owned subsidiary of HTIL) to Scailex Corporation Ltd. Accordingly, the disclosure made for the option plans of Partner as set out below is for the period from 1 January 2009 to 28 October 2009.

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"). The amendments on the 2004 Plan were approved by the shareholders of HTIL at the annual general meetings held on 6 May 2008 and 27 April 2009 and by shareholders of the Company at the annual general meeting held on 22 May 2008 and 21 May 2009 respectively.

A total number of 13,917,000 ordinary shares of Partner (the "Partner Shares"), representing approximately 8.77% of the total issued share capital of Partner as at 28 October 2009 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 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 the annual general meeting of HTIL and the Company held on 27 April 2009 and 21 May 2009 respectively, the respective shareholders of HTIL and the Company 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 ordinary shares of Partner (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.

2000 Employee Stock Option Plan

The 2000 Employee Stock Option Plan (the "2000 Plan") was adopted by Partner in 2000. Share options granted under the 2000 Plan which were approved by Partner prior to Partner becoming a subsidiary of the Company in April 2005 remained valid until its expiration dates. On 26 March 2008, the board of directors of Partner approved the termination of the 2000 Plan. Since then, no further share options will be granted under the 2000 Plan and all outstanding share options thereunder will remain valid and bear all its terms and conditions.

Particulars of share options outstanding under the 2000 Plan and the 2004 Plan at the beginning and on 28 October 2009 and share options granted, exercised, cancelled or lapsed under the 2000 Plan and the 2004 Plan during the period were as follows:

Name or category of participant	Date of grant of share options [(1)]	Number of share options held at 1 January 2009 [(1)]	Granted from 1 January 2009 to 28 October 2009	Exercised from 1 January 2009 to 28 October 2009	Lapsed/ cancelled from 1 January 2009 to 28 October 2009	Number of share options held at 28 October 2009 [(1)]	Exercise period of share options [(2)]	Exercise price of share options [(5)]	Price of Partner Share at grant date of share options [(3)]	Price of Partner Share at exercise date of share options [(4)]
								NIS	NIS	NIS
Chief Executive										
2004 Plan										
David Avner	20.4.2005 to 24.3.2009	453,776	1,250,000	(153,776)	-	1,550,000	20.4.2005 to 23.3.2019	33.72 to 59.97	38.10 to 57.45	67.77
Sub-total:		453,776	1,250,000	(153,776)	-	1,550,000				
Other employees in aggregate										
2000 Plan	3.11.2000 to 30.12.2003	144,800	-	(85,550)	-	59,250	3.11.2000 to 30.12.2012	17.25 to 27.35	17.25 to 27.35	70.13
2004 Plan	29.11.2004 to 10.8.2009	1,632,611	2,935,500	(473,636)	(66,750)	4,027,725	29.11.2004 to 9.8.2019	26.74 to 68.51	33.13 to 78.40	68.22
Sub-total:		1,777,411	2,935,500	(559,186)	(66,750)	4,086,975				
Total:		2,231,187	4,185,500	(712,962)	(66,750)	5,636,975				

Notes:

(1) The number of share options disclosed is the aggregate figure of share options held at 28 October 2009 under the employee stock option plans. The share options were granted on various date(s) during the corresponding period(s).

(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 closing price of the Partner Shares as recorded by the Tel Aviv Stock Exchange immediately before 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.

(5) In accordance with the provisions of the 2004 Plan (as amended), the exercise price of the share options is subject to the adjustment.

As at 28 October 2009, Partner had 5,636,975 share options outstanding under the 2004 Plan and the 2000 Plan, which represented in aggregate approximately 3.55% of Partner Shares in issue as at that date.

The fair value of share options granted from 1 January 2009 to 28 October 2009 determined using the Black-Scholes valuation model was NIS8.94 at measurement date. The significant inputs into the model were standard deviation of expected share price returns of 27%, weighted average dividend yield of 4.4%, expected life of share options of four years and annual risk-free interest rate of 2.88%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over four 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 acquisitions of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Competing Business

During the year ended 31 December 2009, 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 and investments
Li Tzar Kuoi, Victor	Cheung Kong	Managing Director and Deputy Chairman	– Property and hotels – Finance and investments
	CKI	Chairman	– Energy and infrastructure, finance and investments
	CK Life Sciences Int'l., (Holdings) Inc. ("CKLS")	Chairman	– Retail (research and development, manufacturing, commercialization, marketing and selling of environmental and human health products) – Finance and investments
	HEH	Executive Director	– Energy
	Husky	Co-Chairman	– Energy
Fok Kin-ning, Canning	Cheung Kong	Non-executive Director	– Property and hotels – Finance and investments
	CKI	Deputy Chairman	– Energy and infrastructure, finance and investments
	HEH	Chairman	– Energy
	HHR	Chairman	– Property
	HTAL	Chairman	– Telecommunications
	Husky	Co-Chairman	– Energy
Chow Woo Mo Fong, Susan	CKI	Executive Director	– Energy and infrastructure, finance and investments
	HEH	Executive Director	– Energy
	HHR	Executive Director	– Property
	HTAL	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 and investments
	CKI	Executive Director	– Energy and infrastructure, finance and investments
	HEH	Executive Director	– Energy
	HTAL	Director	– Telecommunications
	Husky	Director	– Energy
	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 and investments
	CKI	Group Managing Director	– Energy and infrastructure, finance and investments
	CKLS	President and Chief Executive Officer	– Retail (research and development, manufacturing, commercialization, marketing and selling of environmental and human health products) – Finance and investments
	HEH	Executive Director	– Energy
	Spark Infrastructure Group	Non-executive Director	– Energy
George Colin Magnus	Cheung Kong	Non-executive Director	– Property and hotels – Finance and investments
	CKI	Non-executive Director	– Energy and infrastructure, finance and investments
	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 and HTHKH, both being subsidiaries of the Company which are engaged in telecommunications businesses, and Mrs Chow is also an alternate director to each of Mr Fok and Mr Sixt as directors of HTIL and Mr Lai Kai Ming, Dominic is also a non-executive director of HTHKH.

A non-competition agreement entered into by the Company and HTIL on 24 September 2004 (the "2004 HTIL Non-Competition Agreement") maintained a clear geographical delineation, underpinned by the regulatory regime, of the two groups' respective businesses ensuring there would be no competition between them. Under the 2004 HTIL Non-Competition Agreement, the exclusive territory of the Group (excluding HTIL and its subsidiaries (the "HTIL 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 Argentina (following the Group's disposal of its interest in Hutchison Telecommunications Argentina S.A. in 2009) (the "Group's Territory Countries"). The then 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 HTIL Non-Competition Agreement, the Company granted consent to the establishment of a joint venture between Hutchison Global Communications Limited (a then indirect wholly owned subsidiary of HTIL and currently an indirect wholly owned subsidiary of HTHKH) 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 (the "Business"). Subsequently on 17 April 2009, the Company and HTIL entered into an amendment agreement to the 2004 HTIL Non-Competition Agreement whereby the parties thereto agreed, with effect from 8 May 2009 (the "HTHKH Listing Date"), inter alia, the new scope of businesses which is subject to such agreement, namely (i) the exclusion of Hong Kong and Macau from the HTIL Group's exclusive territory, (ii) the exclusive territory of HTHKH and its subsidiaries (the "HTHKH Group") to comprise Hong Kong and Macau, and (iii) the order in which new opportunities arising from any of the exclusive territories of the Group, the HTIL Group and the HTHKH Group will be offered to the other party.

The non-competition agreement entered into by the Company and HTHKH on 17 April 2009, and which came into effect from the HTHKH Listing Date, maintained a clear geographical delineation of the two groups' respective businesses ensuring there would be no competition between them. Save for the Business which consent was given by the Company, there is no single country in which all three groups have competing operations.

The exclusive territory of the Group comprised the Group's Territory Countries whereas the exclusive territory of the HTHKH Group comprised Hong Kong and Macau, and the exclusive territory of the HTIL Group comprised all the remaining countries of the world.

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$115,327 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, offer themselves for re-appointment.

By order of the Board

Edith Shih
Company Secretary

Hong Kong, 30 March 2010

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 shareholders' value and safeguarding interests of shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality board of Directors (the "Board"), effective internal control, stringent disclosure practices and transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

For the year ended 31 December 2009, 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 has also adopted a number of recommended practices stated therein. The key corporate governance principles and practices of the Company 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 2009, 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 "Biographical Details of Directors and Senior Management" section on pages 74 to 76 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 of the Listing Rules and considers all of the Independent Non-executive Directors as independent.

The role 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. With the support of the 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 with meeting dates scheduled at the beginning of the year. Between scheduled meetings, senior management of the Group provides information to Directors on a regular basis with respect to 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 and they are at liberty to propose appropriate matters for inclusion in Board agendas.

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month 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 2009 with 100% attendance.

	Name of Directors	**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
	Margaret Leung Ko May Yee (3)	2/2
	Or Ching Fai, Raymond (2)	2/2
	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.

(2) Retired on 21 May 2009.

(3) Appointed on 22 May 2009.

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. In response to specific enquiries made of them, all Directors confirmed that they have complied with the Model Code in their securities transactions throughout 2009.

Board Committees

The Board is supported by two permanent board committees: the Audit Committee and the Remuneration Committee, details of which are described later in this report. The terms of reference for these Committees adopted by the Board are published on the Group's website (www.hutchison-whampoa.com). Other board committees are established by the Board as and when warranted to take charge of specific chores.

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 adherence to proper Board processes and the timely preparation and dissemination to Directors comprehensive meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details 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 by any Director at any reasonable time and on reasonable notice.

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 reference materials to the Directors for their information.

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 the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, 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.

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 129 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 contribute to the financial governance, internal controls and risk management of the Company. 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 has reviewed and updated its terms of reference taking into account the amendments made to the Listing Rules which took effect on 1 January 2009.

The Audit Committee held four meetings in 2009 with 100% attendance of its members.

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

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. In addition, the Audit Committee holds regular private meetings with the external auditor, Group Finance Director and internal auditor separately without the presence of the Management.

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.

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 2009, the fees paid to PwC, amounting to HK$195 million, were primarily for audit services and those for non-audit services amounted to HK$24 million, 11% of the total fees payment.

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 budget, review by the Audit Committee of the ongoing work of the Group's internal audit and risk management functions, 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.

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 2009 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate.

Legal and Regulatory Compliance

The Group Legal Department has the responsibility of safeguarding the legal interests of the Group. The team, led by the Head Group General Counsel and Company Secretary, is responsible for monitoring the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal and corporate secretarial documentation of Group companies, working in conjunction with finance, corporate secretarial and business unit personnel on the review and co-ordination process, and advising management of legal and commercial issues of concern. In addition, the Group Legal Department is also responsible for overseeing regulatory compliance of all Group companies. It analyses and monitors the regulatory framework within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting response to relevant regulatory and/or government consultations. The department also determines and approves the engagement of external legal advisors, ensuring the requisite professional standards are maintained as well as most cost effective services are rendered. Further, the Group Legal Department organises and holds continuing education seminars/conferences on legal and regulatory matters of relevance to the Group for its legal counsel.

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.

Workplace Safety

The Group is committed to providing a healthy and safe workplace for all its employees and complying with all applicable health and safety laws and regulations. Health and safety considerations are incorporated into the design, operations and maintenance of the Group's premises. Employees are provided appropriate job skills and safety training and are educated with regard to their responsibilities for achieving the health and safety objectives of the Group. The Group also communicates with its employees on occupational health and safety issues.

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.

All members of the Remuneration Committee met in November 2009 to review background information on market data (including economic indicators, statistics and 2010 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 2010 directors' fees, year end bonus and 2010 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.

Remuneration Policy

The remuneration of Directors and senior executives is determined with reference to their expertise and experience in the industry, 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 which are determined in accordance with the performance of the Group and the individual's performance.

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 2009 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	30.78	-	-	35.34
Paid by Cheung Kong Infrastructure Holdings Limited ("CKI")	0.07	-	11.11	-	-	11.18
Paid to the Company	(0.07)	-	-	-	-	(0.07)
	0.12	4.44	41.89	-	-	46.45
FOK Kin-ning, Canning [(2)]	0.12	10.22	111.81	2.13	-	124.28
CHOW WOO Mo Fong, Susan [(2)]	0.12	7.65	26.68	1.54	-	35.99
Frank John SIXT [(2)]	0.18	7.63	25.53	0.68	-	34.02
LAI Kai Ming, Dominic [(2)]	0.12	5.15	24.94	0.98	-	31.19
KAM Hing Lam [(2)]						
Paid by the Company	0.12	2.25	5.81	-	-	8.18
Paid by CKI	0.07	4.20	4.85	-	-	9.12
Paid to the Company	(0.07)	(4.20)	-	-	-	(4.27)
	0.12	2.25	10.66	-	-	13.03
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
Margaret LEUNG KO May Yee [(3)] [(8)]	0.07	-	-	-	-	0.07
OR Ching Fai, Raymond [(3)] [(7)]	0.05	-	-	-	-	0.05
WONG Chung Hin [(3)] [(5)] [(6)]	0.31	-	-	-	-	0.31
Total:	2.13	37.34	241.51	5.33	-	286.31

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 or Non-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.

(7) Retired on 21 May 2009.

(8) Appointed on 22 May 2009.

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 including avoiding conflict of interest, discrimination or harassment and bribery etc. The employees are required to report any non-compliance with the Code of Conduct to the management.

Relationship with Shareholders and other Stakeholders

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 latest shareholders' meetings of the Company were the 2009 Annual General Meeting (the "AGM") and an Extraordinary General Meeting (the "EGM"), both of which were held on 21 May 2009 at Harbour Grand Kowloon, Hung Hom, Kowloon, Hong Kong attended by the majority of the Directors including the Chairman of the Board, Audit Committee and Remuneration Committee with attendance rate of approximately 92%. The Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from attending such meetings. Separate resolutions were proposed at those meetings on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 21 May 2009 are set out below:-

Resolutions proposed at the AGM		Percentage of Votes
1	Adoption of the Statement of Audited Accounts and Reports of the Directors and Auditor for the year ended 31 December 2008	99.88%
2	Declaration of a final dividend	99.99%
3(1)	Re-election of Mr Li Ka-shing as a Director	97.41%
3(2)	Re-election of Ms Chow Woo Mo Fong, Susan as a Director	97.14%
3(3)	Re-election of Mr Lai Kai Ming, Dominic as a Director	86.23%
3(4)	Re-election of Mr William Shurniak as a Director	94.72%
4	Appointment of Auditor and authorisation of the Directors to fix the Auditor's remuneration	99.94%
5	Approval of Directors' remuneration	99.99%
6(1)	Granting of a general mandate to Directors to issue additional shares in the Company	82.63%
6(2)	Purchase by the Company of its own shares	99.48%
6(3)	Extension of the general mandate regarding issue of additional shares in the Company	83.01%
7	Approval of the amendments to the 2004 share option plan of Partner Communications Company Ltd.	87.01%

Resolutions proposed at the EGM		Percentage of Votes
1	Approval of the share option scheme of Hutchison Telecommunications Hong Kong Holdings Limited	83.32%
2	Approval of the entering into of the CKH Master Agreement and the empowerment to directors to approve acquisition of CKH Connected Debt Securities subject to and in accordance with the prescribed terms and conditions	99.71%
3	Approval of the entering into of the HSE Master Agreement and the empowerment to directors to approve acquisition of HSE Connected Debt Securities subject to and in accordance with the prescribed terms and conditions	99.91%

All resolutions put to shareholders at the respective meetings 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 2010 and public float capitalisation as at 31 December 2009.

Information concerning the Group and its business can be located from the Group's website for information of the stakeholders.

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 email to the Group at info@hwl.com.hk.

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 70 to 73.

By order of the Board

Edith Shih
Company Secretary

Hong Kong, 30 March 2010

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 130 to 226, which comprise the consolidated and Company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 2009 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, 30 March 2010

Consolidated Income Statement

for the year ended 31 December 2009

2009 US$ millions		Note	2009 HK$ millions	As restated Note 1 2008 HK$ millions
	Company and subsidiary companies:			
26,770	Revenue	4, 5	208,808	235,478
(9,522)	Cost of inventories sold		(74,275)	(77,172)
(3,629)	Staff costs		(28,309)	(31,929)
(2,121)	Telecommunications customer acquisition costs		(16,544)	(22,926)
(2,084)	Depreciation and amortisation	3(b)(ii), 5	(16,258)	(24,876)
(7,791)	Other operating expenses		(60,769)	(66,001)
143	Change in fair value of investment properties		1,117	672
1,599	Profit on disposal of investments and others	6	12,472	3,458
	Share of profits less losses after tax of:			
760	Associated companies before profit on disposal of investments and others	19	5,927	12,522
471	Jointly controlled entities	20	3,677	5,286
–	Associated company's profit on disposal of an investment and others	6, 19	–	3,122
4,596		5	35,846	37,634
(1,233)	Interest and other finance costs	8	(9,613)	(17,286)
3,363	**Profit before tax**		26,233	20,348
(588)	Current tax charge	9	(4,588)	(3,443)
12	Deferred tax credit	9	92	2,576
2,787	**Profit after tax**		21,737	19,481
(971)	**Allocated as: Profit attributable to minority interests**		(7,569)	(6,800)
1,816	**Profit attributable to shareholders of the Company**	11	14,168	12,681
US 42.6 cents	**Earnings per share for profit attributable to shareholders of the Company**	11	HK$ 3.32	HK$ 2.97

Details of interim dividend paid and proposed final dividend payable to the shareholders of the Company are set out in note 10.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2009

2009 US$ millions		Note	2009 HK$ millions	As restated Note 1 2008 HK$ millions
2,787	**Profit after tax**		21,737	19,481
	Other comprehensive income			
	Available-for-sale investments:			
54	Valuation gains (losses) recognised in reserves		417	(3,204)
(25)	Valuation gains recognised in income statement		(198)	(2,893)
	Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
–	Gains recognised in reserves		1	287
–	Losses recognised in income statement		–	28
–	Losses (gains) recognised in initial cost of non-financial items		4	(47)
1,432	Gains (losses) on translating accounts of foreign operations recognised in reserves		11,170	(27,002)
(119)	Gains on repayment of foreign currency loans from a jointly controlled entity recognised in income statement		(930)	–
–	Gains on refinancing of foreign currency borrowings recognised in income statement		–	(2,945)
(245)	Gains relating to disposal of subsidiaries recognised in income statement		(1,909)	(518)
4	Net actuarial gains (losses) of defined benefit plans		31	(2,331)
1	Others		7	10
862	Share of other comprehensive income of associated companies		6,727	(11,251)
198	Share of other comprehensive income of jointly controlled entities		1,547	1,055
2,162	Other comprehensive income		16,867	(48,811)
19	Income tax relating to components of other comprehensive income	12	149	196
2,181	Other comprehensive income (net of tax)		17,016	(48,615)
4,968	**Total comprehensive income**		38,753	(29,134)
(1,051)	**Allocated as: Attributable to minority interests**		(8,198)	(5,056)
3,917	**Attributable to shareholders of the Company**		30,555	(34,190)

Consolidated Statement of Financial Position

at 31 December 2009

31 December 2009 US$ millions		Note	31 December 2009 HK$ millions	As restated Note 1 31 December 2008 HK$ millions	As restated Note 1 1 January 2008 HK$ millions
	ASSETS				
	Non-current assets				
21,974	Fixed assets	13	**171,399**	173,246	181,342
5,426	Investment properties	14	**42,323**	41,282	43,680
4,357	Leasehold land	15	**33,984**	34,745	36,272
9,071	Telecommunications licences	16	**70,750**	72,175	91,897
3,700	Goodwill	17	**28,858**	30,436	31,573
942	Brand names and other rights	18	**7,351**	10,486	10,901
10,865	Associated companies	19	**84,748**	76,478	75,545
6,611	Interests in joint ventures	20	**51,568**	45,865	39,725
1,879	Deferred tax assets	21	**14,657**	13,248	17,619
678	Other non-current assets	22	**5,286**	8,904	5,082
2,976	Liquid funds and other listed investments	23	**23,213**	30,735	69,192
68,479			**534,137**	537,600	602,828
	Current assets				
11,862	Cash and cash equivalents	24	**92,521**	57,286	111,307
6,173	Trade and other receivables	25	**48,146**	54,767	55,374
2,127	Inventories		**16,593**	18,528	20,999
20,162			**157,260**	130,581	187,680
	Current liabilities				
9,363	Trade and other payables	26	**73,029**	82,599	90,141
2,255	Bank and other debts	28	**17,589**	23,945	50,255
417	Current tax liabilities		**3,249**	1,274	2,336
12,035			**93,867**	107,818	142,732
8,127	**Net current assets**		**63,393**	22,763	44,948
76,606	**Total assets less current liabilities**		**597,530**	560,363	647,776
	Non-current liabilities				
31,135	Bank and other debts	28	**242,851**	234,141	260,086
1,721	Interest bearing loans from minority shareholders	29	**13,424**	13,348	12,508
1,712	Deferred tax liabilities	21	**13,355**	13,616	17,957
312	Pension obligations	30	**2,436**	2,541	1,468
580	Other non-current liabilities	31	**4,520**	4,586	5,929
35,460			**276,586**	268,232	297,948
41,146	**Net assets**		**320,944**	292,131	349,828

31 December 2009 US$ millions		Note	31 December 2009 HK$ millions	As restated Note 1 31 December 2008 HK$ millions	As restated Note 1 1 January 2008 HK$ millions
	CAPITAL AND RESERVES				
137	Share capital	32	**1,066**	1,066	1,066
36,213	Reserves		**282,465**	259,253	300,803
36,350	**Total shareholders' funds**		**283,531**	260,319	301,869
4,796	Minority interests		**37,413**	31,812	47,959
41,146	**Total equity**		**320,944**	292,131	349,828

Fok Kin-ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Cash Flows

for the year ended 31 December 2009

2009 US$ millions		Note	2009 HK$ millions	As restated Note 1 2008 HK$ millions
	Operating activities			
6,803	Cash generated from operating activities before interest and other finance costs, tax paid, telecommunications customer acquisition costs and changes in working capital	33 (a)	**53,061**	64,566
(1,142)	Interest and other finance costs paid		**(8,910)**	(16,762)
(367)	Tax paid		**(2,866)**	(3,576)
5,294	Funds from operations before telecommunications customer acquisition costs		**41,285**	44,228
(2,121)	Telecommunications customer acquisition costs		**(16,544)**	(22,926)
3,173	**Funds from operations**		**24,741**	21,302
(579)	Changes in working capital	33 (b)	**(4,514)**	(5,182)
2,594	**Net cash from operating activities**		**20,227**	16,120
	Investing activities			
(1,438)	Purchase of fixed assets and investment properties for established businesses		**(11,218)**	(15,643)
(1,004)	Purchase of fixed assets for **3** Group		**(7,834)**	(11,921)
(4)	Additions to leasehold land		**(30)**	(214)
–	Additions to telecommunications licences		**–**	(384)
(63)	Additions to brand names and other rights		**(494)**	(550)
(16)	Purchase of subsidiary companies	33 (c)	**(126)**	28
(78)	Purchase of minority interests		**(610)**	(6,083)
(33)	Additions to other unlisted investments		**(257)**	(67)
1,336	Repayments from associated companies and jointly controlled entities		**10,423**	1,112
186	Purchase of and advances to (including deposits from) associated companies and jointly controlled entities		**1,449**	(9,047)
173	Proceeds on disposal of fixed assets, leasehold land and investment properties		**1,345**	2,787
2,037	Proceeds on disposal of subsidiary companies	33 (d)	**15,892**	5,294
22	Proceeds on disposal of associated companies		**176**	6
6	Proceeds on disposal of jointly controlled entities		**48**	670
92	Proceeds on disposal of other unlisted investments		**714**	50
2	Proceeds on disposal of infrastructure project investments		**18**	147
–	Partner Communications Company Ltd's repurchase of its shares		**–**	(799)
1,726	Disposal of liquid funds and other listed investments		**13,468**	32,993
(620)	Additions to liquid funds and other listed investments		**(4,835)**	(2,550)
2,324	**Cash flows from (used in) investing activities**		**18,129**	(4,171)
4,918	**Net cash inflow before financing activities**		**38,356**	11,949

2009 US$ millions		Note	2009 HK$ millions	As restated Note 1 2008 HK$ millions
	Financing activities			
14,288	New borrowings		**111,452**	41,267
(13,228)	Repayment of borrowings		**(103,182)**	(83,729)
(62)	Issue of shares by subsidiary companies to minority shareholders and net loans from (to) minority shareholders		**(487)**	1,371
(452)	Dividends paid to minority shareholders		**(3,529)**	(17,504)
(946)	Dividends paid to shareholders		**(7,375)**	(7,375)
(400)	**Cash flows used in financing activities**		**(3,121)**	(65,970)
4,518	Increase (decrease) in cash and cash equivalents		**35,235**	(54,021)
7,344	Cash and cash equivalents at 1 January		**57,286**	111,307
11,862	**Cash and cash equivalents at 31 December**		**92,521**	57,286
	Analysis of cash, liquid funds and other listed investments			
11,862	Cash and cash equivalents, as above	24	**92,521**	57,286
2,976	Liquid funds and other listed investments	23	**23,213**	30,735
14,838	**Total cash, liquid funds and other listed investments**		**115,734**	88,021
33,217	Total principal amount of bank and other debts	28	**259,089**	253,884
1,721	Interest bearing loans from minority shareholders	29	**13,424**	13,348
20,100	**Net debt**		**156,779**	179,211
(1,721)	Interest bearing loans from minority shareholders		**(13,424)**	(13,348)
18,379	**Net debt (excluding interest bearing loans from minority shareholders)**		**143,355**	165,863

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

	Share capital and 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 2009, as previously reported	29,425	(10,226)	1,983	250,394	271,576	32,560	304,136
Prior year adjustments in respect of changes in accounting policies (note 1)	–	815	–	(12,072)	(11,257)	(748)	(12,005)
At 1 January 2009, as restated	29,425	(9,411)	1,983	238,322	260,319	31,812	292,131
Profit for the year	–	–	–	14,168	14,168	7,569	21,737
Other comprehensive income							
Available-for-sale investments:							
Valuation gains recognised in reserves	–	–	387	–	387	30	417
Valuation gains recognised in income statement	–	–	(196)	–	(196)	(2)	(198)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:							
Gains recognised in reserves	–	–	5	–	5	(4)	1
Losses recognised in initial cost of non-financial items	–	–	4	–	4	–	4
Gains on translating accounts of foreign operations recognised in reserves	–	10,301	–	–	10,301	869	11,170
Gains on repayment of foreign currency loans from a jointly controlled entity recognised in income statement	–	(930)	–	–	(930)	–	(930)
Gains relating to disposal of subsidiaries recognised in income statement	–	(347)	(597)	(189)	(1,133)	(776)	(1,909)
Net actuarial gains of defined benefit plans	–	–	–	28	28	3	31
Surplus on revaluation of properties upon transfer from other properties to investment properties	–	–	7	–	7	–	7
Share of other comprehensive income of associated companies	–	5,104	637	643	6,384	343	6,727
Share of other comprehensive income of jointly controlled entities	–	1,400	–	4	1,404	143	1,547
Income tax relating to components of other comprehensive income	–	–	(29)	155	126	23	149
Other comprehensive income (net of tax)	–	15,528	218	641	16,387	629	17,016
Total comprehensive income	–	15,528	218	14,809	30,555	8,198	38,753
Dividends paid relating to 2008	–	–	–	(5,201)	(5,201)	–	(5,201)
Dividends paid relating to 2009	–	–	–	(2,174)	(2,174)	–	(2,174)
Dividends paid to minority interests	–	–	–	–	–	(3,486)	(3,486)
Equity contribution from minority interests	–	–	–	–	–	4,209	4,209
Share option scheme	–	–	27	–	27	31	58
Share option lapsed	–	–	5	(5)	–	–	–
Unclaimed dividends write back	–	–	–	5	5	–	5
Relating to purchase of minority interests	–	–	–	–	–	245	245
Relating to disposal of subsidiary companies	–	–	–	–	–	(3,596)	(3,596)
At 31 December 2009	29,425	6,117	2,233	245,756	283,531	37,413	320,944

(a) Share capital and premium comprise share capital of HK$1,066 million, share premium of HK$27,955 million and capital redemption reserve of HK$404 million in all reporting years.

(b) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 31 December 2009, revaluation reserve surplus amounted to HK$2,053 million (1 January 2009 - HK$2,444 million and 1 January 2008 - HK$8,145 million), hedging reserve surplus amounted to HK$120 million (1 January 2009 - deficit of HK$523 million and 1 January 2008 - surplus of HK$167 million) and other capital reserves surplus amounted to HK$60 million (1 January 2009 - HK$62 million and 1 January 2008 - HK$251 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 cash flow hedges are included in the hedging reserve.

(c) The Group's share of exchange reserve of associated companies and jointly controlled entities are gains of HK$3,624 million (2008 - losses of HK$6,945 million) and losses of HK$332 million (2008 - gains of HK$997 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 gains of HK$463 million (2008 - losses of HK$1,104 million) and HK$4 million (2008 - losses of HK$10 million) respectively.

	Share capital and 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, as previously reported	29,425	28,954	8,563	243,072	310,014	48,644	358,658
Prior year adjustments in respect of changes in accounting policies (note 1)	–	(1,056)	–	(7,089)	(8,145)	(685)	(8,830)
At 1 January 2008, as restated	29,425	27,898	8,563	235,983	301,869	47,959	349,828
Profit for the year	–	–	–	12,681	12,681	6,800	19,481
Other comprehensive income							
Available-for-sale investments:							
Valuation losses recognised in reserves	–	–	(2,915)	–	(2,915)	(289)	(3,204)
Valuation gains recognised in income statement	–	–	(2,870)	–	(2,870)	(23)	(2,893)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:							
Gains recognised in reserves	–	–	258	–	258	29	287
Losses recognised in income statement	–	–	17	–	17	11	28
Gains recognised in initial cost of non-financial items	–	–	(47)	–	(47)	–	(47)
Losses on translating accounts of foreign operations recognised in reserves	–	(26,421)	–	–	(26,421)	(581)	(27,002)
Gains on refinancing of foreign currency borrowings recognised in income statement	–	(2,945)	–	–	(2,945)	–	(2,945)
Gains relating to disposal of subsidiaries recognised in income statement	–	(263)	(158)	–	(421)	(97)	(518)
Net actuarial losses of defined benefit plans	–	–	–	(2,016)	(2,016)	(315)	(2,331)
Surplus on revaluation of properties upon transfer from other properties to investment properties	–	–	8	–	8	2	10
Share of other comprehensive income of associated companies	–	(8,574)	(920)	(1,096)	(10,590)	(661)	(11,251)
Share of other comprehensive income of jointly controlled entities	–	894	–	(10)	884	171	1,055
Income tax relating to components of other comprehensive income	–	–	74	113	187	9	196
Other comprehensive income (net of tax)	–	(37,309)	(6,553)	(3,009)	(46,871)	(1,744)	(48,615)
Total comprehensive income	–	(37,309)	(6,553)	9,672	(34,190)	5,056	(29,134)
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)
Relating to purchase of minority interests	–	–	–	–	–	(5,293)	(5,293)
Relating to disposal of subsidiary companies	–	–	–	–	–	320	320
At 31 December 2008	29,425	(9,411)	1,983	238,322	260,319	31,812	292,131

Notes to the Accounts

1 Basis of preparation

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 in note 2.

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2009. The adoption of these new and revised standards, amendments and interpretations has resulted in changes to the format of the Group's accounts in 2009 (including revised titles for these accounts), the transfer of investment properties under construction from fixed assets to investment properties and a change to the Group's accounting policy in respect of customer loyalty credits that has affected the amounts reported for the current and prior years. In addition, the Group's policy in relation to telecommunications customer acquisition costs has been changed. Information on the effect of the adoption of the aforementioned new and revised standards, amendments and interpretations, and the new accounting policies is set out below:

(a) Revised titles for accounts

The adoption of HKAS 1 (Revised), Presentation of Financial Statements, has resulted in changes to the titles for these accounts:

New titles	Corresponding old titles / Note to accounts
— Consolidated Income Statement	— Consolidated Profit and Loss Account
— Consolidated Statement of Comprehensive Income	— Consolidated Statement of Recognised Income and Expense
— Consolidated Statement of Financial Position	— Consolidated Balance Sheet
— Consolidated Statement of Cash Flows	— Consolidated Cash Flow Statement
— Consolidated Statement of Changes in Equity	— Note 32 "Equity" to 2008 Accounts

(b) Investment Property

The adoption of amendments to HKAS 40 has resulted in the transfer of investment properties under construction from fixed assets to investment properties and increased profit before tax (before share of associated companies and jointly controlled entities' tax expenses) and profit attributable to shareholders of the Company for the year ended 31 December 2009 by HK$1,265 million and HK$1,027 million respectively.

(c) Customer loyalty credits

Hong Kong (IFRIC) Interpretation 13, Customer Loyalty Programmes requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. The Group maintains loyalty points programmes within its Retail division which allows customers to accumulate points when they purchase products in the retail stores. These points can then be redeemed for free or discounted products, subject to certain terms and conditions. The Group has historically recorded a liability at the time of sale based on the costs expected to be incurred to supply awards in the future. With effect from 1 January 2009, in order to comply with Hong Kong (IFRIC) Interpretation 13, this change in accounting policy has been applied retrospectively. Comparative information has been restated to reflect this change in policy.

(d) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs ("CACs") comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G customers.

In prior years these costs to acquire and retain customers on contracts with early termination penalty clauses were capitalised and amortised over the period of the contract which is generally a period of 12 to 24 months. Having undertaken a comprehensive review of the policies of other businesses operating in the telecommunications sector particularly those operating in Europe, with effect from 1 January 2009, the Group has changed its policy to expense these costs in operating expenses as the costs are incurred. The Group believes that this change will bring our policy in line with other major telecommunications companies, provide greater comparability with such businesses and align more closely our profit and loss performance with our cash flow, and will therefore provide reliable and more relevant information to shareholders and other users of the accounts. Comparative information has been restated to reflect this change in policy.

1 Basis of preparation (continued)

(e) The effect of the adoption of other new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operation and mandatory for annual periods beginning 1 January 2009 is not material to the Group's results of operations or financial position.

(f) As a result of the changes in accounting policies mentioned above (notes 1(c) and 1(d)), certain adjustments have been made to the comparative information. The effect, where material, of these changes are summarised below:

(i) *Effect on the consolidated income statement for the year ended 31 December 2007*

		Changes in accounting policies		
	As previously reported HK$ millions	Customer loyalty credits HK$ millions	Telecommunications CACs HK$ millions	As restated HK$ millions
Company and subsidiary companies:				
Revenue	218,726	(48)	–	218,678
Cost of inventories sold	(73,977)	–	442	(73,535)
Staff costs	(29,325)	–	50	(29,275)
3 Group telecommunications expensed customer acquisition costs	(5,732)	–	5,732	–
Telecommunications customer acquisition costs	–	–	(18,550)	(18,550)
Depreciation and amortisation	(38,872)	–	13,522	(25,350)
Other operating expenses	(56,448)	41	501	(55,906)
Change in fair value of investment properties	1,988	–	–	1,988
Profit (loss) on disposal of investments and others	(11,182)	–	920	(10,262)
Share of profits less losses after tax of:				
Associated companies before profit on disposal of investments and others	12,002	–	(19)	11,983
Jointly controlled entities	3,338	–	–	3,338
Associated company's profit on disposal of an investment and others	35,820	–	–	35,820
	56,338	(7)	2,598	58,929
Interest and other finance costs	(19,054)	–	–	(19,054)
Profit before tax	37,284	(7)	2,598	39,875
Current tax charge	(2,768)	–	–	(2,768)
Deferred tax charge	(1,651)	–	–	(1,651)
Profit after tax	32,865	(7)	2,598	35,456
Allocated as: Profit attributable to minority interests	(2,265)	–	100	(2,165)
Profit attributable to shareholders of the Company	30,600	(7)	2,698	33,291
Earnings per share for profit attributable to shareholders of the Company	HK$7.18	–	HK$0.63	HK$7.81

1 Basis of preparation (continued)

(ii) Effect on the consolidated statement of financial position as at 1 January 2008

	As previously reported	Changes in accounting policies: Customer loyalty credits	Changes in accounting policies: Telecommunications CACs	As restated
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ASSETS				
Non-current assets				
Fixed assets	181,342	–	–	181,342
Investment properties	43,680	–	–	43,680
Leasehold land	36,272	–	–	36,272
Telecommunications licences	91,897	–	–	91,897
Telecommunications postpaid customer acquisition and retention costs	8,771	–	(8,771)	–
Goodwill	31,520	–	53	31,573
Brand names and other rights	10,901	–	–	10,901
Associated companies	75,545	–	–	75,545
Interests in joint ventures	39,725	–	–	39,725
Deferred tax assets	17,619	–	–	17,619
Other non-current assets	5,082	–	–	5,082
Liquid funds and other listed investments	69,192	–	–	69,192
	611,546	–	(8,718)	602,828
Current assets				
Cash and cash equivalents	111,307	–	–	111,307
Trade and other receivables	55,374	–	–	55,374
Inventories	20,999	–	–	20,999
	187,680	–	–	187,680
Current liabilities				
Trade and other payables	90,029	112	–	90,141
Bank and other debts	50,255	–	–	50,255
Current tax liabilities	2,336	–	–	2,336
	142,620	112	–	142,732
Net current assets	45,060	(112)	–	44,948
Total assets less current liabilities	656,606	(112)	(8,718)	647,776
Non-current liabilities				
Bank and other debts	260,086	–	–	260,086
Interest bearing loans from minority shareholders	12,508	–	–	12,508
Deferred tax liabilities	17,957	–	–	17,957
Pension obligations	1,468	–	–	1,468
Other non-current liabilities	5,929	–	–	5,929
	297,948	–	–	297,948
Net assets	358,658	(112)	(8,718)	349,828
CAPITAL AND RESERVES				
Share capital	1,066	–	–	1,066
Reserves	308,948	(112)	(8,033)	300,803
Total shareholders' funds	310,014	(112)	(8,033)	301,869
Minority interests	48,644	–	(685)	47,959
Total equity	358,658	(112)	(8,718)	349,828

1 Basis of preparation (continued)

(iii) Effect on the consolidated income statement for the year ended 31 December 2008

	As previously reported HK$ millions	Changes in accounting policies: Customer loyalty credits HK$ millions	Changes in accounting policies: Telecommunications CACs HK$ millions	As restated HK$ millions
Company and subsidiary companies:				
Revenue	235,461	17	–	235,478
Cost of inventories sold	(77,460)	–	288	(77,172)
Staff costs	(32,053)	–	124	(31,929)
3 Group telecommunications expensed customer acquisition costs	(3,457)	–	3,457	–
Telecommunications customer acquisition costs	–	–	(22,926)	(22,926)
Depreciation and amortisation	(37,447)	–	12,571	(24,876)
Other operating expenses	(67,300)	(7)	1,306	(66,001)
Change in fair value of investment properties	672	–	–	672
Profit on disposal of investments and others	3,458	–	–	3,458
Share of profits less losses after tax of:				
Associated companies before profit on disposal of investments and others	12,522	–	–	12,522
Jointly controlled entities	5,286	–	–	5,286
Associated company's profit on disposal of an investment and others	3,122	–	–	3,122
	42,804	10	(5,180)	37,634
Interest and other finance costs	(17,286)	–	–	(17,286)
Profit before tax	25,518	10	(5,180)	20,348
Current tax charge	(3,444)	–	1	(3,443)
Deferred tax credit	2,576	–	–	2,576
Profit after tax	24,650	10	(5,179)	19,481
Allocated as: Profit attributable to minority interests	(6,986)	–	186	(6,800)
Profit attributable to shareholders of the Company	17,664	10	(4,993)	12,681
Earnings per share for profit attributable to shareholders of the Company	HK$4.14	–	(HK$1.17)	HK$2.97

1 Basis of preparation (continued)

(iv) Effect on the consolidated statement of financial position as at 31 December 2008

	As previously reported	Changes in accounting policies: Customer loyalty credits	Changes in accounting policies: Telecommunications CACs	As restated
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ASSETS				
Non-current assets				
Fixed assets	173,246	–	–	173,246
Investment properties	41,282	–	–	41,282
Leasehold land	34,745	–	–	34,745
Telecommunications licences	72,175	–	–	72,175
Telecommunications postpaid customer acquisition and retention costs	12,022	–	(12,022)	–
Goodwill	30,318	–	118	30,436
Brand names and other rights	10,486	–	–	10,486
Associated companies	76,478	–	–	76,478
Interests in joint ventures	45,865	–	–	45,865
Deferred tax assets	13,248	–	–	13,248
Other non-current assets	8,904	–	–	8,904
Liquid funds and other listed investments	30,735	–	–	30,735
	549,504	–	(11,904)	537,600
Current assets				
Cash and cash equivalents	57,286	–	–	57,286
Trade and other receivables	54,767	–	–	54,767
Inventories	18,528	–	–	18,528
	130,581	–	–	130,581
Current liabilities				
Trade and other payables	82,497	102	–	82,599
Bank and other debts	23,945	–	–	23,945
Current tax liabilities	1,275	–	(1)	1,274
	107,717	102	(1)	107,818
Net current assets	22,864	(102)	1	22,763
Total assets less current liabilities	572,368	(102)	(11,903)	560,363
Non-current liabilities				
Bank and other debts	234,141	–	–	234,141
Interest bearing loans from minority shareholders	13,348	–	–	13,348
Deferred tax liabilities	13,616	–	–	13,616
Pension obligations	2,541	–	–	2,541
Other non-current liabilities	4,586	–	–	4,586
	268,232	–	–	268,232
Net assets	304,136	(102)	(11,903)	292,131
CAPITAL AND RESERVES				
Share capital	1,066	–	–	1,066
Reserves	270,510	(102)	(11,155)	259,253
Total shareholders' funds	271,576	(102)	(11,155)	260,319
Minority interests	32,560	–	(748)	31,812
Total equity	304,136	(102)	(11,903)	292,131

1 Basis of preparation (continued)

(v) *Estimated effect on the consolidated income statement for the year ended 31 December 2009*

	Changes in accounting policies: Customer loyalty credits HK$ millions	Changes in accounting policies: Telecommunications CACs HK$ millions	Total HK$ millions
Company and subsidiary companies:			
Revenue	(13)	–	(13)
Cost of inventories sold	–	–	–
Staff costs	–	–	–
Telecommunications customer acquisition costs	–	(12,925)	(12,925)
Depreciation and amortisation	–	13,480	13,480
Other operating expenses	11	–	11
Change in fair value of investment properties	–	–	–
Profit on disposal of investments and others	–	–	–
Share of profits less losses after tax of:			
Associated companies before profit on disposal of investments and others	–	–	–
Jointly controlled entities	–	–	–
Associated company's profit on disposal of an investment and others	–	–	–
	(2)	555	553
Interest and other finance costs	–	–	–
Profit before tax	(2)	555	553
Current tax credit	–	1	1
Deferred tax credit	–	66	66
Profit after tax	(2)	622	620
Allocated as: Loss attributable to minority interests	–	339	339
Profit attributable to shareholders of the Company	(2)	961	959
Earnings per share for profit attributable to shareholders of the Company	–	HK$0.23	HK$0.23

1 Basis of preparation (continued)

(vi) Estimated effect on the consolidated statement of financial position as at 31 December 2009

	Changes in accounting policies: Customer loyalty credits HK$ millions	Changes in accounting policies: Telecommunications CACs HK$ millions	Total HK$ millions
ASSETS			
Non-current assets			
Fixed assets	–	–	–
Investment properties	–	–	–
Leasehold land	–	–	–
Telecommunications licences	–	–	–
Telecommunications postpaid customer acquisition and retention costs	–	(12,113)	(12,113)
Goodwill	–	129	129
Brand names and other rights	–	–	–
Associated companies	–	–	–
Interests in joint ventures	–	–	–
Deferred tax assets	–	–	–
Other non-current assets	–	–	–
Liquid funds and other listed investments	–	–	–
	–	(11,984)	(11,984)
Current assets			
Cash and cash equivalents	–	–	–
Trade and other receivables	–	–	–
Inventories	–	–	–
	–	–	–
Current liabilities			
Trade and other payables	104	–	104
Bank and other debts	–	–	–
Current tax liabilities	–	(3)	(3)
	104	(3)	101
Net current assets	(104)	3	(101)
Total assets less current liabilities	(104)	(11,981)	(12,085)
Non-current liabilities			
Bank and other debts	–	–	–
Interest bearing loans from minority shareholders	–	–	–
Deferred tax liabilities	–	(67)	(67)
Pension obligations	–	–	–
Other non-current liabilities	–	–	–
	–	(67)	(67)
Net assets	(104)	(11,914)	(12,018)
CAPITAL AND RESERVES			
Share capital	–	–	–
Reserves	(104)	(10,821)	(10,925)
Total shareholders' funds	(104)	(10,821)	(10,925)
Minority interests	–	(1,093)	(1,093)
Total equity	(104)	(11,914)	(12,018)

2 Significant accounting policies

(a) Basis of consolidation

The consolidated accounts of the Group include the accounts for the year ended 31 December 2009 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 2(c) and 2(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 2009 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 2(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.

(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 $\frac{1}{3}$ - 20%
Container terminal equipment	3 - 20%
Telecommunications equipment	2.5 - 10%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

2 Significant accounting policies (continued)

(e) Fixed assets (continued)

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 the income statement.

With effect from 1 January 2009, the Group has revised the estimated useful lives of certain plant, machinery and equipment and container terminal equipment from 3-25 years and 5-25 years to 5-25 years and 5-35 years respectively.

The effect of the change in the estimated useful lives has been recognised prospectively. If the Group had continued with the useful lives as estimated during the previous year, the depreciation charged to the income statement of the current year would have been higher by approximately HK$450 million with a corresponding decrease in the carrying value of fixed assets. It is expected that this change in estimate will have a similar effect in future periods.

(f) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position at their fair value as determined by professional valuation. Changes in fair values of investment properties are recorded in the income statement.

(g) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the statement of financial position as leasehold land and expensed in the income statement 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 that are considered to have an indefinite useful life to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired. Telecommunications licences with finite useful lives 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 9 to 20 years and are stated net of accumulated amortisation.

With effect from 1 January 2009, the Group has revised its estimate of the useful life of its 3G licence in Italy and the UK to indefinite time period. The Group obtained its 3G licence in Italy in 2001 with an initial licence period of 15 years. In 2002, the contractual term of Group's 3G licence in Italy was extended from 15 years to 20 years at no additional costs. In 2007, the Ministry of the Italian Government announced that 3G licences can be further extended for another 15 years to 35 years on the submission of a valid application. In 2007, the Group submitted an application to extend the licence period of its 3G licences in Italy from 20 years to 35 years. In 2009, the Ministry of the Italian Government further confirmed that the Group's 3G licence term can be continuously extended for a period equivalent to the previous term, effectively making it a perpetual licence.

The Group obtained its 3G licence in the UK in 2000 with an initial licence period of 21 years. In January 2009, the UK Government issued its policy on broadband for Britain that included a proposal to make the terms of 3G licences indefinite. In March 2010, the UK Government laid before the houses of Parliament a Statutory Instrument to give direction to the Office of Communications, which regulates the UK's broadcasting, telecommunications and wireless communications sectors, inter alia to make 3G licences in the UK indefinite. The useful life of the **3** UK licence was revised on the basis that the Statutory Instrument currently before the UK houses of Parliament, which inter alia changes the life of the licence to indefinite, will be enacted by the current Parliament.

2 Significant accounting policies (continued)

(h) Telecommunications licences (continued)

Based on the above and other developments, amortisation of licence of **3** Italy and **3** UK ceased with effect from 1 January 2009. The effect of this change in accounting estimate of the useful life of the Group's 3G licences in Italy and the UK has been recognised prospectively, resulting in a reduction in the amortisation expense of **3** Italy and **3** UK charged to the current year's income statement by approximately HK$969 million and HK$2,926 million respectively which compares to a charge of HK$1,026 million and HK$3,453 million respectively for the year ended 31 December 2008 (difference from 2009 effect is due to exchange rate fluctuations). It is expected that this change in estimated useful life will have a similar effect of reducing amortisation expense in future years. In the unlikely event that the UK Statutory Instrument does not pass through the parliamentary process, the estimated life of **3** UK licence will most likely revert to the initial licence period of 21 years and on that basis, the carrying amount of **3** UK licence will be amortised over the remaining term of the initial licence period of 21 years.

(i) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs ("CACs") comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G customers. All telecommunications CACs are expensed and recognised in the income statement in the period in which they are incurred.

(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 the income statement.

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.

2 Significant accounting policies (continued)

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

"Liquid funds and other listed investments" are investments in listed / traded 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 the end of the reporting period 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 the income statement.

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 the end of the reporting period 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 the income statement.

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 the income statement in the period in which they arise. At the end of the reporting period 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 the income statement.

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 the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value and changes in fair value are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve except for impairment losses which are charged to the income statement. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement. 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 the income statement.

(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 the income statement as interest and other finance costs. At the same time the carrying amount of the hedged asset or liability in the statement of financial position is adjusted for the changes in fair value.

2 Significant accounting policies (continued)

(n) Derivative financial instruments and hedging activities (continued)

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 recognised in other comprehensive income and accumulated under the heading of hedging reserve. Amounts accumulated are removed from hedging reserve and recognised in the income statement 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 are transferred from hedging reserve 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 the income statement.

(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 the income statement 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.

(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 the income statement 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.

2 Significant accounting policies (continued)

(u) Customer loyalty credits

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed.

(v) Share capital

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

(w) 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.

(x) 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 the income statement. All other leases are accounted for as operating leases and the rental payments are charged to the income statement on accrual basis.

(y) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. 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 the income statement 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.

(z) 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 the income statement 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 end of the reporting period 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, in other comprehensive income.

The Group's contributions to the defined contribution plans are charged to the income statement in the year incurred.

Pension costs are charged against the income statement 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.

2 Significant accounting policies (continued)

(aa) 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 the end of the reporting period.

(ab) 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 end of the reporting period. 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 statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of 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 the income statement. Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of 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 the income statement.

(ac) 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 relevant occupation permit, whichever is later, and the economic benefit accrues to the Group and the significant risks and rewards of the properties accrue to the purchasers.
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.

2 Significant accounting policies (continued)

(ac) Revenue recognition (continued)

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 sale 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.

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 24 (Revised) (2)	Related Party Disclosures
HKAS 27 (Revised) (1)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment) (2)	Classification of Right Issues
HKAS 39 (Amendment) (1)	Eligible Hedged Items
HKFRS 1 (Amendment) (1)	Additional Exemptions for First-Time Adopters
HKFRS 1 (Amendment) (2)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-Time Adopters
HKFRS 2 (Amendment) (1)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised) (1)	Business Combinations
HKFRS 9 (3)	Financial Instruments
Hong Kong (IFRIC) Interpretation 14 (Amendment) (2)	Prepayments of a Minimum Funding Requirement
Hong Kong (IFRIC) Interpretation 17 (1)	Distributions of Non-cash Assets to Owners
Hong Kong (IFRIC) Interpretation 19 (2)	Extinguishing Financial Liabilities with Equity Instruments
HK Interpretation 4 (Amendments) (1)	Leases – Determination of the Length of Lease Term in Respect of Hong Kong Land Leases

(1) Effective for the Group for annual periods beginning 1 January 2010
(2) Effective for the Group for annual periods beginning 1 January 2011
(3) Effective for the Group for annual periods beginning 1 January 2013

2 Significant accounting policies (continued)

The adoption of standards, amendments and interpretations listed above with the exception of HKFRS 3 (Revised), HKAS 27 (Revised) and Hong Kong (IFRIC) Interpretation 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 Hong Kong (IFRIC) Interpretation 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.

3 Critical accounting estimates and judgements

Note 2 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.

(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 and when there is indication that they may be impaired. 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 the income statement 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 and is recognised in other comprehensive income.

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 the income statement.

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 2009 and 31 December 2008 to assess whether the carrying values of the Group's 3G telecommunications licences, network assets and goodwill 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 2009 and 31 December 2008 indicated that no impairment charge was necessary.

3 Critical accounting estimates and judgements (continued)

(a) Long-lived assets (continued)

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 content, 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 programmes. 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.

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 5% to 12%. 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.

3 Critical accounting estimates and judgements (continued)

(b) Depreciation and amortisation (continued)

(ii) Telecommunications licences

Telecommunications licences comprise the right to use spectrum and the right to provide a telecommunications service. Telecommunications licences that are considered to have an indefinite useful life to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired. Telecommunications licences with finite useful lives 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.

With effect from 1 January 2009, the Group has revised its estimate of the useful life of its 3G licence in Italy and the UK to indefinite time period. The Group obtained its 3G licence in Italy in 2001 with an initial licence period of 15 years. In 2002, the contractual term of Group's 3G licence in Italy was extended from 15 years to 20 years at no additional costs. In 2007, the Ministry of the Italian Government announced that 3G licences can be further extended for another 15 years to 35 years on the submission of a valid application. In 2007, the Group submitted an application to extend the licence period of its 3G licences in Italy from 20 years to 35 years. In 2009, the Ministry of the Italian Government further confirmed that the Group's 3G licence term can be continuously extended for a period equivalent to the previous term, effectively making it a perpetual licence.

The Group obtained its 3G licence in the UK in 2000 with an initial licence period of 21 years. In January 2009, the UK Government issued its policy on broadband for Britain that included a proposal to make the terms of 3G licences indefinite. In March 2010, the UK Government laid before the houses of Parliament a Statutory Instrument to give direction to the Office of Communications, which regulates the UK's broadcasting, telecommunications and wireless communications sectors, inter alia to make 3G licences in the UK indefinite. The useful life of the **3** UK licence was revised on the basis that the Statutory Instrument currently before the UK houses of Parliament, which inter alia changes the life of the licence to indefinite, will be enacted by the current Parliament.

Based on the above and other developments, amortisation of licence of **3** Italy and **3** UK ceased with effect from 1 January 2009. The effect of this change in accounting estimate of the useful life of the Group's 3G licences in Italy and the UK has been recognised prospectively, resulting in a reduction in the amortisation expense of **3** Italy and **3** UK charged to the current year's income statement by approximately HK$969 million and HK$2,926 million respectively which compares to a charge of HK$1,026 million and HK$3,453 million respectively for the year ended 31 December 2008 (difference from 2009 effect is due to exchange rate fluctuations). It is expected that this change in estimated useful life will have a similar effect of reducing amortisation expense in future years. In the unlikely event that the UK Statutory Instrument does not pass through the parliamentary process, the estimated life of **3** UK licence will most likely revert to the initial licence period of 21 years and on that basis, the carrying amount of **3** UK licence will be amortised over the remaining term of the initial licence period of 21 years.

Judgement is required to determine the useful lives of the Group's telecommunications licences. 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 the income statement. In addition, governments from time to time revise the terms of licences to change, among other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the income statement.

3 Critical accounting estimates and judgements (continued)

(b) Depreciation and amortisation (continued)

(ii) Telecommunications licences (continued)

For the purposes of impairment tests, the recoverable amount of licences 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% (for examples, 2% and 2.5% used in the Group's 3G operations in Italy and the UK respectively) 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 5% to 12% (for examples, 5.2% and 5.6% used in the Group's 3G operations in Italy and the UK respectively). While a reasonably possible change in a key assumption on which the recoverable amount of the telecommunications licences and network assets of the Group's 3G businesses (including 3G operations in Italy and the UK that have telecommunications licences with indefinite useful lives) is based would not cause the carrying amount to exceed their recoverable amount, 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.

(iii) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G customers.

In prior years these costs to acquire and retain customers on contracts with early termination penalty clauses were capitalised and amortised over the period of the contract which is generally a period of 12 to 24 months. Having undertaken a comprehensive review of the policies of other businesses operating in the telecommunications sector particularly those operating in Europe, with effect from 1 January 2009, the Group has changed its policy to expense these costs in operating expenses as the costs are incurred. The Group believes that this change will bring our policy in line with other major telecommunications companies, provide greater comparability with such businesses and align more closely our profit and loss performance with our cash flow, and will therefore provide reliable and more relevant information to shareholders and other users of the accounts. Comparative information has been restated to reflect this change in policy.

Judgement is required to determine the most appropriate accounting policy for telecommunications customer acquisition costs. Any change in the accounting policy to capitalise these costs will impact the charge to the income statement as these costs will be capitalised and amortised over the contract periods.

3 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 impairment test described above. The results of the tests undertaken as at 31 December 2009 and 31 December 2008 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 5% to 12%. 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 that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position 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 the income statement.

(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 the end of the reporting period 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 the income statement.

3 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 the income statement 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 the income statement 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 end of the reporting period 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, in other comprehensive income.

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 2(x). Determining whether a lease transaction is a finance lease or an operating lease is a complex issue and requires substantial judgement as to whether the lease agreement transfers substantially all the risks and rewards of ownership to or from the Group. Careful and considered judgement is required on various complex 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.

3 Critical accounting estimates and judgements (continued)

(g) Sale and leaseback transactions (continued)

Classification as a finance lease or operating lease determines whether the leased asset is capitalised and recognised on the statement of financial position as set out in note 2(x). 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 the income statement immediately (operating lease).

Having noted that Hutchison Telecommunications International, the Group's 60% owned subsidiary, has decided to restate its previously reported consolidated accounts for the year ended 31 December 2008 to reflect the accounting for a certain sale and leaseback transaction as a finance lease, the Group has determined not to restate its consolidated accounts. This restatement in a subsidiary is not material to the Group's consolidated accounts. For the sake of transparency, if the Group had adopted the changes made by Hutchison Telecommunications International; in 2008, the Group's profit attributable to shareholders would have reduced by HK$446 million or 3.5%, total assets would have increased by HK$899 million or 0.1%, total liabilities would have increased by HK$1,965 million or 0.5% and total equity would have reduced by HK$1,066 million or 0.4%; in 2009, the Group's profit attributable to shareholder would have reduced by HK$170 million or 1.2%, total assets would have increased by HK$2,161 million or 0.3%, total liabilities would have increased by HK$3,261 million or 0.9% and total equity would have reduced by HK$1,100 million or 0.3%.

4 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:

	2009 HK$ millions	2008 HK$ millions
Sales of goods	**100,643**	104,129
Rendering of services	**104,846**	125,148
Interest	**2,995**	5,842
Dividends	**324**	359
	208,808	235,478

5 Segment information

HKFRS 8, Operating Segments, replaces HKAS 14, Segment Reporting, with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires the disclosure of information about the Group's operating segments. It replaces the requirement under HKAS 14 to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the Group's results of operations or financial position. Operating segments are reported in a manner consistent with internal reporting provided to the board of directors of the Company who is responsible for allocating resources and assessing performance of the operating segments. The Group determines that the operating segments are the same as the business segments previously identified under HKAS 14. Following the completion of a spin-off by way of a distribution in specie and a separate listing on The Stock Exchange of Hong Kong of the entire capital of Hutchison Telecommunications Hong Kong, the holding company of the Hong Kong and Macau mobile and fixed-line telecommunications operations, by Hutchison Telecommunications International in first half of the current year, Hutchison Telecommunications Hong Kong is disclosed as a separate segment. Prior year corresponding segment information that is presented for comparative purposes has been restated accordingly.

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 (see notes 19 and 20).

5 Segment information (continued)

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. 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$25 million (2008 – HK$58 million), Property and hotels is HK$307 million (2008 – HK$336 million), Finance & Investments is HK$7 million (2008 – HK$3 million), Hutchison Telecommunications Hong Kong is HK$165 million (2008 – HK$125 million) and Others is HK$538 million (2008 – HK$504 million).

The following is an analysis of the Group's revenue and results by operating segment:

	Revenue							
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2009 Total HK$ millions**	**% [(a)]**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2008 Total HK$ millions	% [(a)]
ESTABLISHED BUSINESSES								
Ports and related services	**29,492**	**3,935**	**33,427**	**14%**	34,872	4,722	39,594	14%
Property and hotels	**5,233**	**8,679**	**13,912**	**6%**	5,445	5,022	10,467	4%
Retail	**96,552**	**19,546**	**116,098**	**48%**	98,963	19,541	118,504	41%
Cheung Kong Infrastructure	**2,404**	**12,576**	**14,980**	**6%**	2,875	16,993	19,868	7%
Husky Energy	**–**	**35,808**	**35,808**	**15%**	–	63,350	63,350	22%
Finance & Investments	**2,152**	**363**	**2,515**	**1%**	3,836	467	4,303	1%
Hutchison Telecommunications Hong Kong	**8,449**	**–**	**8,449**	**3%**	7,996	3	7,999	3%
Hutchison Telecommunications International	**11,745**	**–**	**11,745**	**5%**	16,678	–	16,678	6%
Others	**3,589**	**2,436**	**6,025**	**2%**	4,981	2,266	7,247	2%
Subtotal – Established businesses	**159,616**	**83,343**	**242,959**	**100%**	175,646	112,364	288,010	100%
TELECOMMUNICATIONS – 3 Group	**49,192**	**8,398**	**57,590**		59,832	540	60,372	
	208,808	**91,741**	**300,549**		235,478	112,904	348,382	

5 Segment information (continued)

	EBIT (LBIT) [b]							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2009 Total HK$ millions	% [a]	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2008 Total HK$ millions	% [a]
ESTABLISHED BUSINESSES								
Ports and related services	9,025	1,381	10,406	27%	11,403	1,833	13,236	24%
Property and hotels [c]	2,960	3,470	6,430	17%	4,999	3,088	8,087	15%
Retail	4,553	1,139	5,692	15%	3,402	982	4,384	8%
Cheung Kong Infrastructure	795	6,110	6,905	18%	10	7,394	7,404	13%
Husky Energy	–	4,010	4,010	11%	–	13,316	13,316	24%
Finance & Investments [d]	3,729	350	4,079	11%	5,913	554	6,467	11%
Hutchison Telecommunications Hong Kong	708	(16)	692	2%	537	(10)	527	1%
Hutchison Telecommunications International [e]	(199)	–	(199)	-1%	2,734	–	2,734	5%
Others	(406)	261	(145)	–	(588)	(203)	(791)	-1%
EBIT - Established businesses [b]	21,165	16,705	37,870	100%	28,410	26,954	55,364	100%
TELECOMMUNICATIONS - 3 Group [f]								
EBIT before depreciation, amortisation and telecommunications CACs	14,361	3,121	17,482		19,179	158	19,337	
Telecommunications CACs	(14,850)	(2,456)	(17,306)		(20,392)	–	(20,392)	
EBIT (LBIT) before depreciation and amortisation and after telecommunications CACs	(489)	665	176		(1,213)	158	(1,055)	
Depreciation	(7,183)	(576)	(7,759)		(9,123)	(114)	(9,237)	
Amortisation of licence fees and other rights	(840)	(499)	(1,339)		(5,500)	–	(5,500)	
EBIT (LBIT) - Telecommunications - 3 Group [b]	(8,512)	(410)	(8,922)		(15,836)	44	(15,792)	
Change in fair value of investment properties [g]	1,117	546	1,663		672	152	824	
Profit on disposal of investments and others (see note 6)	12,472	–	12,472		3,458	3,122	6,580	
EBIT	26,242	16,841	43,083		16,704	30,272	46,976	
Group's share of the following income statement items of associated companies and jointly controlled entities:								
Interest and other finance costs	–	(3,412)	(3,412)		–	(3,222)	(3,222)	
Current tax	–	(4,865)	(4,865)		–	(3,886)	(3,886)	
Deferred tax	–	1,040	1,040		–	(2,256)	(2,256)	
Minority interests	–	–	–		–	22	22	
	26,242	9,604	35,846		16,704	20,930	37,634	

5 Segment information (continued)

	Depreciation and amortisation					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2009 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2008 Total HK$ millions
ESTABLISHED BUSINESSES						
Ports and related services	**3,056**	**544**	**3,600**	3,410	556	3,966
Property and hotels	**269**	**145**	**414**	289	151	440
Retail	**1,918**	**376**	**2,294**	2,086	379	2,465
Cheung Kong Infrastructure	**127**	**2,012**	**2,139**	125	1,959	2,084
Husky Energy	**–**	**5,727**	**5,727**	–	5,744	5,744
Finance & Investments	**66**	**–**	**66**	72	–	72
Hutchison Telecommunications Hong Kong	**1,296**	**2**	**1,298**	1,435	–	1,435
Hutchison Telecommunications International	**1,427**	**–**	**1,427**	2,709	–	2,709
Others	**76**	**69**	**145**	127	422	549
Subtotal – Established businesses	**8,235**	**8,875**	**17,110**	10,253	9,211	19,464
TELECOMMUNICATIONS – 3 Group	**8,023**	**1,075**	**9,098**	14,623	114	14,737
	16,258	**9,950**	**26,208**	24,876	9,325	34,201

	Capital expenditure			
	Fixed assets, investment properties and leasehold land HK$ millions	**Telecom-munications licences HK$ millions**	**Brand names and other rights HK$ millions**	**2009 Total HK$ millions**
ESTABLISHED BUSINESSES				
Ports and related services	**4,970**	**–**	**–**	**4,970**
Property and hotels	**54**	**–**	**–**	**54**
Retail	**1,072**	**–**	**–**	**1,072**
Cheung Kong Infrastructure	**139**	**–**	**–**	**139**
Husky Energy	**–**	**–**	**–**	**–**
Finance & Investments	**19**	**–**	**–**	**19**
Hutchison Telecommunications Hong Kong	**1,042**	**–**	**69**	**1,111**
Hutchison Telecommunications International	**3,893**	**–**	**–**	**3,893**
Others	**59**	**–**	**–**	**59**
Subtotal – Established businesses	**11,248**	**–**	**69**	**11,317**
TELECOMMUNICATIONS – 3 Group [(h)]	**7,834**	**–**	**425**	**8,259**
	19,082	**–**	**494**	**19,576**

5 Segment information (continued)

	Capital expenditure			
	Fixed assets, investment properties and leasehold land HK$ millions	Telecom-munications licences HK$ millions	Brand names and other rights HK$ millions	2008 Total 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 Hong Kong	1,105	–	–	1,105
Hutchison Telecommunications International	3,285	–	129	3,414
Others	84	–	–	84
Subtotal - Established businesses	15,857	–	129	15,986
TELECOMMUNICATIONS - 3 Group [h]	11,921	384	421	12,726
	27,778	384	550	28,712

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets [i] **HK$ millions**	**Deferred tax assets HK$ millions**	**Investments in associated companies and interests in joint ventures HK$ millions**	**2009 Total assets HK$ millions**	Segment assets [i] HK$ millions	Deferred tax assets HK$ millions	Investments in associated companies and interests in joint ventures HK$ millions	2008 Total assets HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	**96,854**	**145**	**13,129**	**110,128**	94,281	363	12,759	107,403
Property and hotels	**49,998**	**138**	**23,767**	**73,903**	49,918	107	26,992	77,017
Retail	**47,319**	**937**	**5,014**	**53,270**	47,409	391	2,791	50,591
Cheung Kong Infrastructure	**19,118**	**7**	**39,065**	**58,190**	15,128	11	38,308	53,447
Husky Energy	**–**	**–**	**41,019**	**41,019**	–	–	37,190	37,190
Finance & Investments	**91,528**	**–**	**828**	**92,356**	73,731	–	549	74,280
Hutchison Telecommunications Hong Kong	**16,355**	**369**	**272**	**16,996**	16,768	368	90	17,226
Hutchison Telecommunications International	**21,436**	**–**	**–**	**21,436**	26,797	–	–	26,797
Others	**9,081**	**7**	**1,891**	**10,979**	11,183	6	2,720	13,909
Subtotal - Established businesses	**351,689**	**1,603**	**124,985**	**478,277**	335,215	1,246	121,399	457,860
TELECOMMUNICATIONS - 3 Group [i]	**188,735**	**13,054**	**11,331**	**213,120**	197,375	12,002	944	210,321
	540,424	**14,657**	**136,316**	**691,397**	532,590	13,248	122,343	668,181

5 Segment information (continued)

	Total liabilities							
	Segment liabilities[k]	Current & non-current borrowings[l] and other non-current liabilities	Current & deferred tax liabilities	2009 Total liabilities	Segment liabilities[k]	Current & non-current borrowings[l] and other non-current liabilities	Current & deferred tax liabilities	2008 Total liabilities
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	15,383	43,988	6,323	65,694	17,467	44,106	5,999	67,572
Property and hotels	1,666	732	6,209	8,607	2,165	732	5,791	8,688
Retail	20,393	6,978	685	28,056	19,894	7,237	221	27,352
Cheung Kong Infrastructure	1,558	7,871	1,041	10,470	1,406	6,793	1,183	9,382
Husky Energy	–	–	–	–	–	–	–	–
Finance & Investments	2,990	80,416	334	83,740	3,501	63,522	618	67,641
Hutchison Telecommunications Hong Kong	3,271	4,991	140	8,402	3,062	5,852	96	9,010
Hutchison Telecommunications International	4,062	2,661	1,374	8,097	5,749	7,874	464	14,087
Others	1,796	320	216	2,332	1,932	516	226	2,674
Subtotal - Established businesses	51,119	147,957	16,322	215,398	55,176	136,632	14,598	206,406
TELECOMMUNICATIONS - 3 Group	24,346	130,427	282	155,055	29,964	139,388	292	169,644
	75,465	278,384	16,604	370,453	85,140	276,020	14,890	376,050

Additional disclosures by geographical location are shown below:

	Revenue							
	Company and Subsidiaries	Associates and JCE	2009 Total		Company and Subsidiaries	Associates and JCE	2008 Total	
	HK$ millions	HK$ millions	HK$ millions	%	HK$ millions	HK$ millions	HK$ millions	%
Hong Kong	40,900	10,589	51,489	17%	40,727	11,562	52,289	15%
Mainland China	21,293	12,991	34,284	11%	21,361	12,985	34,346	10%
Asia and Australia	31,597	12,478	44,075	15%	42,350	4,562	46,912	13%
Europe	108,837	19,455	128,292	43%	120,511	19,405	139,916	40%
Americas and others	6,181	36,228	42,409	14%	10,529	64,390	74,919	22%
	208,808	91,741	300,549	100%	235,478	112,904	348,382	100%

5 Segment information (continued)

	EBIT (LBIT) [b]							
	Company and Subsidiaries	Associates and JCE	2009 Total		Company and Subsidiaries	Associates and JCE	2008 Total	
	HK$ millions	HK$ millions	HK$ millions	%	HK$ millions	HK$ millions	HK$ millions	%
Hong Kong	4,710	4,607	9,317	22%	6,689	4,847	11,536	25%
Mainland China	5,037	5,006	10,043	23%	7,509	6,008	13,517	29%
Asia and Australia	4,686	765	5,451	13%	3,995	904	4,899	10%
Europe	(3,843)	1,906	(1,937)	-5%	(10,267)	1,828	(8,439)	-18%
Americas and others	2,063	4,011	6,074	14%	4,648	13,411	18,059	38%
Change in fair value of investment properties [g]	1,117	546	1,663	4%	672	152	824	2%
Profit on disposal of investments and others (see note 6)	12,472	–	12,472	29%	3,458	3,122	6,580	14%
EBIT	26,242	16,841	43,083	100%	16,704	30,272	46,976	100%
Group's share of the following income statement items of associated companies and jointly controlled entities:								
Interest and other finance costs	–	(3,412)	(3,412)		–	(3,222)	(3,222)	
Current tax	–	(4,865)	(4,865)		–	(3,886)	(3,886)	
Deferred tax	–	1,040	1,040		–	(2,256)	(2,256)	
Minority interests	–	–	–		–	22	22	
	26,242	9,604	35,846		16,704	20,930	37,634	

	Capital expenditure [h]			
	Fixed assets, investment properties and leasehold land	Telecommunications licences	Brand names and other rights	2009 Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	1,380	–	69	1,449
Mainland China	922	–	–	922
Asia and Australia	5,229	–	–	5,229
Europe	9,942	–	425	10,367
Americas and others	1,609	–	–	1,609
	19,082	–	494	19,576

5 Segment information (continued)

	Capital expenditure [h]			
	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	2008 Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	1,823	–	129	1,952
Mainland China	1,848	–	–	1,848
Asia and Australia	5,659	–	–	5,659
Europe	15,799	384	421	16,604
Americas and others	2,649	–	–	2,649
	27,778	384	550	28,712

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets[i]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2009 Total assets	Segment assets[i]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2008 Total assets
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	99,449	866	32,348	132,663	101,142	535	29,320	130,997
Mainland China	43,767	15	26,402	70,184	38,328	13	33,864	72,205
Asia and Australia	40,995	71	23,296	64,362	61,810	64	10,399	72,273
Europe	267,766	13,616	8,742	290,124	262,957	12,566	7,073	282,596
Americas and others	88,447	89	45,528	134,064	68,353	70	41,687	110,110
	540,424	14,657	136,316	691,397	532,590	13,248	122,343	668,181

(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. 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 therefore presented as a measure of segment profit or loss in accordance with HKFRS 8. 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 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.

5 Segment information (continued)

(d) Included in EBIT of Finance & Investments in 2009 is a foreign exchange gain of HK$930 million arising from the repayment of non-Hong Kong dollar loans from a jointly controlled entity (2008 – nil) and in 2008 is the one-time profits on disposal of certain listed equity investments of HK$2,084 million.

(e) Included in EBIT of Hutchison Telecommunications International in 2008 are contributions from certain suppliers amounting to HK$731 million 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 which mainly comprise a HK$586 million gain arising from the Group's refinancing of certain non-Sterling borrowings with Sterling bank loans and a HK$2,359 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 that had been set up in prior year for certain onerous operating leases. In 2008, **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 2008's income statement.

(g) Included in the change in fair value of investment properties in 2009 is an increase in fair value of properties under construction or development for future use as an investment property amounted to HK$1,265 million to comply with the amendments to HKAS 40, Investment Property. As the adoption of the amendments to HKAS 40 is required to be applied prospectively, no restatement of previously reported balances is required.

(h) Included in capital expenditures of Telecommunications – **3** Group in 2009 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 31 December 2009 which has an effect of increasing total expenditure by HK$289 million (2008 – decreasing total expenditure by HK$429 million).

(i) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, goodwill, brand names and other rights, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets. Included in segment assets presented by geographical location are non-current assets (excluding financial instruments, deferred tax assets, post-employment benefits assets and assets from insurance contracts) for Hong Kong, Mainland China, Asia and Australia, Europe, and Americas and others of HK$78,867 million (2008 – HK$79,031 million), HK$24,418 million (2008 – HK$24,640 million), HK$19,977 million (2008 – HK$39,442 million), HK$214,950 million (2008 – HK$202,035 million) and HK$16,453 million (2008 – HK$17,222 million) respectively.

(j) Included in total assets of Telecommunications – **3** Group is an unrealised foreign currency exchange gain arising in 2009 of HK$8,408 million (2008 – loss of HK$28,861 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.

(k) Segment liabilities comprise trade and other payables and pension obligations.

(l) Current and non-current borrowings comprise bank and other debts and interest bearing loans from minority shareholders.

6 Profit on disposal of investments and others

	2009 HK$ millions	2008 HK$ millions
ESTABLISHED BUSINESSES		
Gain on disposal of equity interest in Partner Communications Company Limited	**7,392**	–
Gain on disposal of equity interest in three power plants in Mainland China	**847**	–
Profit on disposal of certain telecommunications tower assets [(a)]	**592**	1,421
Group's share of Husky's gain on partial disposal in a resource property [(b)]	**–**	3,122
Gain on disposal of minority equity interests in certain ports to strategic partners	**–**	2,037
TELECOMMUNICATIONS - 3 Group		
Gain on merger of **3** Australia with Vodafone's Australian operations	**3,641**	–
	12,472	6,580

(a) Profit on disposal of certain telecommunications tower assets represents the profit on the sale by a listed subsidiary, Hutchison Telecommunications International ("HTIL"), of certain mobile telecommunications tower assets in Indonesia.

(b) In 2008 , 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.

7 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 2009 and 2008 are as below (also see Report of the Directors):

	2009					
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	30.78	–	–	35.34
Paid by Cheung Kong Infrastructure	0.07	–	11.11	–	–	11.18
Paid to the Company	(0.07)	–	–	–	–	(0.07)
	0.12	4.44	41.89	–	–	46.45
FOK Kin-ning, Canning [(b)]	0.12	10.22	111.81	2.13	–	124.28
CHOW WOO Mo Fong, Susan [(b)]	0.12	7.65	26.68	1.54	–	35.99
Frank John SIXT [(b)]	0.18	7.63	25.53	0.68	–	34.02
LAI Kai Ming, Dominic [(b)]	0.12	5.15	24.94	0.98	–	31.19
KAM Hing Lam [(b)]						
Paid by the Company	0.12	2.25	5.81	–	–	8.18
Paid by Cheung Kong Infrastructure	0.07	4.20	4.85	–	–	9.12
Paid to the Company	(0.07)	(4.20)	–	–	–	(4.27)
	0.12	2.25	10.66	–	–	13.03
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
Margaret LEUNG KO May Yee [(c)(g)]	0.07	–	–	–	–	0.07
OR Ching Fai, Raymond [(c)(h)]	0.05	–	–	–	–	0.05
WONG Chung Hin [(c)(e)(f)]	0.31	–	–	–	–	0.31
Total	2.13	37.34	241.51	5.33	–	286.31

(a) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$50,000 (2008 – 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 or non-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 (2008 – HK$860,000).

(d) Non-executive directors.

(e) Members of the Audit Committee.

(f) Members of the Remuneration Committee.

(g) Appointed on 22 May 2009.

(h) Retired on 21 May 2009.

7 Directors' emoluments (continued)

	2008					
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	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

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 (2008 – nil).

In 2009, 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$6.03 million; provident fund contribution – HK$0.44 million; and bonus – HK$24.95 million. 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.

8 Interest and other finance costs

	2009 HK$ millions	2008 HK$ millions
Bank loans and overdrafts	**1,907**	7,641
Other loans repayable within 5 years	**98**	479
Other loans not wholly repayable within 5 years	**20**	1
Notes and bonds repayable within 5 years	**3,449**	4,124
Notes and bonds not wholly repayable within 5 years	**3,175**	4,146
	8,649	16,391
Interest bearing loans from minority shareholders repayable within 5 years	**275**	506
Interest bearing loans from minority shareholders not wholly repayable within 5 years	**74**	131
	8,998	17,028
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	**347**	270
Notional non-cash interest accretion [(a)]	**356**	254
Other finance costs	**188**	339
	9,889	17,891
Less: interest capitalised [(b)]	**(276)**	(605)
	9,613	17,286

(a) Notional non-cash interest accretion represents notional adjustments to accrete the carrying amount of certain obligations recognised in the statement of financial position 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.

(b) Borrowing costs have been capitalised at various applicable rates ranging from 0.3% to 6.0% per annum (2008 – 3.5% to 7.9% per annum).

9 Tax

	Current tax HK$ millions	Deferred tax HK$ millions	2009 Total HK$ millions	Current tax HK$ millions	Deferred tax HK$ millions	2008 Total HK$ millions
Hong Kong	**529**	**(143)**	**386**	626	10	636
Outside Hong Kong	**4,059**	**51**	**4,110**	2,817	(2,586)	231
	4,588	**(92)**	**4,496**	3,443	(2,576)	867

Hong Kong profits tax has been provided for at the rate of 16.5% (2008 – 16.5%) 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 (2008 – nil) (see note 21).

The Group is subject to income taxes in numerous jurisdictions and significant judgement 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 2008, 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	2009 Total HK$ millions
Tax calculated at the domestic rates applicable in the country concerned	**4,215**	**(3,205)**	**1,010**
Tax effect of:			
Tax losses not recognised	**1,014**	**3,199**	**4,213**
Tax incentives	**(523)**	**–**	**(523)**
Income not subject to tax	**(483)**	**(5)**	**(488)**
Expenses not deductible for tax purposes	**946**	**–**	**946**
Recognition of previously unrecognised tax losses	**(711)**	**–**	**(711)**
Utilisation of previously unrecognised tax losses	**(38)**	**–**	**(38)**
Under provision in prior years	**45**	**–**	**45**
Deferred tax assets written off	**3**	**–**	**3**
Other temporary differences	**41**	**(5)**	**36**
Effect of change in tax rate	**3**	**–**	**3**
Total tax for the year	**4,512**	**(16)**	**4,496**

9 Tax (continued)

	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	3,812	(6,368)	(2,556)
Tax effect of:			
Reversal of temporary differences (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	887	(20)	867

10 Dividends

	2009 HK$ millions	2008 HK$ millions
Interim, paid of HK$0.51 per share (2008 – HK$0.51)	**2,174**	2,174
Final, proposed of HK$1.22 per share (2008 – HK$1.22)	**5,201**	5,201
	7,375	7,375

11 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$14,168 million (2008 – HK$12,681 million) and on 4,263,370,780 shares in issue during 2009 (2008 – 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 2009. The employee share options of these subsidiary and associated companies outstanding as at 31 December 2009 did not have a dilutive effect on earnings per share.

12 Other comprehensive income

Tax effect relating to each component of other comprehensive income:

	2009		
	Before-tax amount HK$ millions	Tax (expense)/ benefit HK$ millions	Net-of-tax amount HK$ millions
Available-for-sale investments:			
Valuation gains recognised in reserves	417	(33)	384
Valuation gains recognised in income statement	(198)	–	(198)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
Gains recognised in reserves	1	–	1
Losses recognised in initial cost of non-financial items	4	–	4
Gains on translating accounts of foreign operations recognised in reserves	11,170	–	11,170
Gains on repayment of foreign currency loans from a jointly controlled entity recognised in income statement	(930)	–	(930)
Gains relating to disposal of subsidiaries recognised in income statement	(1,909)	–	(1,909)
Net actuarial gains of defined benefit plans	31	183	214
Others	7	(1)	6
Share of other comprehensive income of associated companies	6,727	–	6,727
Share of other comprehensive income of jointly controlled entities	1,547	–	1,547
	16,867	149	17,016

	2008		
	Before-tax amount HK$ millions	Tax benefit HK$ millions	Net-of-tax amount HK$ millions
Available-for-sale investments:			
Valuation losses recognised in reserves	(3,204)	87	(3,117)
Valuation gains recognised in income statement	(2,893)	–	(2,893)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
Gains recognised in reserves	287	–	287
Losses recognised in income statement	28	–	28
Gains recognised in initial cost of non-financial items	(47)	–	(47)
Losses on translating accounts of foreign operations recognised in reserves	(27,002)	–	(27,002)
Gains on refinancing of foreign currency borrowings recognised in income statement	(2,945)	–	(2,945)
Gains relating to disposal of subsidiaries recognised in income statement	(518)	–	(518)
Net actuarial losses of defined benefit plans	(2,331)	109	(2,222)
Others	10	–	10
Share of other comprehensive income of associated companies	(11,251)	–	(11,251)
Share of other comprehensive income of jointly controlled entities	1,055	–	1,055
	(48,811)	196	(48,615)

13 Fixed assets

	Land and buildings HK$ millions	Telecommunications network assets HK$ millions	Other assets HK$ millions	Total HK$ millions
Cost				
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 1 January 2009	**41,823**	**135,417**	**110,205**	**287,445**
Additions	**3,113**	**5,828**	**10,105**	**19,046**
Disposals	**(247)**	**(6,394)**	**(1,897)**	**(8,538)**
Relating to subsidiaries acquired	**–**	**–**	**94**	**94**
Relating to subsidiaries disposed of	**(108)**	**(19,399)**	**(4,807)**	**(24,314)**
Revaluation upon transfer to investment properties	**1**	**–**	**–**	**1**
Transfer to other assets	**(38)**	**(160)**	**(88)**	**(286)**
Transfer between categories / investment properties / leasehold land	**(467)**	**4,178**	**(3,799)**	**(88)**
Exchange translation differences	**720**	**6,438**	**3,077**	**10,235**
At 31 December 2009	**44,797**	**125,908**	**112,890**	**283,595**
Accumulated depreciation and impairment				
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 1 January 2009	**9,574**	**43,164**	**61,461**	**114,199**
Charge for the year	**1,001**	**6,795**	**5,924**	**13,720**
Disposals	**(232)**	**(5,837)**	**(1,684)**	**(7,753)**
Relating to subsidiaries disposed of	**(78)**	**(9,853)**	**(2,111)**	**(12,042)**
Transfer between categories / investment properties / leasehold land	**(320)**	**38**	**261**	**(21)**
Exchange translation differences	**229**	**2,284**	**1,580**	**4,093**
At 31 December 2009	**10,174**	**36,591**	**65,431**	**112,196**
Net book value				
At 31 December 2009	**34,623**	**89,317**	**47,459**	**171,399**
At 31 December 2008	32,249	92,253	48,744	173,246
At 1 January 2008	30,840	102,155	48,347	181,342

13 Fixed assets (continued)

Land and buildings include projects under development in the amount of HK$5,983 million (2008 – HK$4,229 million).

Cost and net book value of fixed assets include HK$135,425 million (2008 – HK$135,381 million) and HK$88,673 million (2008 – HK$90,212 million) respectively, relating to **3** Group. Impairment tests were undertaken at 31 December 2009 and 31 December 2008 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 business. Note 3(a) contains information about the estimates, assumptions and judgements relating to the impairment tests. The results of the tests undertaken as at 31 December 2009 and 31 December 2008 indicated that no impairment charge was necessary.

14 Investment properties

	2009 **HK$ millions**	2008 HK$ millions
Valuation		
At 1 January	**41,282**	43,680
Additions	**6**	17
Disposals	**(141)**	(1)
Relating to subsidiaries disposed of	**–**	(3,217)
Change in fair value of investment properties	**1,117**	672
Transfer from (to) fixed assets and leasehold land	**32**	(37)
Exchange translation differences	**27**	168
At 31 December	**42,323**	41,282

Investment properties have been fair valued as at 31 December 2009 and 31 December 2008 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis.

The Group's investment properties comprise:

	2009 **HK$ millions**	2008 HK$ millions
Hong Kong		
Long leasehold (not less than 50 years)	**16,772**	16,675
Medium leasehold (less than 50 years but not less than 10 years)	**24,406**	23,501
Outside Hong Kong		
Freehold	**210**	210
Medium leasehold	**935**	896
	42,323	41,282

14 Investment properties (continued)

At 31 December, the analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases is as follows:

	2009 HK$ millions	2008 HK$ millions
Within 1 year	**2,560**	2,315
After 1 year, but within 5 years	**2,394**	2,560
After 5 years	**15**	2

15 Leasehold land

	2009 HK$ millions	2008 HK$ millions
Net book value		
At 1 January	**34,745**	36,272
Additions	**30**	214
Disposals	**(15)**	(6)
Relating to subsidiaries disposed of	**(9)**	(1)
Revaluation upon transfer to investment properties	**6**	5
Amortisation for the year	**(1,002)**	(1,018)
Transfer from (to) investment properties	**(23)**	5
Transfer from (to) fixed assets	**58**	(20)
Exchange translation differences	**194**	(706)
At 31 December	**33,984**	34,745

The Group's leasehold land comprises:

	2009 HK$ millions	2008 HK$ millions
Hong Kong		
Long leasehold	**1,535**	1,550
Medium leasehold	**12,609**	12,945
Outside Hong Kong		
Long leasehold	**1,088**	1,274
Medium leasehold	**18,740**	18,921
Short leasehold (less than 10 years)	**12**	55
	33,984	34,745

16 Telecommunications licences

	2009 HK$ millions	2008 HK$ millions
Net book value		
At 1 January	**72,175**	91,897
Additions	**–**	384
Relating to subsidiaries disposed of	**(4,810)**	(62)
Amortisation for the year	**(633)**	(5,567)
Exchange translation differences	**4,018**	(14,477)
At 31 December	**70,750**	72,175
Cost	**97,955**	101,771
Accumulated amortisation and impairment	**(27,205)**	(29,596)
	70,750	72,175

As mentioned in note 2(h), the Group has revised its estimate of the useful life of its 3G licences in Italy and the UK to indefinite time period. The carrying amount of the Group's telecommunications licences with indefinite useful life in Italy and the UK is HK$27,746 million and HK$38,933 million, respectively.

In accordance with the Group's accounting policy on asset impairment (see note 2(y)), the carrying values of telecommunications licences were tested for impairment as at 31 December 2009 and 31 December 2008. Note 3(a) contains information about the estimates, assumptions and judgements relating to telecommunications licences impairment tests. The results of the tests undertaken as at 31 December 2009 and 31 December 2008 indicated no impairment charge was necessary.

17 Goodwill

	2009 HK$ millions	2008 HK$ millions
Cost		
At 1 January	**30,436**	31,573
Relating to subsidiaries acquired	**605**	309
Relating to increase in interests in subsidiaries	**85**	1,112
Relating to subsidiaries disposed of	**(3,251)**	(228)
Relating to partial disposal of subsidiaries	**–**	(76)
Exchange translation differences	**983**	(2,254)
At 31 December	**28,858**	30,436

The carrying amount of goodwill primarily arises from the acquisition of four retail chains: Marionnaud of €645 million (2008 - €645 million), Kruidvat of €600 million (2008 - €600 million), Merchant Retail Group of £140 million (2008 - £140 million), Superdrug of £78 million (2008 - £78 million), as well as from increases in shareholdings in **3** Italia of €275 million (2008 - €275 million), Hutchison Telecommunications Hong Kong of HK$3,754 million (2008 - HK$3,812 million) and HTIL of HK$1,527 million (2008 - HK$2,388 million).

In accordance with the Group's accounting policy on asset impairment (see note 2(y)), the carrying values of goodwill were tested for impairment as at 31 December 2009 and 31 December 2008. Note 3(c) contains information about the estimates, assumptions and judgements relating to goodwill impairment tests. The results of the tests undertaken as at 31 December 2009 and 31 December 2008 indicated no impairment charge was necessary.

18 Brand names and other rights

	Brand names HK$ millions	Other rights HK$ millions	Total HK$ millions
Net book value			
At 1 January 2009	2,050	8,436	10,486
Additions	–	494	494
Transfer from other assets	–	11	11
Amortisation for the year	(11)	(892)	(903)
Write off for the year	–	(53)	(53)
Relating to subsidiaries disposed of	–	(2,866)	(2,866)
Exchange translation differences	54	128	182
At 31 December 2009	2,093	5,258	7,351
Cost	2,112	11,377	13,489
Accumulated amortisation	(19)	(6,119)	(6,138)
	2,093	5,258	7,351

	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

The brand names as at 31 December 2009 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 2009 and 31 December 2008 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.

19 Associated companies

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Unlisted shares	**8,665**	8,358	6,594
Listed shares, Hong Kong	**9,512**	9,512	9,512
Listed shares, outside Hong Kong	**10,341**	10,341	10,341
Share of undistributed post acquisition reserves	**47,042**	39,625	42,905
	75,560	67,836	69,352
Amounts due from associated companies	**9,188**	8,642	6,193
	84,748	76,478	75,545

The market value of the above listed investments at 31 December 2009 was HK$100,050 million (2008 – HK$94,237 million).

Particulars regarding the principal associated companies are set forth on pages 221 to 226.

The aggregate amounts of revenues, results, assets and liabilities of the Group's associated companies are as follows:

	2009 HK$ millions	2008 HK$ millions
Revenue	**207,034**	300,773
Profit after tax	**11,722**	40,073
Non-current assets	**452,728**	390,891
Current assets	**63,779**	62,810
Total assets	**516,507**	453,701
Non-current liabilities	**184,916**	162,295
Current liabilities	**90,453**	81,731
Total liabilities	**275,369**	244,026

19 Associated companies (continued)

The Group's share of the revenues, expenses and results of associated companies are as follows:

	2009 HK$ millions	2008 HK$ millions
Revenue	**48,836**	77,924
Expense	**(31,065)**	(50,587)
Group's share of Husky's gain on partial disposal in a resource property (see note 6)	**–**	3,122
EBITDA [(a)]	**17,771**	30,459
Depreciation and amortisation	**(7,743)**	(8,009)
Change in fair value of investment properties	**5**	–
EBIT [(b)]	**10,033**	22,450
Interest and other finance costs	**(2,484)**	(2,465)
Current tax	**(3,542)**	(2,742)
Deferred tax	**1,920**	(1,621)
Minority interests	**–**	22
Profit after tax	**5,927**	15,644

(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 fair value of investment properties.

(b) EBIT is defined as earnings before interest expense and other finance costs and tax.

20 Interests in joint ventures

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Jointly controlled entities			
Unlisted shares	**41,935**	25,111	22,290
Share of undistributed post acquisition reserves	**(1,923)**	4,702	879
	40,012	29,813	23,169
Amounts due from jointly controlled entities	**11,556**	16,052	16,556
	51,568	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 221 to 226.

20 Interests in joint ventures (continued)

The aggregate amounts of revenues, results, assets and liabilities related to the Group's interest in its jointly controlled entities are as follows:

	2009 HK$ millions	2008 HK$ millions
Revenue	**90,691**	75,478
Profit after tax	**9,156**	12,526
Non-current assets	**151,887**	129,471
Current assets	**71,946**	52,140
Total assets	**223,833**	181,611
Non-current liabilities	**69,509**	83,488
Current liabilities	**71,585**	39,948
Total liabilities	**141,094**	123,436

The Group's share of the revenues, expenses, results and capital commitments of jointly controlled entities are as follows:

	2009 HK$ millions	2008 HK$ millions
Revenue	**42,905**	34,980
Expense	**(34,431)**	(25,994)
EBITDA [(a)]	**8,474**	8,986
Depreciation and amortisation	**(2,207)**	(1,316)
Change in fair value of investment properties	**541**	152
EBIT [(b)]	**6,808**	7,822
Interest and other finance costs	**(928)**	(757)
Current tax	**(1,323)**	(1,144)
Deferred tax	**(880)**	(635)
Profit after tax	**3,677**	5,286
Capital commitments	**977**	187

(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 fair value of investment properties.

(b) EBIT is defined as earnings before interest expense and other finance costs and tax.

21 Deferred tax

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Deferred tax assets	**14,657**	13,248	17,619
Deferred tax liabilities	**13,355**	13,616	17,957
Net deferred tax assets (liabilities)	**1,302**	(368)	(338)

Movements in net deferred tax assets (liabilities) are summarised as follows:

	2009 HK$ millions	2008 HK$ millions
At 1 January	**(368)**	(338)
Relating to subsidiaries acquired	**(2)**	208
Relating to subsidiaries disposed of	**506**	604
Transfer from current tax	**158**	(133)
Net credit to other comprehensive income	**149**	196
Net credit (charge) to the income statement		
Unused tax losses	**246**	(409)
Accelerated depreciation allowances	**(349)**	21
Fair value adjustments arising from acquisitions	**325**	346
Revaluation of investment properties and other investments	**(181)**	134
Reversal of temporary differences in the current year (see below)	**–**	2,764
Withholding tax on undistributed earnings	**(152)**	(211)
Other temporary differences	**203**	(69)
Exchange translation differences	**767**	(3,481)
At 31 December	**1,302**	(368)

Analysis of net deferred tax assets (liabilities):

	2009 HK$ millions	2008 HK$ millions
Unused tax losses	**16,034**	15,446
Accelerated depreciation allowances	**(4,121)**	(3,685)
Fair value adjustments arising from acquisitions	**(4,874)**	(5,763)
Revaluation of investment properties and other investments	**(4,486)**	(4,268)
Withholding tax on undistributed earnings	**(361)**	(343)
Other temporary differences	**(890)**	(1,755)
	1,302	(368)

During the year, no deferred tax asset has been recognised for the losses of **3** Group (2008 – nil).

21 Deferred tax (continued)

The Group is subject to income taxes in numerous jurisdictions and significant judgement 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 2008, 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 statement of financial position are determined after appropriate offset.

At 31 December 2009, the Group has recognised accumulated deferred tax assets amounting to HK$14,657 million (2008 – HK$13,248 million) of which HK$13,054 million (2008 – HK$12,002 million) relates to **3** Group.

Note 3(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$37,033 million at 31 December 2009 (2008 – HK$44,053 million).

The unrecognised accumulated tax losses carried forward amounted to HK$146,345 million at 31 December 2009 (2008 – HK$171,287 million), out of which HK$114,902 million (2008 – HK$138,660 million) is attributable to **3** Group. Unrecognised tax losses of HK$84,004 million (2008 – HK$91,120 million) can be carried forward indefinitely. The remaining HK$62,341 million (2008 – HK$80,167 million) expires in the following years:

	2009 HK$ millions	2008 HK$ millions
In the first year	**21,179**	22,988
In the second year	**8,565**	22,542
In the third year	**11,228**	8,313
In the fourth year	**11,734**	11,738
In the fifth to tenth years inclusive	**9,635**	14,586
	62,341	80,167

As at 31 December 2009, deferred tax liabilities of HK$4,096 million (2008 – HK$3,465 million) have not been recognised for the withholding tax that would be payable on the remittance of the undistributed earnings of an associated company totalled HK$27,310 million (2008 – HK$23,100 million). Such amounts are permanently reinvested.

22 Other non-current assets

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Other unlisted investments			
Loans and receivables			
Unlisted debt securities	**1,391**	1,792	1,984
Infrastructure project investments	**–**	697	577
	1,391	2,489	2,561
Available-for-sale investments			
Unlisted equity securities	**1,334**	1,603	1,647
Pension assets (see note 30)	**–**	–	542
Fair value hedges (see note 28(a))			
Interest rate swaps	**2,561**	4,188	277
Cash flow hedges (see note 28(a))			
Interest rate swaps	**–**	–	55
Forward foreign exchange contracts	**–**	624	–
	5,286	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 2009 is 1.9% (2008 - 3.1%).

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.

23 Liquid funds and other listed investments

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Available-for-sale investments			
Managed funds, outside Hong Kong	**14,404**	19,928	46,444
Listed / traded debt securities, outside Hong Kong	**2,962**	5,245	5,514
Listed equity securities, Hong Kong	**407**	840	6,312
Listed equity securities, outside Hong Kong	**4,781**	3,740	5,685
	22,554	29,753	63,955
Loans and receivables			
Long term deposits	**54**	65	4,196
Financial assets at fair value through profit or loss	**605**	917	1,041
	23,213	30,735	69,192

23 Liquid funds and other listed investments (continued)

Components of Managed funds, outside Hong Kong are as follows:

	2009 HK$ millions	2008 HK$ millions
Listed debt securities	**14,138**	19,592
Cash and cash equivalents	**266**	336
	14,404	19,928

Included in listed / traded debt securities outside Hong Kong is a principal amount of US$103 million notes issued by listed associated company, Husky Energy. Of which, US$78 million and US$25 million of these notes will mature in 2014 and 2019 respectively.

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 2009 was HK$23,159 million (2008 – HK$30,670 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 2009 was 5.0% (2008 – 4.9%).

At 31 December, liquid funds and other listed investments are denominated in the following currencies:

	2009			2008		
	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	**2%**	**–**	**–**	3%	–	–
US dollars	**79%**	**–**	**69%**	68%	–	78%
Euro	**–**	**–**	**–**	18%	–	–
Others	**19%**	**100%**	**31%**	11%	100%	22%
	100%	**100%**	**100%**	100%	100%	100%

23 Liquid funds and other listed investments (continued)

Listed / traded debt securities as at 31 December presented above are analysed as follows:

	2009 Percentage	2008 Percentage
Credit ratings		
Aaa/AAA	**78%**	73%
Aa1/AA+	**4%**	5%
Aa2/AA	**–**	14%
Aa3/AA-	**1%**	4%
Other investment grades	**5%**	4%
No investment grades	**12%**	–
	100%	100%
Sectorial		
Supranational notes	**38%**	27%
Government guaranteed notes	**32%**	25%
Financial institutions issued notes	**–**	21%
Government related entities issued notes	**12%**	17%
US Treasury notes	**1%**	10%
Husky Energy issued notes	**5%**	–
Others	**12%**	–
	100%	100%
Weighted average maturity	**1.3 year**	Less than 1 year
Weighted average effective yield	**2.19%**	3.41%

24 Cash and cash equivalents

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Cash at bank and in hand	**23,472**	16,835	13,650
Short term bank deposits	**69,049**	40,451	97,657
	92,521	57,286	111,307

The carrying amount of cash and cash equivalents approximates their fair value.

25 Trade and other receivables

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Trade receivables [a]	**29,081**	32,325	35,587
Less: provision for estimated impairment losses for bad debts [b]	**(5,852)**	(5,281)	(6,636)
Trade receivables – net	**23,229**	27,044	28,951
Other receivables and prepayments	**24,481**	27,442	26,235
Fair value hedges (see note 28(a))			
Interest rate swaps	**–**	–	100
Cash flow hedges (see note 28(a))			
Forward foreign exchange contracts	**436**	281	88
	48,146	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.

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 end of the reporting period are stated at the expected recoverable amount, net of provision for 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 2009 and 2008.

(a) At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2009 HK$ millions	2008 HK$ millions
Less than 31 days	**11,147**	13,715
Within 31 to 60 days	**1,982**	2,941
Within 61 to 90 days	**826**	1,034
Over 90 days	**15,126**	14,635
	29,081	32,325

25 Trade and other receivables (continued)

(b) As at 31 December 2009, out of the trade receivables of HK$29,081 million (2008 – HK$32,325 million), HK$13,356 million (2008 – HK$13,030 million) are impaired and it is assessed that a portion of these receivables is expected to be recoverable. The amount of the provision for estimated impairment losses for bad debts is HK$5,852 million (2008 – HK$5,281 million). The ageing analysis of these trade receivables is as follows:

	2009 HK$ millions	2008 HK$ millions
Not past due	**3,096**	4,002
Past due less than 31 days	**1,079**	1,236
Past due within 31 to 60 days	**655**	602
Past due within 61 to 90 days	**459**	312
Past due over 90 days	**8,067**	6,878
	13,356	13,030

Movements on the provision for estimated impairment losses for bad debts are as follows:

	2009 HK$ millions	2008 HK$ millions
At 1 January	**5,281**	6,636
Additions	**1,491**	1,383
Utilisations	**(663)**	(1,759)
Write back	**(137)**	(163)
Relating to subsidiaries disposed of	**(592)**	(1)
Exchange translation differences	**472**	(815)
At 31 December	**5,852**	5,281

The ageing analysis of trade receivables not impaired is as follows:

	2009 HK$ millions	2008 HK$ millions
Not past due	**6,214**	8,018
Past due less than 31 days	**2,222**	2,439
Past due within 31 to 60 days	**560**	1,354
Past due within 61 to 90 days	**89**	395
Past due over 90 days	**6,640**	7,089
	15,725	19,295

26 Trade and other payables

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Trade payables	**18,409**	23,571	27,206
Other payables and accruals	**50,108**	51,810	53,257
Provisions (see note 27)	**2,378**	3,723	6,476
Interest free loans from minority shareholders	**2,099**	3,465	3,088
Fair value hedges (see note 28(a))			
Interest rate swaps	**–**	–	3
Cash flow hedges (see note 28(a))			
Interest rate swaps	**20**	–	–
Cross currency interest rate swaps	**5**	8	–
Forward foreign exchange contracts	**10**	22	111
	73,029	82,599	90,141

At 31 December, the ageing analysis of the trade payables is as follows:

	2009 HK$ millions	2008 HK$ millions
Less than 31 days	**8,828**	12,454
Within 31 to 60 days	**2,701**	2,917
Within 61 to 90 days	**964**	1,266
Over 90 days	**5,916**	6,934
	18,409	23,571

The Group's five largest suppliers accounted for less than 18% of the Group's cost of purchases for the years ended 31 December 2009 and 2008.

27 Provisions

	Restructuring and closure provision HK$ millions	Assets retirement HK$ millions	Others HK$ millions	Total HK$ millions
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 5(f))	(1,082)	(28)	(61)	(1,171)
Relating to subsidiaries disposed of	–	(2)	–	(2)
Exchange translation differences	(1,205)	(99)	(6)	(1,310)
At 1 January 2009	**2,689**	**998**	**1,019**	**4,706**
Additions	**533**	**157**	**647**	**1,337**
Interest accretion	**26**	**(1)**	**–**	**25**
Utilisations	**(1,612)**	**(1)**	**(454)**	**(2,067)**
Write back	**(14)**	**(11)**	**(409)**	**(434)**
Transfer to other assets/liabilities	**(235)**	**(160)**	**–**	**(395)**
Relating to subsidiaries disposed of	**(28)**	**(55)**	**(15)**	**(98)**
Exchange translation differences	**168**	**36**	**8**	**212**
At 31 December 2009	**1,527**	**963**	**796**	**3,286**

Provisions are analysed as:

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Current portion (see note 26)	**2,378**	3,723	6,476
Non-current portion (see note 31)	**908**	983	877
	3,286	4,706	7,353

The provision for restructuring and closure obligations represents costs to execute restructuring plans and store closures.

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.

28 Bank and other debts

As disclosed in note 2(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:

	31 December 2009			31 December 2008			1 January 2008		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
	HK$ millions	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Bank loans	**8,688**	**88,576**	**97,264**	19,022	96,613	115,635	42,282	114,163	156,445
Other loans	**526**	**426**	**952**	3,842	380	4,222	134	7,245	7,379
Notes and bonds	**8,310**	**152,563**	**160,873**	1,110	132,917	134,027	7,871	139,584	147,455
Total principal amount of bank and other debts	**17,524**	**241,565**	**259,089**	23,974	229,910	253,884	50,287	260,992	311,279
Unamortised loan facilities fees and premiums or discounts related to debts	**65**	**(793)**	**(728)**	(29)	43	14	(32)	(1,016)	(1,048)
Unrealised gain on bank and other debts pursuant to interest rate swap contracts [(a)]	**–**	**2,079**	**2,079**	–	4,188	4,188	–	110	110
	17,589	**242,851**	**260,440**	23,945	234,141	258,086	50,255	260,086	310,341

28 Bank and other debts (continued)

Analysis of principal amount of bank and other debts :

	2009			2008		
	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	**8,686**	**84,816**	**93,502**	19,020	96,589	115,609
Not wholly repayable within 5 years	**2**	**3,760**	**3,762**	2	24	26
	8,688	**88,576**	**97,264**	19,022	96,613	115,635
Other loans						
Repayable within 5 years	**493**	**105**	**598**	3,841	359	4,200
Not wholly repayable within 5 years	**33**	**321**	**354**	1	21	22
	526	**426**	**952**	3,842	380	4,222
Notes and bonds						
US$1,065 million (2008 – US$1,438 million) notes, 5.45% due 2010	**8,310**	**–**	**8,310**	–	11,213	11,213
US$1,167 million (2008 – US$1,497 million) notes, 7% due 2011	**–**	**9,104**	**9,104**	–	11,675	11,675
US$3,146 million (2008 – US$3,486 million) notes, 6.5% due 2013	**–**	**24,542**	**24,542**	–	27,191	27,191
US$1,309 million (2008 – US$1,995 million) notes, 6.25% due 2014	**–**	**10,206**	**10,206**	–	15,561	15,561
US$2,189 million notes, 4.625% due 2015	**–**	**17,077**	**17,077**	–	–	–
US$500 million notes – Series B, 7.45% due 2017	**–**	**3,900**	**3,900**	–	3,900	3,900
US$1,000 million notes, 5.75% due 2019	**–**	**7,800**	**7,800**	–	–	–
US$1,500 million notes, 7.625% due 2019	**–**	**11,700**	**11,700**	–	–	–
US$329 million (2008 – US$500 million) notes – Series C, 7.5% due 2027	**–**	**2,565**	**2,565**	–	3,900	3,900
US$25 million (2008 – US$241 million) notes – Series D, 6.988% due 2037	**–**	**196**	**196**	–	1,880	1,880
US$1,144 million (2008 – US$1,500 million) notes, 7.45% due 2033	**–**	**8,926**	**8,926**	–	11,700	11,700
EUR1,000 million notes, 5.875% due 2013	**–**	**11,080**	**11,080**	–	10,850	10,850
EUR603 million (2008 – EUR634 million) notes, 4.125% due 2015	**–**	**6,679**	**6,679**	–	6,883	6,883
EUR669 million (2008 – EUR967 million) notes, 4.625% due 2016	**–**	**7,414**	**7,414**	–	10,487	10,487
EUR1,750 million notes, 4.75% due 2016	**–**	**19,390**	**19,390**	–	–	–
GBP325 million bonds, 6.75% due 2015	**–**	**4,046**	**4,046**	–	3,757	3,757
GBP116 million (2008 – GBP300 million) bonds, 5.625% due 2017	**–**	**1,445**	**1,445**	–	3,468	3,468
GBP309 million (2008 – GBP400 million) bonds, 5.625% due 2026	**–**	**3,847**	**3,847**	–	4,624	4,624
JPY30,000 million notes, 3.5% due 2032	**–**	**2,646**	**2,646**	–	2,498	2,498
NIS2,000 million notes, Israeli Consumer Price Index + 4.25% due 2012	**–**	**–**	**–**	1,110	3,330	4,440
	8,310	**152,563**	**160,873**	1,110	132,917	134,027
	17,524	**241,565**	**259,089**	23,974	229,910	253,884

28 Bank and other debts (continued)

Bank and other debts at principal amount are repayable as follows:

	2009			2008		
	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	8,688	–	8,688	19,022	–	19,022
After 1 year, but within 2 years	–	31,992	31,992	–	22,875	22,875
After 2 years, but within 5 years	–	52,826	52,826	–	73,718	73,718
After 5 years	–	3,758	3,758	–	20	20
	8,688	88,576	97,264	19,022	96,613	115,635
Other loans						
Current portion	526	–	526	3,842	–	3,842
After 1 year, but within 2 years	–	124	124	–	252	252
After 2 years, but within 5 years	–	128	128	–	111	111
After 5 years	–	174	174	–	17	17
	526	426	952	3,842	380	4,222
Notes and bonds						
Current portion	8,310	–	8,310	1,110	–	1,110
After 1 year, but within 2 years	–	9,104	9,104	–	12,694	12,694
After 2 years, but within 5 years	–	45,828	45,828	–	51,566	51,566
After 5 years	–	97,631	97,631	–	68,657	68,657
	8,310	152,563	160,873	1,110	132,917	134,027
	17,524	241,565	259,089	23,974	229,910	253,884

In December 2009, the Group obtained a five-year floating rate syndicated loan facility of HK$5,000 million to refinance certain of the current portion of the debts.

In February and March 2010, the Group obtained two five-year floating rate loan facilities of HK$1,000 million each to refinance certain of the current portion of the debts.

The bank and other debts of the Group as at 31 December 2009 are secured to the extent of HK$2,285 million (2008 – HK$10,293 million), all relating to the Established businesses. Of the amount secured as at 31 December 2008, HK$2,615 million are non-guaranteed loans for 3G businesses.

Borrowings with principal amount of HK$97,232 million (2008 – HK$123,383 million) bear interest at floating interest rates and borrowings with principal amount of HK$161,857 million (2008 – HK$130,501 million) bear interest at fixed interest rates.

28 Bank and other debts (continued)

The carrying amounts and fair values of the borrowings are as follows:

	Carrying amounts		Fair values	
	2009	2008	**2009**	2008
	HK$ millions	HK$ millions	**HK$ millions**	HK$ millions
Bank loans	**96,930**	115,348	**96,925**	115,346
Other loans	**952**	4,221	**949**	4,025
Notes and bonds	**162,558**	138,517	**169,345**	122,941
	260,440	258,086	**267,219**	242,312

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):

	2009	2008
	Percentage	Percentage
HK dollars	**30%**	15%
US dollars	**31%**	35%
Euro	**28%**	33%
British pounds	**5%**	6%
Other currencies	**6%**	11%
	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 2(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 2009, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK$97,813 million (2008 – HK$48,750 million).

In addition, interest rate swap agreements with notional amount of HK$3,806 million (2008 – HK$3,013 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.

As at 31 December 2009, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$28,593 million to Hong Kong dollar (2008 – HK$62 million to non-US dollar) principal amount of borrowings to match currency exposures of the underlying businesses.

28 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:

	2009			2008		
	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						
Derivative financial assets						
Interest rate swaps (see notes 22 and 25)	**–**	**2,561**	**2,561**	–	4,188	4,188
Derivative financial liabilities						
Interest rate swaps (see notes 26 and 31)	**–**	**(152)**	**(152)**	–	–	–
Cross currency interest rate swaps (see notes 26 and 31)	**–**	**(330)**	**(330)**	–	–	–
	–	**(482)**	**(482)**	–	–	–
	–	**2,079**	**2,079**	–	4,188	4,188
Cash flow hedges						
Derivative financial assets						
Forward foreign exchange contracts (see notes 22 and 25)	**436**	**–**	**436**	281	624	905
Derivative financial liabilities						
Interest rate swaps (see notes 26 and 31)	**(20)**	**–**	**(20)**	–	(50)	(50)
Cross currency interest rate swaps (see notes 26 and 31)	**(5)**	**–**	**(5)**	(8)	(4)	(12)
Forward foreign exchange contracts (see notes 26 and 31)	**(10)**	**–**	**(10)**	(22)	–	(22)
	(35)	**–**	**(35)**	(30)	(54)	(84)
	401	**–**	**401**	251	570	821

29 Interest bearing loans from minority shareholders

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Interest bearing loans from minority shareholders	**13,424**	13,348	12,508

The carrying amount of the borrowings approximates their fair value.

30 Pension plans

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Defined benefit plans			
Pension assets	–	–	542
Pension obligations	2,436	2,541	1,468
	2,436	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 2009 and 31 December 2008 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:

	2009	2008
Discount rate applied to defined benefit plan obligations	2.20% - 6.00%	1.60% – 6.40%
Expected return on plan assets	4.30% - 8.48%	4.80% – 8.36%
Future salary increases	1.28% - 5.50%	0% – 4.30%
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 statement of financial position is determined as follows:

	2009 HK$ millions	2008 HK$ millions
Present value of defined benefit obligations	13,985	11,452
Fair value of plan assets	11,574	8,981
	2,411	2,471
Unrecognised past services costs	(35)	(41)
Restrictions on asset recognised	60	111
Net defined benefit plan obligations	2,436	2,541

Fair value of plan assets of HK$11,574 million (2008 – HK$8,981 million) includes investments in the Company's shares with a fair value of HK$39 million (2008 – HK$32 million).

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Changes in the present value of the defined benefit obligations are as follows:

	2009 HK$ millions	2008 HK$ millions
At 1 January	**11,452**	13,151
Current service cost net of employee contributions	**561**	595
Actual employee contributions	**128**	122
Interest cost	**574**	627
Actuarial losses (gains) on obligation	**1,454**	(576)
Gains on curtailments	**(41)**	(64)
Relating to subsidiaries acquired	**–**	6
Relating to subsidiaries disposed of	**(330)**	–
Transfer to other liabilities	**(13)**	–
Actual benefits paid	**(772)**	(679)
Exchange differences	**972**	(1,730)
At 31 December	**13,985**	11,452

Changes in the fair value of the plan assets are as follows:

	2009 HK$ millions	2008 HK$ millions
At 1 January	**8,981**	12,175
Expected return on plan assets	**635**	837
Actuarial gains (losses) on plan assets	**1,426**	(2,775)
Actual company contributions	**721**	829
Actual employee contributions	**128**	122
Relating to subsidiaries acquired	**–**	6
Relating to subsidiaries disposed of	**(233)**	–
Assets distributed on settlements	**–**	(80)
Actual benefits paid	**(772)**	(679)
Exchange differences	**688**	(1,454)
At 31 December	**11,574**	8,981

30 Pension plans (continued)

(a) Defined benefit plans (continued)

The amount recognised in the consolidated income statement is as follows:

	2009 HK$ millions	2008 HK$ millions
Current service cost	**561**	595
Past service cost	**8**	8
Interest cost	**574**	627
Losses (gains) on curtailments and settlements	**(41)**	16
Expected return on plan assets	**(635)**	(837)
Total expense	**467**	409
Less: expense capitalised	**(1)**	(1)
Total, included in staff costs	**466**	408

The actual return on plan assets was HK$2,061 million (2008 – losses of HK$1,938 million).

The actuarial gains recognised in other comprehensive income in current year was HK$31 million (2008 – losses of HK$2,310 million). The cumulative actuarial losses recognised in other comprehensive income amounted to HK$1,823 million (2008 – HK$1,845 million).

Fair value of the plan assets are analysed as follows:

	2009 Percentage	2008 Percentage
Equity instruments	**47%**	49%
Debt instruments	**46%**	43%
Other assets	**7%**	8%
	100%	100%

The experience adjustments are as follows:

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions	2006 HK$ millions	2005 HK$ millions
Present value of defined benefit obligations	**13,985**	11,452	13,151	12,659	10,545
Fair value of plan assets	**11,574**	8,981	12,175	10,228	8,222
Deficit	**2,411**	2,471	976	2,431	2,323
Experience adjustments on defined benefit obligations	**(82)**	502	(13)	(18)	(308)
Experience adjustments on plan assets	**729**	(2,253)	648	561	429

30 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 2009. 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 31 May 2009 reported a funding level of 99.8% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation 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 2009 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$19 million (2008 – HK$29 million) were used to reduce the current year's level of contributions and HK$2 million was available at 31 December 2009 (2008 – HK$3 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 were 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 2009, 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 £6.0 million 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. In 2008, 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. In 2009, the plan has been put into wind up and the policy is used to secure the individuals' liabilities.

30 Pension plans (continued)

(b) Defined contribution plans

The Group's costs in respect of defined contribution plans for the year amounted to HK$792 million (2008 – HK$724 million). No forfeited contributions (2008 – nil) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2009 (2008 – nil) to reduce future years' contributions.

31 Other non-current liabilities

	31 December 2009 HK$ millions	31 December 2008 HK$ millions	1 January 2008 HK$ millions
Fair value hedges (see note 28(a))			
Interest rate swaps	**152**	–	264
Cross currency interest rate swaps	**330**	–	–
Cash flow hedges (see note 28(a))			
Interest rate swaps	**–**	50	–
Cross currency interest rate swaps	**–**	4	22
Forward foreign exchange contracts	**–**	–	187
Obligations for telecommunications licences and other rights	**3,130**	3,549	4,579
Provisions (see note 27)	**908**	983	877
	4,520	4,586	5,929

32 Share capital and capital management

(a) Share capital

	2009 Number of shares	2008 Number of shares	**2009 HK$ millions**	2008 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 Share capital and capital management (continued)

(b) 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 2009, total equity amounted to HK$320,944 million (2008 – HK$292,131 million), and consolidated net debt of the Group, excluding loans from minority shareholders which are viewed as quasi equity, was HK$143,355 million (2008 – HK$165,863 million). The Group's net debt to net total capital ratio decreased to 29.9% from 34.9% 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 end of the reporting period.

Net debt / Net total capital ratios[a] at 31 December

	2009	2008
A1 – excluding loans from minority shareholders from debt	**29.9%**	34.9%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**27.6%**	33.3%
B1 – including loans from minority shareholders from debt	**32.7%**	37.7%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**30.2%**	36.0%

a Net debt is defined on the Consolidated Statement of Cash Flows. 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 Statement of Cash Flows .

33 Notes to consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest and other finance costs, tax paid, telecommunications CACs and changes in working capital

	2009 HK$ millions	2008 HK$ millions
Profit after tax	**21,737**	19,481
Adjustments for:		
Current tax charge	**4,588**	3,443
Deferred tax credit	**(92)**	(2,576)
Interest and other finance costs	**9,613**	17,286
Change in fair value of investment properties	**(1,117)**	(672)
Depreciation and amortisation	**16,258**	24,876
Non-cash items included in profit on disposal of investments and others	**(3,641)**	(5,159)
Share of associated companies' and jointly controlled entities'		
Minority interests	**–**	(22)
Current tax charge	**4,865**	3,886
Deferred tax charge (credit)	**(1,040)**	2,256
Interest and other finance costs	**3,412**	3,222
Change in fair value of investment properties	**(546)**	(152)
Depreciation and amortisation	**9,950**	9,325
EBITDA [a]	**63,987**	75,194
Telecommunications CACs	**16,544**	22,926
Share of jointly controlled entity's telecommunications CACs	**2,456**	–
EBITDA before telecommunications CACs	**82,987**	98,120
Share of EBITDA of associated companies and jointly controlled entities	**(28,701)**	(36,323)
Profit on disposal of unlisted investments	**(41)**	–
Profit on disposal of fixed assets, leasehold land and investment properties	**(592)**	(1,532)
Dividends received from associated companies and jointly controlled entities	**7,469**	10,291
Distribution from property jointly controlled entities	**208**	101
Profit on disposal of subsidiary and associated companies and jointly controlled entities	**(8,166)**	(2,770)
Other non-cash items	**(103)**	(3,321)
	53,061	64,566

a 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 change in 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 flows as determined in accordance with generally accepted accounting principles in Hong Kong.

33 Notes to consolidated statement of cash flows (continued)

(b) Changes in working capital

	2009 HK$ millions	2008 HK$ millions
Decrease in inventories	**1,619**	253
Decrease (increase) in debtors and prepayments	**355**	(2,152)
Decrease in creditors	**(8,702)**	(1,089)
Other non-cash items	**2,214**	(2,194)
	(4,514)	(5,182)

(c) Purchase of subsidiary companies

	2009		2008
	Book value HK$ millions	**Fair value HK$ millions**	Fair value HK$ millions
Aggregate net assets acquired at acquisition date:			
Fixed assets	**94**	**94**	829
Deferred tax assets	**–**	**–**	208
Inventories	**178**	**178**	8
Cash and cash equivalents	**23**	**23**	28
Trade and other receivables	**80**	**80**	95
Bank and other debts	**(119)**	**(119)**	(97)
Creditors and current tax liabilities	**(267)**	**(267)**	(258)
Deferred tax liabilities	**(2)**	**(2)**	–
Loans from minority shareholders	**–**	**–**	(562)
Minority interests	**–**	**1**	320
	(13)	**(12)**	571
Goodwill arising on acquisition		**605**	309
		593	880
Less: Cost of investments just prior to purchase		**(444)**	(880)
Discharged by cash payment		**149**	–
Net cash outflow (inflow) arising from acquisition:			
Cash payment		**149**	–
Cash and cash equivalents acquired		**(23)**	(28)
Total net cash consideration		**126**	(28)

The contribution to the Group's revenue and profit after tax from these subsidiaries acquired since the respective date of acquisition is not material.

33 Notes to consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2009 HK$ millions	2008 HK$ millions
Aggregate net assets disposed at date of disposal (excluding cash and cash equivalents):		
Fixed assets	**12,272**	168
Investment properties	**–**	3,217
Leasehold land	**9**	1
Telecommunications licences	**4,810**	62
Brand name and other rights	**2,866**	–
Goodwill	**3,251**	228
Associated companies	**655**	–
Interests in joint ventures	**5,159**	–
Other non-current assets	**19**	–
Inventories	**704**	27
Trade and other receivables	**6,516**	77
Bank and other debts	**(4,284)**	(4)
Pension obligations	**(97)**	–
Other non-current liabilities	**(98)**	(23)
Creditors and current tax liabilities	**(3,678)**	(246)
Deferred tax liabilities	**(506)**	(604)
Minority interests	**(4,367)**	(107)
Loans from minority shareholders	**(9)**	–
Reserves	**(1,126)**	(248)
	22,096	2,548
Profit on disposal	**12,008**	2,500
	34,104	5,048
Less: Investments retained subsequent to disposal	**(18,212)**	246
	15,892	5,294
Satisfied by:		
Cash and cash equivalents received as consideration	**16,121**	5,496
Less: Cash and cash equivalents sold	**(229)**	(202)
Total net cash consideration	**15,892**	5,294

The effect on the Group's results from the disposal of subsidiary companies is not material for the year ended 31 December 2009.

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 2009, assets of the Group totalling HK$2,503 million (2008 – HK$10,857 million) were pledged as security for bank and other debts.

36 Contingent liabilities

At 31 December 2009, 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$13,081 million (2008 – HK$4,334 million).

The amount utilised by its associated companies and jointly controlled entities are as follows:

	2009 HK$ millions	2008 HK$ millions
To associated companies		
Other businesses	**1,147**	871
To jointly controlled entities		
Property businesses	**1,609**	1,535
Other businesses	**9,771**	1,343
	11,380	2,878

At 31 December 2009, the Group had provided performance and other guarantees of HK$5,039 million (2008 – HK$7,820 million) primarily for telecommunications businesses.

37 Commitments

Outstanding Group commitments not provided for in the accounts at 31 December 2009 are as follows:

Capital commitments

1. Contracted for:
   - i. Container terminals, Hong Kong – nil (2008 – HK$13 million)
   - ii. Container terminals, Mainland China – nil (2008 – HK$1,176 million)
   - iii. Container terminals, others – HK$2,210 million (2008 – HK$3,774 million)
   - iv. Telecommunications – **3** Group – HK$1,198 million (2008 – HK$3,635 million)
   - v. Telecommunications – HK$2,480 million (2008 – HK$1,612 million)
   - vi. Investment properties, Hong Kong – HK$4 million (2008 – nil)
   - vii. Investment in joint ventures outside Hong Kong – HK$6 million (2008 – HK$75 million)
   - viii. Other fixed assets – HK$338 million (2008 – HK$355 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 – HK$61 million (2008 – nil)
   ii. Container terminals, Mainland China – HK$791 million (2008 – nil)
   iii. Container terminals, others – HK$1,898 million (2008 – nil)
   iv. Telecommunications – **3** Group – HK$6,333 million (2008 – HK$5,144 million)
   v. Telecommunications – HK$2,177 million (2008 – nil)
   vi. Investment properties, Hong Kong – HK$2 million (2008 – nil)
   vii. Investment in joint ventures, Hong Kong – nil (2008 – HK$131 million)
   viii. Investment in joint ventures outside Hong Kong – HK$3 million (2008 – HK$635 million)
   ix. Other fixed assets – HK$1,273 million (2008 – HK$1,288 million)

Operating lease commitments – future aggregate minimum lease payments for land and buildings leases

Established Businesses

1. In the first year – HK$8,313 million (2008 – HK$7,584 million)
2. In the second to fifth years inclusive – HK$20,506 million (2008 – HK$21,244 million)
3. After the fifth year – HK$43,194 million (2008 – HK$43,895 million)

Telecommunications – **3** Group

1. In the first year – HK$2,526 million (2008 – HK$2,259 million)
2. In the second to fifth years inclusive – HK$6,672 million (2008 – HK$6,362 million)
3. After the fifth year – HK$5,901 million (2008 – HK$8,895 million)

Operating lease commitments – future aggregate minimum lease payments for other assets

Established Businesses

1. In the first year – HK$1,017 million (2008 – HK$624 million)
2. In the second to fifth years inclusive – HK$3,176 million (2008 – HK$2,434 million)
3. After the fifth year – HK$4,301 million (2008 – HK$3,630 million)

Telecommunications – **3** Group

1. In the first year – HK$28 million (2008 – HK$32 million)
2. In the second to fifth years inclusive – HK$12 million (2008 – HK$19 million)
3. After the fifth year – nil (2008 – nil)

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 19 and 20 are unsecured. Balances totalling HK$4,081 million (2008 – HK$3,551 million) are interest bearing. In addition, during the year, the Group acquired traded debt securities outside Hong Kong with a principal amount of US$200 million notes issued by listed associated company, Husky Energy and sold certain of these notes with a principal amount of US$97 million. As disclosed in note 23, as at 31 December 2009, principal amount totalling US$78 million and US$25 million of these notes will mature in 2014 and 2019 respectively.

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 2009, included in associated companies and interests in joint ventures on the statement of financial position is a total amount of HK$27,042 million (2008 – HK$25,301 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$1,759 million (2008 – HK$2,283 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 7.

39 Legal proceedings

As at 31 December 2009, 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

On 8 January 2010, Hutchison Telecommunications Holdings Limited, a wholly owned subsidiary of the Company, requested the board of directors of Hutchison Telecommunications International to put forward a proposal to shareholders of Hutchison Telecommunications International (other than the Group) regarding a proposed privatisation of Hutchison Telecommunications International by way of scheme of arrangement under section 86 of the Cayman Islands Companies Law. Upon the scheme of arrangement becoming effective, Hutchison Telecommunications International will become a wholly owned subsidiary of the Company, and it is anticipated that listing of Hutchison Telecommunications International's shares on the Hong Kong Stock Exchange and the listing of Hutchison Telecommunications International's American depositary shares on the New York Stock Exchange will be withdrawn and terminated.

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 2009, 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 US dollars at this or any other rate.

42 Approval of accounts

The accounts set out on pages 130 to 226 were approved by the Board of Directors on 30 March 2010.

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:

	2009 **HK$ millions**	2008 HK$ millions
Credits:		
Share of profits less losses of associated companies		
Listed	**4,874**	14,934
Unlisted	**1,053**	710
	5,927	15,644
Share of gross rental income of associated companies and jointly controlled entities	**614**	649
Gross rental income from investment properties held by:		
Listed subsidiary – HHR	**80**	182
Other subsidiaries (excluding HHR)	**3,173**	2,750
Less: intra group rental income	**(346)**	(297)
	2,907	2,635
Less: related outgoings	**(37)**	(56)
Net rental income of subsidiary companies	**2,870**	2,579
Dividend and interest income from managed funds and other investments		
Listed	**1,049**	1,986
Unlisted	**149**	219
Charges:		
Depreciation and amortisation		
Fixed assets	**13,720**	17,268
Telecommunications licences	**633**	5,567
Leasehold land	**1,002**	1,018
Brand names and other rights	**903**	1,023
	16,258	24,876
Inventories write off	**1,221**	1,692
Operating leases		
Properties	**14,780**	15,938
Hire of plant and machinery	**1,624**	1,378
Auditors' remuneration		
Audit and audit related work - PricewaterhouseCoopers	**195**	215
- other auditors	**13**	22
Non-audit work - PricewaterhouseCoopers	**24**	29
– other auditors	**20**	23

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 that are approved by the Executive Directors, and 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. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK$115,734 million at 31 December 2009, 31% higher than the balance as at 31 December 2008 of HK$88,021 million, mainly due to cash flow from its established businesses and cash proceeds received on disposal of the Group's interests in its telecommunications operations in Israel and certain power plants, as well as new borrowings of HK$111,452 million, partially offset by the utilisation of cash to repay debts as they matured, and also to repay certain debts early, totalling HK$103,182 million. Of the liquid assets, 9% were denominated in HK dollars, 57% in US dollars, 13% in Renminbi, 6% in Euro, 4% in British pounds and 11% in other currencies (2008 – 13% were denominated in HK dollars, 48% in US dollars, 10% in Renminbi, 14% in Euro, 5% in British pounds and 10% in other currencies).

Cash and cash equivalents represented 80% (2008 – 65%) of the liquid assets, US Treasury notes and listed / traded debt securities 15% (2008 – 29%), listed equity securities 4% (2008 – 5%) and long-term deposits and others 1% (2008 – 1%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of supranational notes (38%) (2008 – 27%), government guaranteed notes (32%) (2008 – 25%), financial institutions issued notes (nil) (2008 – 21%), government related entities issued notes (12%) (2008 – 17%), notes issued by the Group's associated company, Husky Energy Inc. (5%) (2008 – nil), US Treasury notes (1%) (2008 – 10%) and others (12%) (2008 – nil). Of these US Treasury notes and listed / traded debt securities, 78% (2008 – 73%) are rated at Aaa/AAA with an average maturity of 1.3 years 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 derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British pound, Euro and HK dollar borrowings.

44 Financial risk management (continued)

(b) Interest rate exposure (continued)

At 31 December 2009, approximately 38% (2008 – approximately 49%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 62% (2008 – approximately 51%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$97,813 million (2008 – approximately HK$48,750 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$3,806 million (2008 – HK$3,013 million) principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 74% (2008 – approximately 67%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 26% (2008 – approximately 33%) were at fixed rates at 31 December 2009.

(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 for debt financing 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 (such as major procurement contracts) 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. The Group generally does not enter into foreign currencies hedges in respect of its long-term equity investments in overseas subsidiaries and associates. During the year, the currencies of most of those countries where the Group has overseas operations strengthened against the Hong Kong dollar. This gave rise to an unrealised gain of HK$15,875 million (2008 – loss of HK$37,046 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, which was reflected as a movement in the Consolidated Statement of Changes in Equity under the heading of exchange reserve.

At 31 December 2009, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$28,593 million to Hong Kong dollar (2008 – 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, after the above swaps, are denominated as follows: 30% in HK dollars, 31% in US dollars, 28% in Euro, 5% in British pounds and 6% in other currencies (2008 – 15% in HK dollars, 35% in US dollars, 33% in Euro, 6% in British pounds and 11% in other currencies). During 2008 HTIL closed out all foreign exchange swap contracts 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 income statement 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, which is continuously monitored by the local operational management.

(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 swaps as described in "interest rate exposure" above. The Group's holdings of listed debt and equity securities represented approximately 19% (2008 – approximately 33%) 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 end of the reporting period 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 end of the reporting period 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 income statement 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 24)
- some of the listed debt securities and managed funds (see note 23) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 23) that bear interest at floating rate
- some of the bank and other debts (see note 28) that bear interest at floating rate
- interest bearing loans from minority shareholders (see note 29)

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 end of the reporting period, with all other variables held constant:

- profit for the year would decrease by HK$1,496 million (2008 – HK$1,374 million) due to increase in interest expense;
- total equity would decrease by HK$1,496 million (2008 – HK$1,374 million) due to increase in interest expense; and
- total equity would decrease by HK$72 million (2008 – HK$119 million) mainly due to decrease in value of available-for-sales 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 oversea 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 income statement 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 24)
- some of the liquid funds and other listed investments (see note 23)
- some of the bank and other debts (see note 28)

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 end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

	2009		2008	
	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	**74**	**74**	79	79
GBP	**105**	**111**	127	(148)
AUD	**241**	**364**	142	197
RMB	**65**	**68**	373	383
USD	**3,127**	**3,130**	2,702	2,704
Japanese Yen	**(265)**	**(265)**	(262)	(262)

(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 23)
- financial assets at fair value through profit or loss (see note 23)

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 end of the reporting period, with all other variables held constant:

- profit for the year would increase by HK$61 million (2008 – HK$92 million) due to increase in gains on financial assets at fair value through profit or loss;
- total equity would increase by HK$61 million (2008 – HK$92 million) due to increase in gains on financial assets at fair value through profit or loss; and
- total equity would increase by HK$2,255 million (2008 – HK$2,975 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 end of the reporting period 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 2009						
Trade payables	18,409	–	–	18,409	–	18,409
Other payables and accruals	50,108	–	–	50,108	–	50,108
Interest free loans from minority shareholders	2,099	–	–	2,099	–	2,099
Bank loans	8,688	84,818	3,758	97,264	(334)	96,930
Other loans	526	252	174	952	–	952
Notes and bonds	8,310	54,932	97,631	160,873	1,685	162,558
Interest bearing loans from minority shareholders	–	12,750	674	13,424	–	13,424
Obligations for telecommunications licences and other rights	795	2,680	873	4,348	(1,218)	3,130
Fair value hedges						
- Interest rate swaps (net settled)	(549)	49	569	69	83	152
- Cross currency interest rate swaps (net settled)	(683)	429	488	234	96	330
	87,703	155,910	104,167	347,780	312	348,092

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$7,860 million in "within 1 year" maturity band, HK$22,833 million in "after 1 year, but within 5 years" maturity band, and HK$29,013 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.

	Contractual maturities			
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 31 December 2009				
Derivative settled gross:				
Cash flow hedges – cross currency interest rate swaps				
– Inflow	19	–	–	19
– Outflow	(24)	–	–	(24)
Cash flow hedges – forward foreign exchange contracts				
– Inflow	2,456	–	–	2,456
– Outflow	(2,440)	–	–	(2,440)

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

	Contractual maturities					
	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions	Total undiscounted cash flows HK$ millions	Difference from carrying amount HK$ millions	Carrying amounts HK$ millions
At 31 December 2008						
Trade payables	23,571	–	–	23,571	–	23,571
Other payables and accruals	51,810	–	–	51,810	–	51,810
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
Obligations for telecommunications licences and other rights	936	2,630	1,431	4,997	(1,448)	3,549
Fair value hedges – interest rate swaps (net settled)	–	–	–	–	–	–
	103,756	176,328	70,991	351,075	2,754	353,829

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.

	Contractual maturities			
	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions	Total undiscounted cash flows HK$ millions
At 31 December 2008				
Derivative settled gross:				
Cash flow hedges – cross currency interest rate swaps				
– Inflow	47	27	–	74
– Outflow	(77)	(43)	–	(120)
Cash flow hedges – forward foreign exchange contracts				
– Inflow	3,737	3,045	–	6,782
– Outflow	(3,287)	(2,461)	–	(5,748)

(h) In accordance with the disclosure requirement of HKFRS 7, other gains and losses recognised in income statement includes the following items:

	2009 HK$ millions	2008 HK$ millions
Change in fair value of financial assets at fair value through profit or loss	**128**	(313)
Gains (losses) arising on derivatives in a designated fair value hedge	**(1,685)**	5,182
Gains (losses) arising on adjustment for hedged item in a designated fair value hedge	**1,685**	(5,182)
Interest income on available-for-sale financial assets	**845**	1,801

44 Financial risk management (continued)

(i) Fair value of financial instruments

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value. The amendment to HKFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

The following table provides an analysis of financial instruments that are measured at fair value at 31 December 2009, grouped into Level 1 to Level 3:

	Level 1 HK$ millions	Level 2 HK$ millions	Level 3 HK$ millions	Total HK$ millions
At 31 December 2009				
Financial instruments measured at fair value				
Available-for-sale investments				
– Unlisted equity securities (see note 22)	–	–	1,334	1,334
– Managed funds, outside Hong Kong (see note 23)	14,404	–	–	14,404
– Listed / traded debt securities, outside Hong Kong (see note 23)	848	2,114	–	2,962
– Listed equity securities, Hong Kong (see note 23)	407	–	–	407
– Listed equity securities, outside Hong Kong (see note 23)	3,778	–	1,003	4,781
Financial assets at fair value through profit or loss (see note 23)	–	605	–	605
	19,437	2,719	2,337	24,493
Fair value hedges				
– Interest rate swaps (see note 22)	–	2,561	–	2,561
– Interest rate swaps (see note 31)	–	(152)	–	(152)
– Cross currency interest rate swaps (see note 31)	–	(330)	–	(330)
	–	2,079	–	2,079
Cash flow hedges				
– Forward foreign exchange contracts (see note 25)	–	436	–	436
– Interest rate swaps (see note 26)	–	(20)	–	(20)
– Cross currency interest rate swaps (see note 26)	–	(5)	–	(5)
– Forward foreign exchange contracts (see note 26)	–	(10)	–	(10)
	–	401	–	401

There were no transfers between the Level 1 and Level 2 during the year.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques.

44 Financial risk management (continued)

(i) Fair value of financial instruments (continued)

Specific valuation techniques used to value financial instruments include discounted cash flow analysis, are used to determine fair value for the financial instruments.

The movements of the balance of financial instruments measured at fair value based on Level 3 are as follows:

	HK$ millions
At 1 January 2009	**2,543**
Total gains (losses) recognised in	
Income statement	**(41)**
Other comprehensive income	**67**
Additions	**4**
Disposals	**(8)**
Transfer to investment in associate	**(228)**
At 31 December 2009	**2,337**
Total losses for the year included in income statement and presented in other operating expenses	**(41)**
Total losses recognised in income statement relating to those instruments held at the end of the reporting period	**(41)**

45 Statement of financial position of the Company, unconsolidated

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the statement of financial position of the Company as at 31 December 2009 is set out as follows:

	2009 HK$ millions	2008 HK$ millions
Assets		
Non-current assets		
Subsidiary companies – Unlisted shares [(a)]	**39,931**	34,705
Current assets		
Amounts due from subsidiary companies [(b)]	**66,864**	72,100
Current liabilities		
Bank overdrafts	**2**	2
Other payables and accruals	**54**	82
	56	84
Net current assets	**66,808**	72,016
Net assets	**106,739**	106,721
Capital and reserves		
Share capital (see note 32(a))	**1,066**	1,066
Reserves [(c)]	**105,673**	105,655
Shareholders' funds	**106,739**	106,721

Fok Kin-ning, Canning
Director

Frank John Sixt
Director

45 Statement of financial position of the Company, unconsolidated (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 221 to 226.

(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 2008	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**
Profit for the year	**–**	**7,388**	**7,388**
Unclaimed dividend paid write back	**–**	**5**	**5**
Dividends paid relating to 2008	**–**	**(5,201)**	**(5,201)**
Dividends paid relating to 2009	**–**	**(2,174)**	**(2,174)**
At 31 December 2009	**28,359**	**77,314**	**105,673**

(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 statement of financial position of the Group. Of the consolidated borrowings included in note 28 totalling HK$260,440 million (2008 – HK$258,086 million), the Company has guaranteed a total of HK$214,732 million (2008 – HK$191,972 million) which has been borrowed in the name of subsidiary companies.

(f) The Company has provided some guarantees in respect of the bank and other borrowing facilities utilised by the jointly controlled entities totalling HK$8,513 million (2008 – nil) and other guarantees of HK$3,405 million (2008 – nil). These amounts have 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$7,388 million (2008 – HK$17,000 million) and is included in determining the profit attributable to shareholders of the Company in the consolidated income statement.

(h) Reserves of the Company available for distribution to shareholders of the Company as at 31 December 2009 amounting to HK$77,314 million (2008 – HK$77,296 million).

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2009

	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	45,000,000	75	Holding company
	ECT Delta Terminal B.V.	Netherlands	EUR	18,000	71	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 & 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	14,461,665	40	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	PKR	1,109,384,220	80	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

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2009

	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	Holding company
	PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,500	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
	South Asia Pakistan Terminals Limited	Pakistan	PKR	1,663,700,000	72	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
+ #	Westport Holdings Sdn. Bhd.	Malaysia	MYR	117,000,000	25	Holding company
✡ ⌘	Xiamen Haicang International Container Terminals Limited	China	RMB	454,715,000	39	Container terminal operating
✡ ⌘	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	38,070,200	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	792,500,000	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	285,000,000	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

Principal Subsidiary and Associated Companies and Jointly Controlled Entities
at 31 December 2009

	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 AG	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	Holding in retailing business
✡ +	Dirk Rossmann GmbH	Germany	EUR	12,000,000	40	Retailing
	Fortress Limited	Hong Kong	HKD	20	100	Retailing
⌘	Guangzhou Park'N Shop Supermarkets Limited	China	HKD	83,330,000	97	Retailing
⌘	Guangzhou Watson's Food and Beverages Co. Limited	China	USD	32,283,432	95	Beverage manufacturing & trading
⌘	Guangzhou Watson's Personal Care Stores Limited	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	76,575,832	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 Italia S.p.A.	Italy	EUR	3,500,000	100	Holding in perfume retailing business
✡	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	2,000,000	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$	3,584,506,092	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 (09) 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
	Hutchison Whampoa International (09) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa International (09/16) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa International (09/19) Limited	Cayman Islands	USD	1	100	Finance
	Strategic Investments International Limited	British Virgin Islands	USD	1	53	Overseas portfolio investment
	Sunbliss Limited	British Virgin Islands	USD	1	100	Finance
	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	63	Fixed-line communications
❋	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands/ Hong Kong	HKD	1,203,586,552	63	Holding company & 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	4,204,487,847	88	Holding company
✡	Vodafone Hutchison Australia Pty Limited	Australia	AUD	6,046,889,713	44	3G mobile multimedia services

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2009

	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 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 20% and 6% of the Group's respective items.

Schedule of Principal Properties

at 31 December 2009

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 Harbour Grand Kowloon, (formerly known as Harbour Plaza Hong Kong) Hung Hom, Kowloon	Sec A, B & RP of HHML 6 and extension thereto	Long Long	100% 100%	862,988 510,932	C H	Existing Existing
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 Kwai Chung, New Territories	M/F to 6/F on KCL No 4 G/F on KCL No 4	Medium Medium	88% 66%	4,705,141 737,394	C/W C/W	Existing Existing
Watson Centre, 16-24 Kung Yip Street, Kwai Chung, New Territories	KCTL 258	Medium	100%	687,200	I	Existing
99 Cheung Fai Road at Container Terminal No 9, Tsing Yi, New Territories	TYTL 139	Medium Medium	53% 100%	59,713 300,268	C C	Existing Existing
Rambler Garden Hotel	TYTL 140	Medium	70%	211,108	H	Existing
Rambler Oasis Hotel	TYTL 140	Medium	70%	213,235	H	Existing
Rambler Plaza Tsing Yi, New Territories	TYTL 140	Medium	70%	60,859	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

Schedule of Principal Properties

at 31 December 2009

Description	Lot number	Lease term	Group's interest	Floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Food distribution depot, Sheung Shui, New Territories	FSSTL 97	Medium	100%	142,394	I	Existing
Caribbean Coast, Tung Chung, New Territories	TCTL 5	Medium	50%	112,955	R	Existing
A residential development at Hung Shui Kiu, Yuen Long, New Territories (site area approx 175,367 sq ft)	Lot No. 2064 in DD121	Medium	50%	536,855	R	2011 (25%)
Cement manufacturing plant, Tap Shek Kok, Tuen Mun, New Territories	TMTL 201	Medium	85%	1,645,301	I	Existing
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 Road, Chao Yang District, Beijing, China	Chaoyang District Beijing	Medium	49.8%	898,800	H	Existing
The Greenwich,	Chaoyang District, Beijing					
Yao Jia Yuan Lu Bei,	Phases 1A & 1B	Long	50%	21,048	R	Existing
Chaoyang District, Beijing, China	Commercial	Medium	50%	21,732	C	Existing
(site area approx 2,882,094 sq ft)	Phases 1C & 2	Long	50%	2,574,690	R	2011 (1%)
A residential development at Shisanling, Beijing, China (site area approx 2,759,106 sq ft)	Shisanling, Beijing	Long	50%	861,104	R	2013 (1%)
Metropolitan Plaza, Chongqing, China	Ba Yi Lu, Chongqing	Medium	50%	1,511,515	C	Existing
Harbour Plaza Chongqing, China	Zou Rong Lu, Chongqing	Medium	50%	556,972	H	Existing
Cape Coral,	Nanan, Chongqing					
Nanan, Chongqing, China	Phase 1A	Medium	48%	462,063	R/C	Existing
(site area approx 1,380,070 sq ft)	Phase 1B	Medium	48%	102,180	R	Existing
	Phase 2	Medium	48%	1,649,197	R/C	2012 (3%)
Noble Hills, Chongqing, China	Douxi, Chongqing					
(site area approx 4,811,720 sq ft)	Phase 1A	Medium	50%	30,300	C	Existing
	Phase 1B1	Medium	50%	14,544	R	Existing
	Phases 1B1 & 1B2	Medium	50%	559,492	R	2010 (40%)
	Phase 1C	Medium	50%	877,314	R	2010 (15%)
	Phase 2	Medium	50%	2,858,951	R	2012 (3%)
A commercial and residential development at YangJiaShan, Chongqing, China (site area approx 11,208,991 sq ft)	YangJiaShan, Chongqing Lands No. 1-18	Medium	48%	33,249,766	R/C	2021 (1%)
Le Parc,	Chengdu High-Tech Zone					
Chengdu High-Tech Zone	Phases 1A & 1B	Long	50%	90,900	R	Existing
Chengdu, China	Phase 2A	Long	50%	2,208,312	R	2010 (50%)
(site area approx 8,713,404 sq ft)	Phase 2B	Long	50%	1,230,841	R	2010 (40%)
	Phase 3A	Long	50%	1,346,896	R/C	2011 (22%)
	Phase 3B	Long	50%	1,100,695	R	2011 (22%)
	Phase 4A	Long	50%	2,273,293	R	2012 (2%)
	Phase 4B	Long	50%	2,583,280	R	2013 (2%)
	Phases 4C, 5-8	Long	50%	12,609,869	R/C	2016 (1%)
Regency Oasis,	Wenjiang, Chengdu					
Wenjiang, Chengdu, China	Phase 1A	Long	50%	985,663	R	2010 (69%)
(site area approx 4,018,482 sq ft)	Phase 1A	Long	50%	510,398	R	2011 (69%)
	Phase 1B	Long	50%	2,028,352	R/C	2013 (3.5%)
	Phase 2	Long	50%	1,755,371	R	2012 (2%)
The Riverside and Metropolitan Plaza	Huangsha MTR Station Podium					
Guangzhou, China	Phase 2	Long	50%	416,460	R	Existing
(site area approx 767,265 sq ft)	Phase 3	Long	50%	1,666,139	R	2010 (50%)
	Commercial	Long	50%	936,644	C	2010 (90%)

Description	Lot number	Lease term	Group's interest	Floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Cape Coral,	Da Shi, Panyu					
Panyu, Guangzhou, China	Phase 2	Long	50%	180,704	R	Existing
(site area approx 4,840,136 sq ft)	Phase 3A	Long	50%	909,563	R	2011 (20%)
	Phase 3B	Long	50%	775,338	R	2012 (5%)
	Phase 4	Long	50%	1,789,998	R/C	2013 (5%)
	Commercial	Long	50%	21,345	C	Existing
Zengcheng Project, Guangzhou, China (site area approx 22,740,374 sq ft)	Zengcheng Project, Guangzhou	Long	50%	3,573,474	R/C	2012 (1%)
International Toys & Gifts Center, Huang Pu District, Guangzhou, China (site area approx 3,457,989 sq ft)	Nangang Village Head of Lang Bridge, Huang Pu District, Guangzhou					
	Phase 1	Medium	30%	455,550	C	Existing
	Phases 2 & 3	Medium	30%	1,844,269	C	2015 (1%)
Yuhu Mingdi, Zhongxin Town,	Phase 1	Long	40%	462,616	R/C	2011 (10%)
Luogang District, Guangzhou, China (site area approx 2,427,743 sq ft)	Phase 2	Long	40%	2,033,079	R/C	2013 (1%)
Laguna Verona,	Hwang Gang Lake, Dongguan					
Dongguan, Guangdong, China	Commercial	Long	49.8%	9,321	C	Existing
(site area approx 35,477,829 sq ft)	Phases D1a & D1b	Long	49.8%	918,475	R	2011 (6%)
	Phase D1c	Long	49.8%	530,806	R	2011 (4%)
	Phase D2	Long	49.8%	2,659,907	R	2017 (3%)
	Phases G1a & G1b	Long	49.8%	1,755,587	R/C	2011 (6%)
	Phases G1c-e	Long	49.8%	3,789,084	R	2015 (1%)
	Phase G2	Long	49.8%	4,191,122	R/C	2019 (1%)
	Phases E, F & H	Long	49.8%	1,314,443	R	2017 (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 District, Shenzhen					
Baoan, Shenzhen, China	Phases 1 & 2	Long	50%	346,965	R	Existing
(site area approx 4,045,594 sq ft)	Phase 3	Long	50%	649,445	R	2010 (16%)
Le Sommet (Yu Feng Yuan), Feng Huang Shan,	Ping Hu, Longgang District, Shenzhen					
Shenzhen, China	Phase 1A	Long	50%	6,824	R	Existing
(site area approx 2,407,822 sq ft)	Phase 1A	Long	50%	56,187	R/C	2010 (90%)
	Phases 1B & 2	Long	50%	550,601	R	2011 (1%)
	Phase 3	Long	50%	524,089	R	2010 (5%)
	Phases 4A-C	Long	50%	1,384,332	R/C	2011 (1%)
Century Place, Huaqiangbei	Shennan Road, Huaqiangbei	Medium	40%	1,488,590	C	2010 (60%)
Futian District, Shenzhen, China (site area approx 184,118 sq ft)	Futian District, Shenzhen	Medium	40%	444,653	R	2010 (65%)
Noble Hills Guanlan, Shenzhen, China (site area approx 916,911 sq ft)	South of Heng Keng Reservoir Guanlan, Baoan District, Shenzhen	Long	50%	1,586,476	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%	2,584,991	R	2014 (1%)
Horizon Cove,	Tang Jia Bay, Zhuhai					
Tang Jia Bay, Zhuhai, China	Phase 1	Long	50%	82,042	C	Existing
	Phase 4	Long	50%	387,208	R	Existing
	Commercial	Medium	50%	24,567	C	Existing
A residential development	Qiao Island, Zhuhai					
at Qiao Island, Zhuhai, China	Phase 1	Long	50%	947,440	R	2012 (1%)
(site area approx 2,152,760 sq ft)	Phase 2	Long	50%	1,592,095	R	2014 (1%)

Schedule of Principal Properties
at 31 December 2009

Description	Lot number	Lease term	Group's interest	Floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
A residential development,	Yinhuwan, Jiangmen					
Yinhuwan, Jiangmen, China	Phases 1-6	Long	45%	4,220,486	R	2017 (1%)
(site area approx 14,351,730 sq ft)	Commercial / Hotel	Medium	45%	314,303	C/H	2012 (1%)
Westgate Mall & Tower, Mei Long Zhen, Shanghai, China	Nanjing Xi Lu / Jiang Ning Lu, Shanghai	Medium	30%	1,099,361	C	Existing
Seasons Villas,	Huamu Road, Pudong, Shanghai					
Pudong Huamu, Shanghai, China	Phases 1-4, 5, 6, 6A & 6B	Long	50%	1,000,769	R	Existing
	Phase 4A	Long	50%	16,146	R	Existing
Regency Park,	Huamu Road, Pudong, Shanghai					
Pudong Huamu, Shanghai, China	Phases 2A & 7	Medium	50%	65,282	R/C	Existing
(site area approx 4,924,375 sq ft)	Phase 2B	Medium	50%	107,143	C/R	2010 (50%)
Maison des Artistes, Gubei, Shanghai, China	Gubei Road, Shanghai Phase 3C & Commercial	Long	50%	99,092	R/C	Existing
Century Link, Shanghai, China (site area approx 551,978 sq ft)	Lot 2-4, Century Avenue, Pudong, Shanghai	Medium	25%	2,351,427	C	2013 (4%)
Regency Cove	Kun Yang Road (N), Maqiao Town,					
Maqiao, Shanghai, China	Ming Hang Area, Shanghai					
(site area approx 2,804,626 sq ft)	Phase 1A	Long	43%	14,445	R	2010 (99%)
	Phase 1B	Long	43%	200,228	R	2010 (50%)
	Phase 2	Long	43%	262,077	R	2010 (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	2012 (1%)
A commercial & residential development	Putuo District, Shanghai	Long	38%	1,549,987	R	2015 (1%)
at Zhen Ru Fu Zhong Xin (A3 to A6), Putuo District, Shanghai, China (site area approx 1,903,620 sq ft)	A3 to A6	Medium	38%	6,199,949	C/H	2018 (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	2012 (1%)
A commercial & residential development	Nanxiang, Jiading district, Shanghai	Long	50%	3,103,806	R	2013 (1%)
at Nanxiang, Jiading district, Shanghai (site area approx 2,277,843 s.f.)		Medium	50%	447,580	C	2013 (1%)
A residential development at Zhoupu	Hu Nan Road / Fang Rong Road					
Shanghai, China	Zhoupu, Nan Hui Area, Shanghai					
(site area approx 2,835,368 sq ft)	Phase 1	Long	42.5%	335,691	R	2010 (5%)
	Phase 2	Long	42.5%	1,474,328	R	2011 (5%)
	Phase 3	Long	42.5%	194,610	R	2012 (5%)
	Phase 4	Long	42.5%	247,729	R/C	2012 (5%)
	Phase 5	Long	42.5%	1,411,123	R	2013 (5%)
A residential development at	Tianning District					
Tianning District, Changzhou, China	Changzhou					
(site area approx 867,562 sq ft)	Phase 1	Long	50%	31,011	R	2010 (60%)
	Phases 2A & 2B	Long	50%	181,865	R	2010 (1%)
	Phases 2C & 2D	Long	50%	236,578	R	2011 (1%)
	Phases 2E & 2F	Long	50%	754,241	R	2012 (1%)
	Phases 3A-3C	Long	50%	1,171,618	R	2013 (1%)
The Greenwich, Xian, China	Xian Hi-Tech Industrial					
(site area approx 5,176,674 sq ft)	Development Zone					
	Phase 1A	Long	50%	8,137	R	Existing
	Phase 1B	Long	50%	1,498,041	R/C	2010 (80%)
	Phase 2A	Medium	50%	1,391,770	R/C	2010 (40%)
	Phase 2B	Medium	50%	1,295,122	R/C	2011 (20%)
	Phases 3A & 3B	Medium	50%	2,800,289	R/C	2011 (10%)
	Phases 4A & 4B	Long	50%	3,064,077	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					
	Phases 1A, 1B1 & 1B2	Long	50%	189,888	R/C	Existing
	Phases 1B2 & 1B3	Long	50%	794,106	R	2010 (40%)
	Phase 2	Long	50%	836,347	R	2010 (15%)
	Phases 3-6	Long	50%	5,052,582	R/C	2014 (1%)
Regency Park Jingyuetan, Changchun, China (site area approx 9,910,123 sq ft)	Jingyuetan, Changchun					
	Phases 1A & 1B	Medium	50%	55,369	R	Existing
	Phase 2	Medium	50%	1,202,456	R/C	2010 (30%)
	Phases 3-4	Medium	50%	2,544,810	R/C	2012 (1%)
Regency Residence Nanguan, Changchun, China (site area approx 2,214,114 sq ft)	Nanguan, Changchun					
	Phase 1	Medium	50%	120,455	R	Existing
	Phase 1	Medium	50%	100,351	R/C	2010 (70%)
	Phase 2A	Medium	50%	388,143	R	2010 (5%)
	Phase 2B	Medium	50%	1,446,160	R/C	2011 (1%)
A commercial & residential development at Xiaogangwan, Qingdao, China (site area approx 3,355,938 sq ft)	Xiaogangwan, Qingdao	Long	45%	9,899,994	R/C	2016 (1%)
A commercial & residential development at Hualou Jie, Wuhan, China (site area approx 1,140,274 sq ft)	Hualou Jie, Wuhan	Long	50%	3,946,773	R/C	2015 (1%)
A commercial & residential development at Laopupian, Wuhan (site area approx 379,036 sq ft)	Laopupian, Wuhan	Long	50%	1,757,147	R/C	2013 (1%)
A commercial & residential development at Caidian Wuhan, China (site area approx 8,294,627 sq ft)	Caidian, Wuhan					
	Phase 1A	Long	50%	644,439	R	2010 (1%)
	Phases 1B-7	Long	50%	10,942,350	R/C/H	2016 (1%)
Tianjin Metropolitan Tianjin, China (site area approx 211,153 sq ft)	Yingkoudao, Tianjin					
	Phase 1	Medium	40%	614,225	C	2010 (80%)
	Phase 2	Medium	40%	1,085,346	C	2010 (15%)
	Phase 2	Long	40%	1,041,430	R	2011 (15%)
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%	848,730 *	R/C	2016 (1%)
A commercial & residential development at Convoys Wharf, London, United Kingdom (site area approx 1,742,400 sq ft)	Convoys Wharf, London	Freehold	100%	3,104,647 *	R/C	2019 (1%)
Marina Bay, Marina Boulevard/Central Boulevard Singapore (site area approx 574,045 sq ft)	Land Parcel 662, Singapore					
	Phase 1	Long	17%	2,601,417	R/C	2010 (64%)
	Phase 2	Long	17%	2,071,364	R/C	2014 (17%)
The Vision Singapore (site area approx 129,168 sq ft)	Lot 8341X Mukum 5	Long	50%	361,670	R	2013 (1%)
Radisson & Reef Village at Our Lucaya Beach and 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

Schedule of Principal Properties

at 31 December 2009

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	2011 (79%)
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	2010 (83%)
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	Berth 1, Haicang Port Zone, Xiamen, Fujian	Medium	39%	2,751,137	CT	Existing
Container Terminal at Haicang Port, Xiamen, Fujian, China	Berth 2 & 3, 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%	356 acres	CT	2016 (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 (77%)
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT 1 & CT2 Tanjung Priok, Jakarta	Medium	41%	246 acres	CT	2011 (80%)
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT 3 Tanjung Priok, Jakarta	Medium	36%	76 acres	CT	Existing
Container Terminal at Port Klang, Selangor, Malaysia	Westports, Port Klang, Pulau Indah	Medium	25%	63,162,000	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	2010 (99%)
Container Terminal at 1116, Jwachon-dong, Dong-ku, Busan, South Korea	Jwachon, 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	71%	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 Short	80% 80% 80%	440 acres 250 acres 100 acres	CT CT CT	Existing 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	Amsterdam Container Terminal	Long	56%	136 acres	CT	Existing
Ro Ro Terminal at Amsterdam, The Netherlands	Amsterdam Container Terminal (Ro Ro)	Long	56%	42 acres	CT	Existing
Container Terminal at Rotterdam, The Netherlands	Home Terminal, Rotterdam Delta Terminal, Rotterdam Euromax Terminal, Rotterdam	Long Medium Freehold	75% 71% 75%	161 acres 655 acres 208 acres	CT CT CT	Existing Existing Existing

Schedule of Principal Properties

at 31 December 2009

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	Medium	39%	42 acres	CT	Existing
Container Terminal at Muelle Principe de Espana, Barcelona, Spain	Terminal de Catalunya Barcelona, Spain	Medium	56%	4,559,829	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%	1,162,512	CT	Existing
	El Dekheila	Medium	40%	2,023,632	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	2011 (90%)
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	48%	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 RA = Railway R = Residential W = Warehouse

Ten Year Summary

	2000	2001	2002	2003	2004	2005	2006	2007	2008	**2009**
CONSOLIDATED INCOME STATEMENT										
HK$ millions										
Revenue	57,022	61,460	75,235	104,912	134,592	182,526	183,790	218,678	235,478	**208,808**
Profit attributable to shareholders of the Company	34,335	9,547	11,944	6,494	10,186	12,040	16,763	33,291	12,681	**14,168**
Dividends	7,375	7,375	7,375	7,375	7,375	7,375	7,375	7,375	7,375	**7,375**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
HK$ millions										
ASSETS										
Non-current assets										
Fixed assets	34,962	50,695	91,008	123,508	147,603	124,243	140,181	181,342	173,246	**171,399**
Investment properties	29,208	27,138	27,155	25,892	31,741	38,557	41,657	43,680	41,282	**42,323**
Leasehold land	24,628	29,200	29,968	31,027	31,037	32,374	35,293	36,272	34,745	**33,984**
Telecommunications licences	80,039	78,152	89,581	98,943	103,060	84,624	89,077	91,897	72,175	**70,750**
Goodwill	–	333	7,838	8,583	10,577	17,959	21,840	31,573	30,436	**28,858**
Brand names and other rights	1,071	1,807	2,034	1,929	1,559	3,579	7,582	10,901	10,486	**7,351**
Associated companies	37,997	36,899	45,055	50,662	54,887	65,249	74,844	75,545	76,478	**84,748**
Interests in joint ventures	38,634	37,146	33,598	37,233	35,756	37,284	38,507	39,725	45,865	**51,568**
Deferred tax assets	720	974	1,725	5,372	12,259	15,635	17,159	17,619	13,248	**14,657**
Other non-current assets	7,645	7,851	6,550	7,682	8,230	4,426	3,762	5,082	8,904	**5,286**
Liquid funds and other listed investments	127,446	71,204	75,597	63,929	66,503	60,669	66,251	69,192	30,735	**23,213**
	382,350	341,399	410,109	454,760	503,212	484,599	536,153	602,828	537,600	**534,137**
Net current assets (liabilities)	9,632	41,805	(1,813)	65,205	45,893	22,006	40,430	44,948	22,763	**63,393**
Total assets less current liabilities	391,982	383,204	408,296	519,965	549,105	506,605	576,583	647,776	560,363	**597,530**
Non-current liabilities										
Bank and other debts	107,004	129,018	141,569	230,182	254,779	233,454	260,970	260,086	234,141	**242,851**
Interest bearing loans from minority shareholders	338	575	1,099	5,885	5,096	5,429	12,030	12,508	13,348	**13,424**
Deferred tax liabilities	8,675	10,259	10,237	10,357	11,674	13,750	15,019	17,957	13,616	**13,355**
Pension obligations	–	131	2,105	1,943	2,424	2,323	2,378	1,468	2,541	**2,436**
Other non-current liabilities	916	1,541	2,522	2,408	2,167	4,354	6,368	5,929	4,586	**4,520**
	116,933	141,524	157,532	250,775	276,140	259,310	296,765	297,948	268,232	**276,586**
Net assets	275,049	241,680	250,764	269,190	272,965	247,295	279,818	349,828	292,131	**320,944**
CAPITAL AND RESERVES										
Share capital	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	**1,066**
Reserves	245,915	210,055	216,202	235,381	245,215	236,319	262,363	300,803	259,253	**282,465**
Total shareholders' funds	246,981	211,121	217,268	236,447	246,281	237,385	263,429	301,869	260,319	**283,531**
Minority interests	28,068	30,559	33,496	32,743	26,684	9,910	16,389	47,959	31,812	**37,413**
Total equity	275,049	241,680	250,764	269,190	272,965	247,295	279,818	349,828	292,131	**320,944**

Ten Year Summary

	2000	2001	2002	2003	2004	2005	2006	2007	2008	**2009**
PERFORMANCE DATA										
Earnings per share for profit attributable to shareholders of the Company – (HK$)	8.05	2.24	2.80	1.52	2.39	2.82	3.93	7.81	2.97	**3.32**
Dividends per share – (HK$)	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	**1.73**
Dividend cover	4.7	1.3	1.6	0.9	1.4	1.6	2.3	4.5	1.7	**1.9**
Return on average shareholders' funds (%)	14.0%	4.2%	5.6%	2.9%	4.2%	5.0%	6.7%	11.8%	4.5%	**5.2%**
Current ratio	1.2	1.8	1.0	1.7	1.5	1.3	1.4	1.3	1.2	**1.7**
Net debt / Net total capital (%) (1)	N/A	0.4%	16.0%	22.5%	32.9%	37.4%	34.8%	26.4%	34.9%	**29.9%**
Net assets attributable to shareholders of the Company per ordinary share – book value (HK$)	57.9	49.5	51.0	55.5	57.8	55.7	61.8	70.8	61.1	**66.5**
Number of shares (million)	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	**4,263.3**

(1) Net debt is defined on the Consolidated Statement of Cash Flows . 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 Statement of Cash Flows. In 2000, N/A represents total cash, liquid funds and other listed investments exceeds total bank and other debts.

(2) The comparatives have been restated to reflect the effect of adoption of new and revised accounting policies in 2009 (see note 1 to the accounts).

Information for Shareholders

LISTING

The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited

STOCK CODE

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PUBLIC FLOAT CAPITALISATION

Approximately HK$108,615 million (approximately 48% of the issued share capital of the Company) as at 31 December 2009

FINANCIAL CALENDAR

Payment of 2009 Interim Dividend:	25 September 2009
2009 Final Results Announcement:	30 March 2010
Closure of Register of Members:	20 May 2010 – 27 May 2010
Annual General Meeting:	27 May 2010
Payment of 2009 Final Dividend:	28 May 2010
2010 Interim Results Announcement:	August 2010

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INVESTOR INFORMATION

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