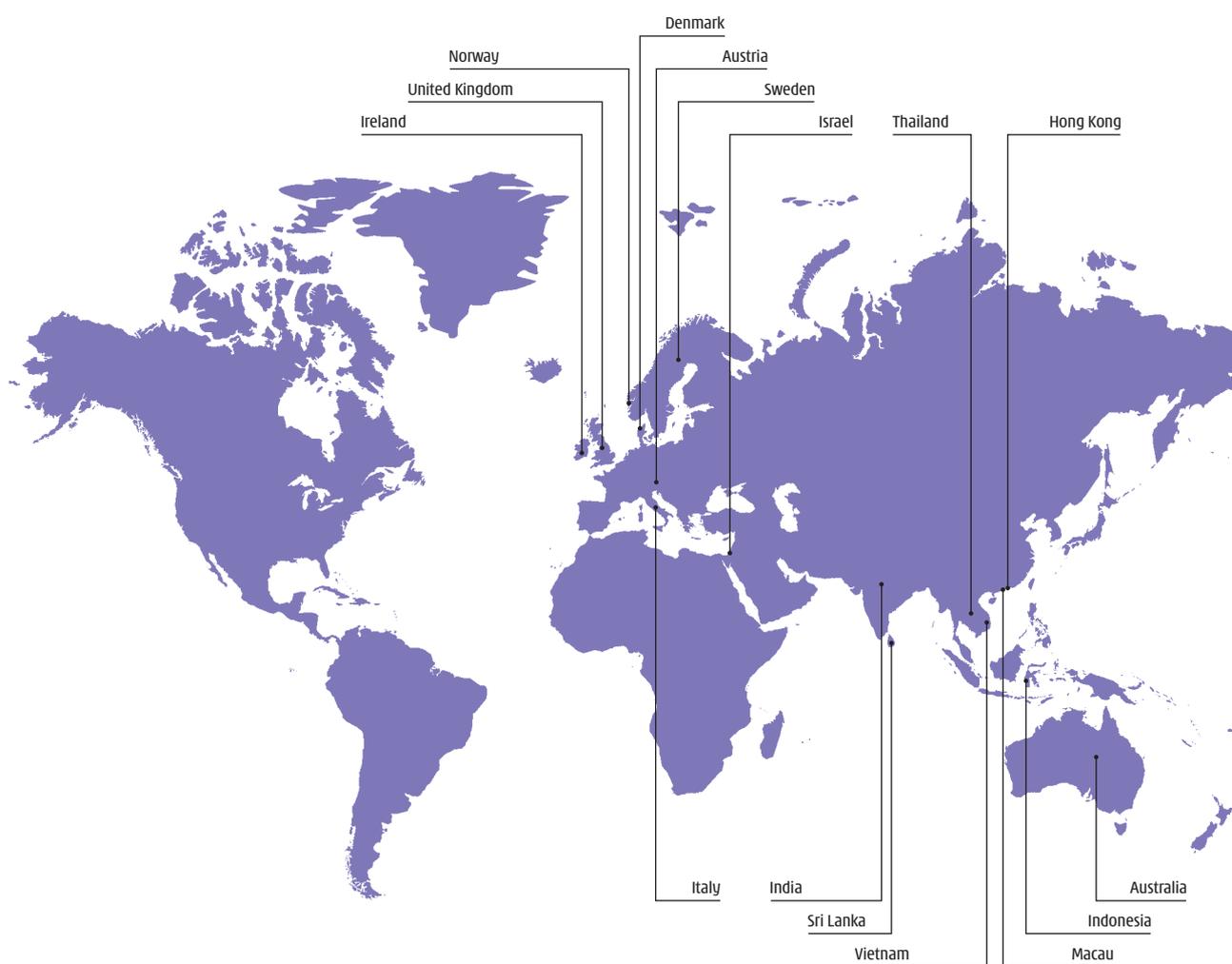




telecommunications

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

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



Operations Review – Telecommunications

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



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

Hutchison Telecommunications International

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

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

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

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



- 3 Hong Kong launches iPhone 3G with overwhelming response.

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

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

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

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

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

60% to HK\$37 million, mainly due to the increase in regulatory charges and higher network costs.

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

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

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

Operations Review – Telecommunications

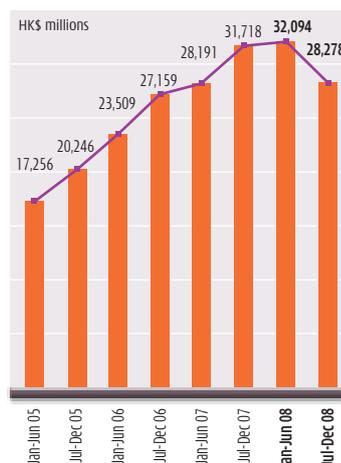
3 Group

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

Total Registered 3G Customers



3 Group's Total Revenue



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

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

The Group's registered 3G customer base (including the 3G customers of Hong Kong, Macau and Israel under HTIL) grew 17% during the year to over 20.0 million at 31 December 2008 and currently totals over 20.7 million. The proportion of active customers in the 3 Group's registered customer base and contract customer base was approximately 79% and 97% respectively at the end of the year, compared to 79% and 98% respectively at the end of 2007. Most of the 3G mobile operations within the 3 Group continued to increase their respective market share in 2008, measured by customer numbers, particularly in the UK, Denmark, Austria, and Australia, which have achieved strong customer growth. ARPU, on a 12-month trailing average basis, decreased 16% in 2008 to €33.50, largely due to regulatory reductions on mobile termination and roaming rates

and the continuing increase in the proportion of mobile broadband customers added during the year. Mobile broadband customers characteristically generate lower ARPU, but higher gross margins than handset customers. As a result of the growth in the customer base partially offset by lower ARPU, the 3 Group reported total revenue of HK\$60,372 million, a 1% increase from 2007.

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

in increasing the proportion of higher gross margin customers, all operations reported increased gross margin as a percentage of revenues compared to 2007.

To further maximise the customer experience with the 3 Group's high-speed mobile broadband network, 3 Group has designed and developed innovative yet affordable and simple-to-use consumer mobile devices that put social networking, email and instant messaging at the heart of mass-market mobiles. Sales of the 3 Group's extensive range of mobiles, including 3 Skype phones and the recently launched INO¹ have been encouraging. The latter won the GSM Association global award for the "Best Mobile Handset or Device" for 2009.

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

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



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



● The INO¹ is the world's first social mobile phone and is judged "Best Mobile Handset or Device" for 2009 by the GSM Association.

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

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

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

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

Operations Review – Telecommunications

Key Business Indicators

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

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

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

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

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

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

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

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

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

UK and Ireland

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

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

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

Italy

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

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

Australia

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



● 3 Australia continues to maintain strong customer growth.

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

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

Other 3 Group Operations in Europe

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

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

Interest Expense, Finance Costs and Tax

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

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

Summary

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

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

Fok Kin-ning, Canning

Group Managing Director

Hong Kong, 26 March 2009