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