Hutchison Whampoa Limited

stock code: 13

2010 Annual Report

Milestones Achieved
through Solid Fundamentals

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 52 countries across the world with approximately 240,000 employees. We have a strong commitment to the highest standards of corporate governance, transparency and accountability, which has 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 other operations; and telecommunications.

Ports and Related Services

We are one of the world's largest privately owned container terminal operators, holding interests in 51 ports comprising 308 berths in 25 countries, including container terminals operating in six of the 10 busiest container ports in the world. In 2010, our ports handled a total throughput of 75 million twenty-foot equivalent units. 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

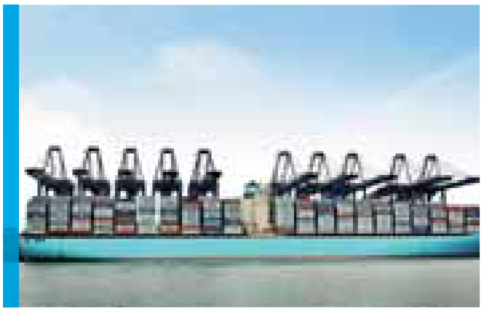
A S Watson ("ASW") is one of the world's leading health and beauty retailers with over 9,300 retail stores in 33 markets worldwide. Its diverse retail portfolio comprises health and beauty products, luxury perfumeries and cosmetics, supermarkets, consumer electronics and electrical appliances, and airport 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 United Kingdom, the Mainland, Australia, New Zealand, 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 Energy") 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 multi-media mobile, second-generation ("2G") mobile, fixed-line, Internet and broadband services, including international connectivity services over both fibre-optic and mobile networks.



Business Highlights 2010

January February March

- Hutchison China MediTech Limited ("Chi-Med") announces that an additional three of its drugs have been included in the 2009 edition of the Medicines Catalogue announced by the Ministry of Human Resources and Social Security in the Mainland.
- Husky Oil China Limited ("Husky Oil China") makes its third significant gas discovery on Block 29/26 in the South China Sea.
- Husky Energy issues C$700 million in medium term notes in two tranches: C$300 million at 3.75% maturing on 12 March 2015 and C$400 million at 5% maturing on 12 March 2020.
- ASW hosts its first Global Supplier Conference in Hong Kong on 4 March, presenting strategies and latest initiatives on meeting the demand of customers across its wide ranging portfolio that covers 33 markets.
- Harbour Plaza Hong Kong rises to new heights as it is rebranded as Harbour Grand Kowloon.
- PARKnSHOP opens the first TASTE in Guangzhou, also the first in the Mainland.

April May June

- CKI enters into an agreement with BG Energy Holdings Limited to acquire a 50% stake in Seabank Power Limited ("Seabank"), an electricity generating company located near Bristol in the UK. Subsequently Hongkong Electric Holdings Limited ("HEH") acquires half of the stake held by CKI, resulting in each owning a 25% stake in Seabank.
- Husky Oil China completes drilling and successful testing of the first appraisal well at the Liuhua 29-1 discovered on Block 29/26 in the South China Sea with encouraging results.
- Husky Energy announces that oil production has been achieved from the North Amethyst field offshore Newfoundland and Labrador. North Amethyst is the first satellite field development at Husky Energy's White Rose project and is producing less than four years after discovery.
- The proposal to privatise Hutchison Telecommunications International Limited ("HTIL") is sanctioned by the Grand Court of the Cayman Islands and becomes effective on 25 May.
- Europe Container Terminals in Rotterdam and inland terminal Combined Cargo Terminals BV jointly establish a new company to operate the existing container terminal in Moerdijk in the Netherlands.

July August September

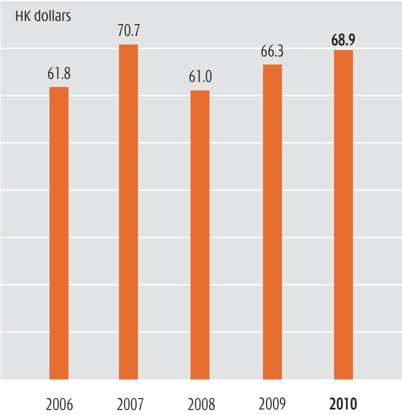
- Husky Energy signs a purchase agreement to acquire natural gas properties in West Central Alberta, which will significantly add to Husky Energy's production and reserves and extend the optimum utilisation of its Ram River Gas Plant.
- The Hongkong Electric Company Limited ("HK Electric") commissions Hong Kong's largest solar power system on Lamma Island. The system is expected to generate 620,000 units of electricity annually.
- Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") incorporates the residential fixed-line services provided by its subsidiary Hutchison Global Communications into "**3**". The new "3ree Broadband" brand integrates residential fixed broadband, residential telephone line, IDD, mobile and Wi-Fi services to provide a one-stop solution for cutting-edge broadband services.
- Yantian International Container Terminals' final container berth of the Yantian Port Expansion Project commences commercial trial operations.
- CKI issues US$1 billion of 6.625% guaranteed perpetual capital securities.
- **3** UK signs an agreement with Everything Everywhere to further combine their 3G access networks.
- Gdynia Container Terminal and The Port of Gdynia Authority sign an agreement to jointly develop a deep water berth at the Bulgarskie Wharf of the Port of Gdynia. The new deepwater berth is expected to be operational in mid 2012.

October November December

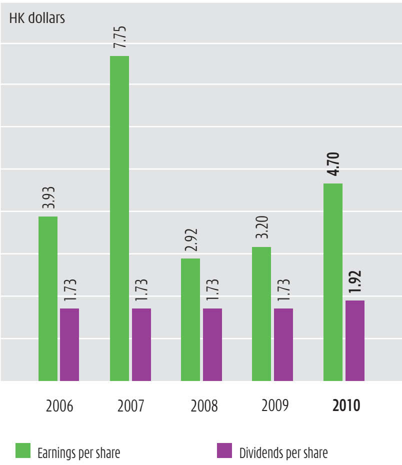
- A consortium led by CKI and HEH completes a transaction to acquire an electricity distribution asset in the UK. The newly acquired asset comprises three regional networks with a distribution area covering London, Southeast England and the East of England, which distribute approximately 28% of the electrical power in the country. A new company, UK Power Networks Holdings Limited, has been formed to own and manage the asset.
- Husky Energy signs an C$860 million purchase agreement with ExxonMobil Canada Ltd to acquire oil and natural gas properties in Alberta and Northeast British Columbia. The acquisition adds 21,900 barrels of oil equivalent per day ("BOEs per day") of production and 113 million BOEs of proved and probable reserves in core operating areas.
- Husky Energy raises C$1 billion by way of a public overnight-marketed offering of common shares and a concurrent private placement of common shares to the principal shareholders.
- Chi-Med's subsidiary, Hutchison MediPharma Holdings Limited, raises approximately US$20.1 million via private investments to support the continued development of its substantial pipeline of internally developed research and development programmes.
- HEH proposes to change the name of the company from "Hongkong Electric Holdings Limited" to "Power Assets Holdings Limited" to reflect the increasingly diverse worldwide interests of the company and its strategic focus on investing in power and utility related businesses outside Hong Kong.
- Watsons China extends its retail network to over 140 cities in the Mainland. Currently with over 800 stores, Watsons will reach 1,000 stores in 200 cities in 2011.
- Metro Broadcast Corporation Limited's application for a 12-year sound broadcasting licence to provide digital audio broadcasting (DAB) services in Hong Kong is approved in principle by the government.
- Hutchison Whampoa Properties acquires land with an aggregate gross area of approximately 778,975 square metres in Dalian, Chongqing, Nanjing, Zhongshan and Shanghai for residential and commercial development.

Financial Highlights

Net Assets Attributable to Ordinary Shareholders of the Company per Share



Earnings and Dividends per Ordinary Share



	2010 HK$ millions	As restated [5] 2009 HK$ millions		Change
Income statement highlights				
Total revenue [1]	**325,922**	300,549	+	8%
Earnings before interest expense and tax ("EBIT") [2] and before the following	**42,140**	28,184	+	50%
Change in fair value of investment properties and profit on disposal of investments	**4,198**	14,135	-	70%
Total EBIT	**46,338**	42,319	+	9%
Profit attributable to ordinary shareholders of the Company	**20,038**	13,631	+	47%
Statement of financial position highlights				
Fixed assets, investment properties, leasehold land and telecommunications licences	**306,985**	318,456	-	4%
Total cash, liquid funds and other listed investments	**116,237**	115,734		–
Total principal amount of bank and other debts	**247,362**	259,089	-	5%
Net debt [3]	**131,125**	143,355	-	9%
Total assets	**721,177**	690,365	+	4%
Total ordinary shareholders' funds and perpetual capital securities	**309,497**	282,499	+	10%
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")	**85,475**	82,389	+	4%
Total telecommunications CACs	**(20,340)**	(19,000)	-	7%
EBITDA after all telecommunications CACs	**65,135**	63,389	+	3%
Funds from operations before capital expenditures and working capital changes ("FFO") and telecommunications CACs	**48,895**	41,285	+	18%
Telecommunications CACs, subsidiaries only	**(16,013)**	(16,544)	+	3%
FFO	**32,882**	24,741	+	33%
Capital expenditures	**22,344**	19,576	+	14%
Key ratios and other information				
Net debt to net total capital ratio [3]	**26.2%**	29.9%	-	3.7%
EBITDA before all telecommunications CACs net interest coverage ratio	**13.6 times**	11.5 times	+	2.1 times
Earnings per share for profit attributable to ordinary shareholders of the Company (HK$)	**4.70**	3.20	+	46.9%
Dividends per share (HK$)	**1.92**	1.73	+	11%

(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 non-controlling 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 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 2010 (See note 1 to the accounts).

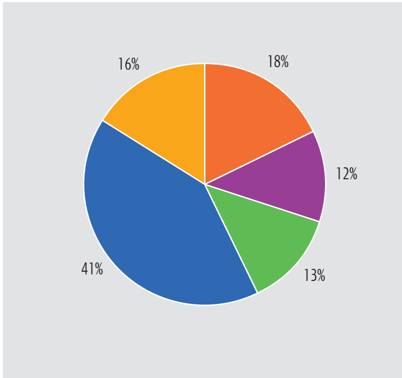
Analyses by Core Business of Total Revenue and EBIT

	2010 HK$ millions	As restated (1) 2009 HK$ millions	Change
Total Revenue (2)			
Ports and related services	**37,728**	33,427	+ 13%
Property and hotels	**16,159**	13,912	+ 16%
Retail	**123,177**	116,098	+ 6%
Cheung Kong Infrastructure	**18,265**	14,980	+ 22%
Husky Energy	**45,213**	35,808	+ 26%
Finance & Investments	**1,867**	2,515	- 26%
Hutchison Telecommunications Hong Kong Holdings	**9,880**	8,449	+ 17%
Hutchison Asia Telecommunications	**2,486**	1,855	+ 34%
Telecommunications - Israel Operations	**–**	9,890	n/a
Others	**6,942**	6,025	+ 15%
3 Group	**64,205**	57,590	+ 11%
Total	**325,922**	300,549	+ 8%
Earnings before interest expense and tax ("EBIT")			
Established businesses			
Ports and related services	**11,610**	10,406	+ 12%
Property and hotels	**8,994**	6,430	+ 40%
Retail	**7,866**	5,692	+ 38%
Cheung Kong Infrastructure	**8,454**	6,905	+ 22%
Husky Energy	**3,073**	3,246	- 5%
Finance & Investments	**1,152**	4,079	- 72%
Hutchison Telecommunications Hong Kong Holdings	**1,090**	692	+ 58%
Hutchison Asia Telecommunications	**(2,688)**	(2,681)	–
Telecommunications - Israel Operations	**–**	2,482	n/a
Others	**(342)**	(145)	- 136%
EBIT of established businesses	**39,209**	37,106	+ 6%
EBIT / (LBIT) of the 3 Group	**2,931**	(8,922)	+ 133%
Total EBIT before the following:	**42,140**	28,184	+ 50%
Change in fair value of investment properties			
- share of joint venture's profit on revaluation of investment properties	**2,407**	–	n/a
- other non-cash profit on revaluation of investment properties	**1,791**	1,663	+ 8%
	4,198	1,663	+ 152%
Profit on disposal of investments	**–**	12,472	n/a
Total EBIT	**46,338**	42,319	+ 9%
Interest and other finance costs(2)	**(12,306)**	(13,025)	+ 6%
Profit before tax	**34,032**	29,294	+ 16%
Tax(2)			
Current tax charge	**(5,508)**	(9,453)	+ 42%
Deferred tax credit (charge)	**(2,946)**	1,359	- 317%
Profit after tax	**25,578**	21,200	+ 21%
Non-controlling interests and perpetual capital securities holders interests(2)	**(5,540)**	(7,569)	+ 27%
Profit attributable to ordinary shareholders	**20,038**	13,631	+ 47%

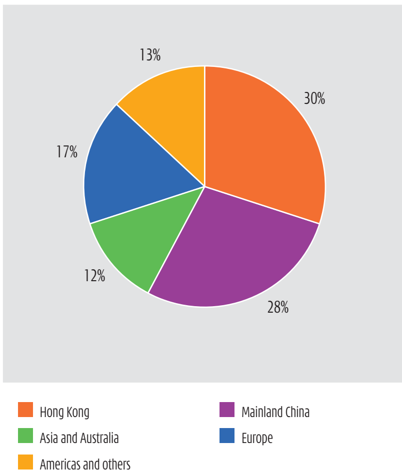
(1) The Group has adopted Husky Energy's new accounting policy in 2010 with retrospective effect and as a result the comparative information has been restated. See note 1(c) to the accounts.

(2) 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.

Total Revenue
by Geographical Location 2010



EBIT – Established Businesses
by Geographical Location 2010



Chairman's Statement

The Group's global operations continued to perform well despite the continuing economic challenges as the world's major economies recover from the severe financial crisis in 2008. The Group's total revenue was HK$325,922 million, 8% higher than last year. The Group's total earnings before interest expense and other finance costs, taxation and non-controlling interests ("EBIT"), before property revaluation and profits on disposal of investments, increased 50% to HK$42,140 million, reflecting a milestone EBIT positive contribution from **3** Group, increased contributions from the property and hotels, retail, Cheung Kong Infrastructure ("CKI"), ports and related services divisions as well as Hutchison Telecommunications Hong Kong Holdings ("HTHKH"). These increases were partially offset by the loss of contribution from the Israel telecommunications operation which was disposed in October 2009 and decreased contributions from the finance and investment division as well as Husky Energy Inc ("Husky Energy").

Subsequent to the year end, the Group completed an Initial Public Offer ("IPO") of units in Hutchison Port Holdings Trust ("HPH Trust") which was listed on the Main Board of the Singapore Stock Exchange on 18 March 2011. HPH Trust holds and operates the Group's interests in deep water container port businesses in the Pearl River Delta in Guangdong Province, including Hong Kong and Yantian ports. The Group currently retains a 27.6% interest in HPH Trust. The market capitalisation of HPH Trust at listing was approximately US$8,800 million (approximately HK$68,500 million) and the Group will report a gain on disposal of approximately US$5,650 million (approximately HK$44,000 million) in its 2011 results.

Results

The Group's profit attributable to shareholders for the year was HK$20,038 million, a 47% increase compared to last year's restated profit of HK$13,631 million. Earnings per share were HK$4.70 (2009 – restated HK$3.20).

The results for the year include the Group's share of its joint venture's profits on revaluation of Beijing Oriental Plaza of HK$2,407 million, which is the subject of a potential IPO. The results also include non-cash profit on revaluation of investment properties of HK$1,791 million (2009 – HK$1,663 million). There were no profits on disposal of investments in 2010 (2009 – HK$12,472 million). Excluding the non-cash revaluation of investment properties in both years and the 2009 profits on disposal of investments, profit attributable to shareholders totalled HK$18,559 million in 2010, 323% higher than the comparable results in 2009.

Dividends

The Board recommends the payment of a final dividend of HK$1.41 per share, a 16% increase, (2009 – HK$1.22 per share) payable on 23 May 2011 to those persons registered as shareholders on 20 May 2011. Combined with the interim dividend of HK$0.51 per share, the full year dividend amounts to HK$1.92 per share (2009 – HK$1.73 per share), an 11% increase. The register of members will be closed from 13 May 2011 to 20 May 2011, both dates inclusive.

Established Businesses

Ports and Related Services

The ports and related services division's total throughput grew 15% to 75.0 million twenty-foot equivalent units in 2010 and total revenue grew 13% to HK$37,728 million. The division reported EBIT of HK$11,610 million, 12% higher than last year, mainly due to higher throughput, improved operational efficiency and the benefits from cost saving initiatives implemented last year.

Property and Hotels

The property and hotels division reported total revenue of HK$16,159 million, a 16% increase compared to 2009. Gross rental income of HK$3,949 million was 4% higher than last year, with the rental properties portfolio 97% let. Development profits for 2010 were 16% higher than for last year and arose mainly from the completion and sale of property units in various residential projects in the Mainland, and also in Singapore and Hong Kong. In addition, a profit of HK$1,638 million was realised on the disposal of the Group's interest in an investment property. The hotel operations also reported strong earnings growth. This division's total EBIT, excluding property revaluation gains, increased 40% to HK$8,994 million.

Retail

The retail division delivered strong EBIT growth in the year. Total revenue grew by 8% in local currencies and by 6% in Hong Kong dollars to HK$123,177 million. EBIT increased 38% to HK$7,866 million, driven by management's strong commitment to improving operating efficiencies, reducing inventory levels, increasing centralised purchasing and continued expansion in high growth markets.

Cheung Kong Infrastructure

CKI, a Hong Kong listed subsidiary, announced its group turnover and its share of jointly controlled entities' turnover totalling HK$4,151 million, a 2% increase over last year, and profit attributable to shareholders of HK$5,028 million, compared to a profit of HK$5,568 million in 2009. While the profit was lower than the previous year, the result for 2009 benefited from a one-time disposal gain of HK$1,314 million arising from the sale of Mainland China power assets to Power Assets Holdings (formerly known as Hongkong Electric Holdings). Excluding the effect of this one-time gain, CKI's profit attributable to shareholders increased 18%.

Husky Energy

Husky Energy, a Canadian listed associate company, announced sales and operating revenues of C$18,178 million, 21% above last year, mainly due to higher average realised crude oil and bitumen prices, partially offset by the effects of a stronger Canadian dollar and lower oil and natural gas production. Average total upstream production in 2010 was 287,100 barrels of oil equivalent per day ("BOEs per day") compared to 306,500 BOEs per day in 2009. Net earnings of C$1,173 million in 2010 were 17% lower than last year, primarily attributable to the effects of a stronger Canadian dollar, lower production, lower US refining margins, which were also adversely impacted by a pipeline for delivery to the US that was damaged and closed for a period, as well as increased depletion charges in South East Asia.

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$1,152 million, 72% below last year, mainly due to one-time 2009 profits totalling HK$2,340 million, which included profits from the disposal of certain listed equity investments, repurchase of some of the Group's bonds and foreign exchange gains on repayment of loans, as well as lower market interest rates in 2010.

At 31 December 2010, the Group's consolidated cash and liquid investments totalled HK$116,237 million and consolidated debt amounted to HK$247,362 million, resulting in consolidated net debt of HK$131,125 million. In March 2011, the Group's consolidated net debt benefited from the net cash proceeds of approximately HK$45,000 million from the IPO of HPH Trust which significantly reduced consolidated net debt and the Group's net debt to net total capital ratio is expected to reduce to around 20% in 2011.

Hutchison Telecommunications Hong Kong

HTHKH, a Hong Kong listed subsidiary with telecommunications operations in Hong Kong and Macau, announced turnover of HK$9,880 million and net profit attributable to shareholders of HK$755 million, a 17% and 61% increase respectively over last year. HTHKH announced its total mobile active customer base in Hong Kong and Macau had reached 3.2 million as of 31 December 2010.

Hutchison Asia Telecommunications

Hutchison Asia Telecommunications' start-up mobile operations in Indonesia and Vietnam, as well as mobile operations in Sri Lanka reported total revenue of HK$2,486 million, a 34% increase compared to last year. LBIT of HK$2,688 million was in line with the LBIT of HK$2,681 million last year. At 31 December 2010, Hutchison Asia Telecommunications had a mobile customer base of 25.7 million, a 101% increase during the year.

3 Group

3 Group revenue grew 10% in local currencies for the year and after translation to Hong Kong dollars, increased 11% to total HK$64,205 million. **3** Group overall achieved a major milestone of EBIT positive operating results in the second half of 2010. All operations, except **3** Ireland, achieved EBIT positive operating results in this period. In addition, **3** UK recognised a one-time substantial benefit of HK$6,010 million arising from a revised **3** UK network sharing arrangement whereby **3** UK received the right of use of approximately 3,000 cell sites, free of acquisition and future operating costs, partially offset by one-time provisions of HK$3,742 million mainly related to the restructuring of **3** UK's network infrastructure. **3** Italia also recognised a one-time substantial benefit of HK$1,489 million with reference to the assignment of two blocks of 5MHz of 1,800MHz spectrum. These one-time gains more than offset the LBIT of the **3** Group in the first half of 2010 and these new valuable assets provide a significant contribution to the **3** Group's competitive position and cost saving initiatives. **3** Group achieved its first full year positive EBIT result totalling HK$2,931 million, an HK$11,853 million or 133% turnaround from last year's LBIT of HK$8,922 million. The improvement in **3** Group's operating results reflect customer base and revenue growth and a continuing focus on reducing operating costs.

3 Group's customer base continued to grow, particularly in the second half of the year when the **3** Group focused on attracting higher value, smartphone customers, supported by the enhanced supply of high quality smartphones. The Group's registered 3G customer base increased 13% during the year and currently totals over 29.6 million customers. The **3** Group's customer base includes approximately 6.0 million mobile broadband access customers, a 32% increase from last year.

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

Outlook

The global financial crisis in 2008 presented one of the most severe economic challenges of the last one hundred years and the continuing recovery process adds an element of instability to markets and the potential for inflationary pressures. Despite these challenges, the Group's businesses performed well and reported both improved and growing profits in 2010.

The economy of Hong Kong is expected to be stable and continues to benefit from the Mainland's rapid development. While economic conditions remain challenging, the Group's global operations are still expected to continue to perform well. With the completion of the investment phase of the **3** Group, and its EBIT positive results, the Group has entered a new era when the **3** Group will no longer be a drag on profits and instead, make a positive contribution. The established businesses are expected to continue their strong growth and generate strong profits as well as harvest surplus cash. Combined with the substantial net cash proceeds of HK$45,000 million received from the IPO of HPH Trust, the Group's stronger balance sheet and cash flow provide a firm foundation for the Group's future. The Group has a very healthy future in the near, medium and long term, and it is expected that there will be varying degrees of growth among the Group's operations in 52 countries. The Group will continue to increase its investments around the world. Looking ahead, I am optimistic and confident about the Group's future prospects.

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

Li Ka-shing
Chairman

Hong Kong, 29 March 2011

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 other operations; and telecommunications.

Ports and Related Services

Energy and Infrastructure, Finance and Investments and Other Operations

Property and Hotels

Retail

Telecommunications

The Group reported total revenue, including the Group's share of associated companies' and jointly controlled entities' revenue, of HK$325,922 million, an increase of 8% compared to 2009. This comprises total revenue from the established businesses of HK$261,717 million, an 8% increase, and from the **3** Group of HK$64,205 million, an 11% increase. Total earnings before interest expense and finance costs, taxation and non-controlling interests ("EBIT") before property valuation and profits on disposal of investments, increased 50% to HK$42,140 million. EBIT for the Group's established businesses totalled HK$39,209 million, a 6% increase. EBIT of the **3** Group reached a milestone of first year positive results totalling HK$2,931 million, a 133% turnaround from the LBIT of HK$8,922 million in 2009. The Group's results include a profit on investment properties revaluation of HK$4,198 million (2009 – HK$1,663 million). There were no profits on disposal of investments in 2010 (2009 – HK$12,472 million).

The profit attributable to shareholders for the year was HK$20,038 million, a 47% increase compared to last year's restated profit of HK$13,631 million.

Financial Performance Summary

	2010 HK$ millions	Restated[1] 2009 HK$ millions	Change
Total revenue [2]			
Ports and related services	**37,728**	33,427	**+ 13%**
Property and hotels	**16,159**	13,912	**+ 16%**
Retail	**123,177**	116,098	**+ 6%**
Cheung Kong Infrastructure	**18,265**	14,980	**+ 22%**
Husky Energy	**45,213**	35,808	**+ 26%**
Finance and Investments	**1,867**	2,515	**- 26%**
Hutchison Telecommunications Hong Kong Holdings	**9,880**	8,449	**+ 17%**
Hutchison Asia Telecommunications	**2,486**	1,855	**+ 34%**
Telecommunications – Israel operations	**-**	9,890	**N/A**
Others	**6,942**	6,025	**+ 15%**
3 Group	**64,205**	57,590	**+ 11%**
Total	**325,922**	300,549	**+ 8%**
Established businesses			
Ports and related services	**11,610**	10,406	**+ 12%**
Property and hotels	**8,994**	6,430	**+ 40%**
Retail	**7,866**	5,692	**+ 38%**
Cheung Kong Infrastructure	**8,454**	6,905	**+ 22%**
Husky Energy	**3,073**	3,246	**- 5%**
Finance and Investments	**1,152**	4,079	**- 72%**
Hutchison Telecommunications Hong Kong Holdings	**1,090**	692	**+ 58%**
Hutchison Asia Telecommunications	**(2,688)**	(2,681)	**-**
Telecommunications – Israel operations	**-**	2,482	**N/A**
Others	**(342)**	(145)	**- 136%**
EBIT of established businesses	**39,209**	37,106	**+ 6%**
EBIT / (LBIT) of the 3 Group	**2,931**	(8,922)	**+ 133%**
Total EBIT before the following:	**42,140**	28,184	**+ 50%**
Change in fair value of investment properties			
– Share of joint venture's profit on revaluation of investment properties	**2,407**	–	**N/A**
– Other non-cash profit on revaluation of investment properties	**1,791**	1,663	**+ 8%**
	4,198	1,663	**+ 152%**
Profits on disposals of investments	**-**	12,472	**N/A**
Total EBIT	**46,338**	42,319	**+ 9%**
Interest expenses and finance costs [2]	**(12,306)**	(13,025)	**+ 6%**
Profit before tax	**34,032**	29,294	**+ 16%**
Tax [2]			
Current tax	**(5,508)**	(9,453)	**+ 42%**
Deferred tax credit / (charge)	**(2,946)**	1,359	**- 317%**
Profit after tax	**25,578**	21,200	**+ 21%**
Non-controlling interests and perpetual capital securities holders interests [2]	**(5,540)**	(7,569)	**+ 27%**
Profit attributable to ordinary shareholders	**20,038**	13,631	**+ 47%**

(1) The Group has adopted Husky Energy's new accounting policy in 2010 with retrospective effect and as a result the comparative information has been restated. See Note 1(c) to the accounts.

(2) 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.

Ports
and Related Services

- Total revenue increased 13% to HK$37,728 million.
- EBIT increased 12% to HK$11,610 million.
- Annual throughput increased 15% to 75 million twenty-foot equivalent units ("TEUs").

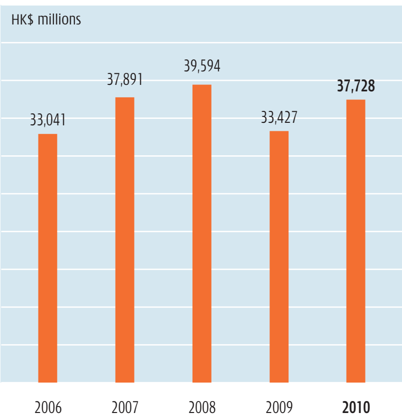
The Group is one of the world's leading port investors, developers and operators with interests in a total of 51 ports comprising 308 berths in 25 countries. The Group operates container terminals in six of the 10 busiest container ports in the world.

Yantian International Container Terminals' state-of-the-art quay crane is able to tandem lift four TEUs to boost quayside ability.

Total revenue of the ports and related services division increased 13% to HK$37,728 million, mainly due to a 15% increase in annual throughput to 75.0 million TEUs. The throughput increase reflects a recovery in global trade volumes during the year. The division's various ports in Hong Kong and the Mainland, other Asian countries, Europe, the Americas, and the Middle East and Africa recorded combined throughput growth of 15%, 14%, 12%, 27% and 11% respectively. The division's EBIT increased 12% to HK$11,610 million, mainly due to throughput growth and improvements in operational efficiency, as well as benefits from various cost saving programmes. The division contributed 14% and 30% respectively to the total revenue and EBIT of the Group's established businesses.

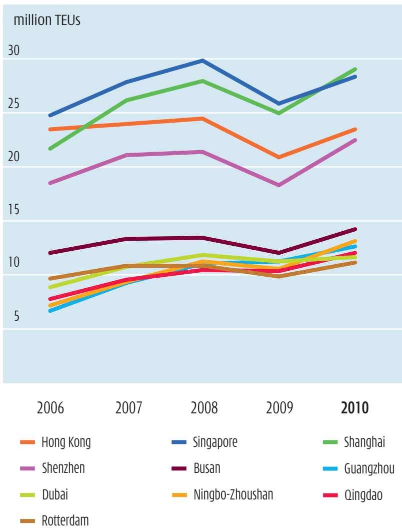
	2010 HK$ millions	2009 HK$ millions	**Change**
Total Revenue	**37,728**	33,427	**+13%**
EBIT	**11,610**	10,406	**+12%**

Total Revenue



Total Container Throughput

Comparison of Throughput at World's Busiest Container Ports



Hong Kong and Yantian

Name	Location	Ports Division's Interest	2010 Throughput
			(thousand TEUs)
Hongkong International Terminals/ COSCO-HIT Terminals	Kwai Tsing, Hong Kong	66.5%/ 33.25%	11,040 (Note)
Yantian International Container Terminals/ Yantian International Container Terminals (Phase III)/ Shenzhen Yantian West Port Terminals	Yantian, Mainland China	48%/ 42.74%/ 42.74%	10,134
River Trade Terminal	Tuen Mun, Hong Kong	50%	1,921

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, ie traffic to and from the Pearl River Delta via barges. The published statistics are not directly comparable to throughput figures of Hongkong International Terminals ("HIT") and COSCO-HIT Terminals ("COSCO-HIT") shown in the above table. For 2009 and 2010, the HIT and COSCO-HIT figures include volumes in relation to lighterwork and the water-borne traffic so as to make the figures more comparable to statistics used by the industry.

The Group's deep-water port operations in Hong Kong and Yantian serve the Shenzhen and Southern China manufacturing basin. Combined throughput and EBIT of these operations increased by 17% and 12% respectively.

An aerial view of HIT.

In Hong Kong, HIT operates Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing and COSCO-HIT, a joint venture company, operates Terminal 8 East. Combined throughput at HIT and COSCO-HIT increased 16% compared to last year, primarily due to the expansion of intra-Asia services. EBIT was 7% above last year, mainly due to strong throughput growth partially offset by the continued tariff pressure from increased capacity in the region and the increased proportion of lower-tariff services, which generated lower average revenue per TEU.

Yantian ports include Yantian International Container Terminals Phases I to III and Shenzhen Yantian West Port Terminals. Throughput and EBIT were 18% and 15% above last year respectively, mainly due to strong growth in US and European exports. The Yantian Port Phase III expansion project is progressing. The final berth commenced trial operation in September 2010 and the entire project is due for completion by mid 2011.

Other operations of this sub-division include the midstream and various 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 13% higher throughput than last year.

In March 2011, the Group completed an Initial Public Offering of units in Hutchison Port Holdings Trust ("HPH Trust"), which was listed on the Main Board of the Singapore Exchange Securities Trading Limited. HPH Trust has been established as a new publicly traded entity to hold, operate and develop all of the Group's existing and future deep-water container port businesses in Guangdong Province in the Mainland, Hong Kong and Macau. The initial principal assets of HPH Trust include the Group's interests in the deep-water container ports in Hong Kong and Yantian, the midstream and certain other river trade businesses related to the deep-water container businesses.

Europe

Name	Location	Ports Division's Interest	2010 Throughput
			(thousand TEUs)
Europe Container Terminals/ Amsterdam Container Terminals	The Netherlands	93.5%/ 70.08%	9,215
Hutchison Ports (UK) - Felixstowe/ Harwich/ London Thamesport	United Kingdom	100%/ 100%/ 80%	3,810
Terminal Catalunya	Spain	90%	928
Taranto Container Terminal	Italy	50%	589
Gdynia Container Terminal	Poland	99.15%	199
Container Terminal Frihamnen	Sweden	100%	27

The European port operations comprise Europe Container Terminals ("ECT") and Amsterdam Container Terminals ("ACT") in the Netherlands, the UK ports, Terminal Catalunya ("TERCAT") in Spain, Taranto Container Terminal ("TCTI") in Italy, Gdynia Container Terminal ("GCT") in Poland and Container Terminal Frihamnen ("CTF") in Sweden.

The port operations in the Netherlands, consisting of ECT (including City Terminal, Delta Terminal and the newly launched Euromax Terminal) principally operating in Rotterdam and ACT in Amsterdam, reported combined throughput growth of 17%. Combined EBIT decreased by 53% from last year, primarily due to higher concession rental and depreciation expenses subsequent to the launch of the commercial operation of the Euromax Terminal in June 2010. ECT together with the inland terminal Combined Cargo Terminals BV in Moerdijk has jointly established a new organisation, Moerdijk Container Terminals ("MCT") during the year. MCT will further develop as an extended gate for the ECT terminals in Rotterdam and as a hinterland terminal for the nearby sea ports.

A new barge terminal at Trimodal Container Terminal Venlo, a subsidiary of ECT, is officially opened in June.

The Group's UK port operations, consisting of Felixstowe, Harwich and London Thamesport, reported a combined throughput increase of 8% compared to last year, reflecting the modest economic recovery in the UK and Continental Europe. EBIT was 1% higher compared to last year, mainly due to higher throughput partially offset by the unfavourable foreign currency translation into the Group's reporting currency. In local currency, EBIT increased by 5%. 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 in Spain, reported a throughput increase of 2% compared to last year, reflecting a slow recovery from the economic downturn. EBIT, however, decreased by 12% from last year, mainly due to lower average revenue per TEU and the unfavourable foreign currency translation into the Group's reporting currency. In local currency, EBIT decreased by 8%.

GCT at the Port of Gdynia in Poland reported a throughput increase of 33% but a decrease in EBIT of 10% from last year, due to higher concession rental and depreciation expenses as well as unfavourable foreign currency translation into the Group's reporting currency. In local currency, EBIT decreased by 6%.

The division's European ports network also includes TCTI at the Port of Taranto in Italy and CTF in Sweden. The results of these container terminals were adversely affected, to varying degrees, by the slower growth of European trade volumes.

The Mainland

Name	Ports Division's Interest	2010 Throughput
		(thousand TEUs)
Shanghai Container Terminals/ Shanghai Mingdong Container Terminals (Waigaoqiao Phase V)/ Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	37%/ 50%/ 30%	9,061
Ningbo Beilun International Container Terminals	49%	2,044
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%	1,283
Xiamen International Container Terminals/Xiamen Haicang International Container Terminals	49%	1,171

These operations include interests in three Shanghai area ports, Ningbo, six ports in Southern China and Xiamen.

The division's Shanghai ports reported a combined throughput and EBIT increase of 10% and 11% respectively, reflecting an increase in domestic cargo as well as higher volumes from new services and foreign cargoes on the Japan, Korea, intra-Asia and Middle East trade lanes.

Yantian International Container Terminals, Shenzhen, China.

Ningbo Beilun International Container Terminals reported a 15% and 21% increase in throughput and EBIT respectively, mainly due to increased volume as a result of the recovery in manufacturing activities.

Ports in Southern China include six joint-venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Shantou and Huizhou. Although combined container throughput increased 11%, EBIT decreased by 7% due to additional depreciation for the new Phase II terminal at Gaolan, Zhuhai, which commenced commercial operations in 2010 and comprises two container berths with a total quay length of 824 metres. In Huizhou, the development of a new container terminal by Huizhou International Container Terminals, in which the division has an 80% interest, is progressing. This facility will be Huizhou Port's first dedicated container terminal and will have a total berth length of 800 metres and an area of 60 hectares. The first berth is targeted to be operational in 2012.

In Xiamen, the division's two container terminals reported an increase of 26% and 12% in combined throughput and EBIT respectively due to the recovery of international trade, in particular volume growth in the Middle East and intra-Asia trade lanes.

North & South Asia and Australia

Name	Location	Ports Division's Interest	2010 Throughput
			(thousand TEUs)
Westports Malaysia	Malaysia	31.5%	5,567
Jakarta International Container Terminal/ Koja Container Terminal	Indonesia	51%/ 44.7%	2,850
Hutchison Korea Terminals/ Korea International Terminals	South Korea	100%/ 88.9%	2,464
Hutchison Laemchabang Terminal/ Thai Laemchabang Terminal/ Laemchabang International Ro-Ro Terminal	Thailand	80%/ 87.5%/ 80%	1,263
Karachi International Container Terminal	Pakistan	100%	861
Saigon International Terminals	Vietnam	70%	50
South Asia Pakistan Terminals	Pakistan	90%	N/A
Brisbane Container Terminals	Australia	100%	N/A
Sydney International Container Terminals	Australia	100%	N/A

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

In Malaysia, Westports in Klang reported a throughput growth of 25%, mainly due to a strong rebound in Asia-Europe and intra-Asia volumes, particularly transshipment. EBIT increased 32% compared to last year mainly due to higher throughput.

In Indonesia, Jakarta International Container Terminal ("JICT") and the adjacent Koja Container Terminal reported a combined throughput and EBIT increase of 24% and 2% respectively, mainly due to strong throughput growth as a result of increased demand from the local region. The expansion of JICT's facilities is progressing well and is expected to deliver improved service levels that will benefit port users.

Koja Container Terminal rolls out its Next Generation Terminal Management System with technical assistance from JICT and HIT.

Saigon International Terminals, Vietnam officially commences its operations in August.

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 by 15% and losses continued as a result of tariff and throughput pressure.

In Thailand, the Laemchabang container terminals and ro-ro facility reported combined throughput growth of 15% due to trade volume recovery and new feeder services. EBIT decreased 9% compared to last year despite the increased throughput, mainly due to higher concession rental costs.

In Pakistan, Karachi International Container Terminal reported both throughput and EBIT growth of 19% and 49% respectively. The Phase III extension was completed in February 2010 and provided additional capacity to meet the increased demand.

In Vietnam, Saigon International Terminals commenced commercial operations in August 2010.

The development of new concessions in Pakistan, and in Brisbane and Sydney in Australia are progressing in accordance with plans and timetables which reflect expected demand and market conditions.

The Americas and The Caribbean

Name	Location	Ports Division's Interest	2010 Throughput
			(thousand TEUs)
Panama Ports Company	Panama	90%	3,448
Internacional de Contenedores Asociados de Veracruz/ L. C. Terminal Portuaria de Contenedores/ Ensenada International Terminal	Mexico	100%	1,936
Freeport Container Port	The Bahamas	51%	1,125
Buenos Aires Container Terminal Services	Argentina	100%	307

Aerial view of Panama Ports Company's Port of Cristobal, located strategically on the Atlantic side of the Panama Canal.

These operations comprise container terminals in Balboa and Cristobal in Panama; Veracruz, Lazaro Cardenas and Ensenada in Mexico; Freeport in the Bahamas; and Buenos Aires in 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 significantly increased by 46%. EBIT increased by 12% compared to last year. Further expansion and facilities upgrade at Balboa and Cristobal are currently underway.

The results of the Group's ports operations in Mexico are dependent on the economy of the United States due to their close proximity. These ports reported combined throughput and EBIT increases of 37% and 89% respectively, reflecting the recovery in the American and Mexican economies.

Freeport Container Port, on Grand Bahama Island, reported a throughput decline of 15% but an EBIT increase of 52%, mainly due to a gain on disposal of certain fixed assets.

Middle East and Africa

Name	Location	Ports Division's Interest	2010 Throughput
			(thousand TEUs)
International Ports Services	Saudi Arabia	51%	1,407
Alexandria International Container Terminals	Egypt	50%	543
Tanzania International Container Terminal Services	Tanzania	70%	342
Oman International Container Terminal	Oman	65%	104

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.

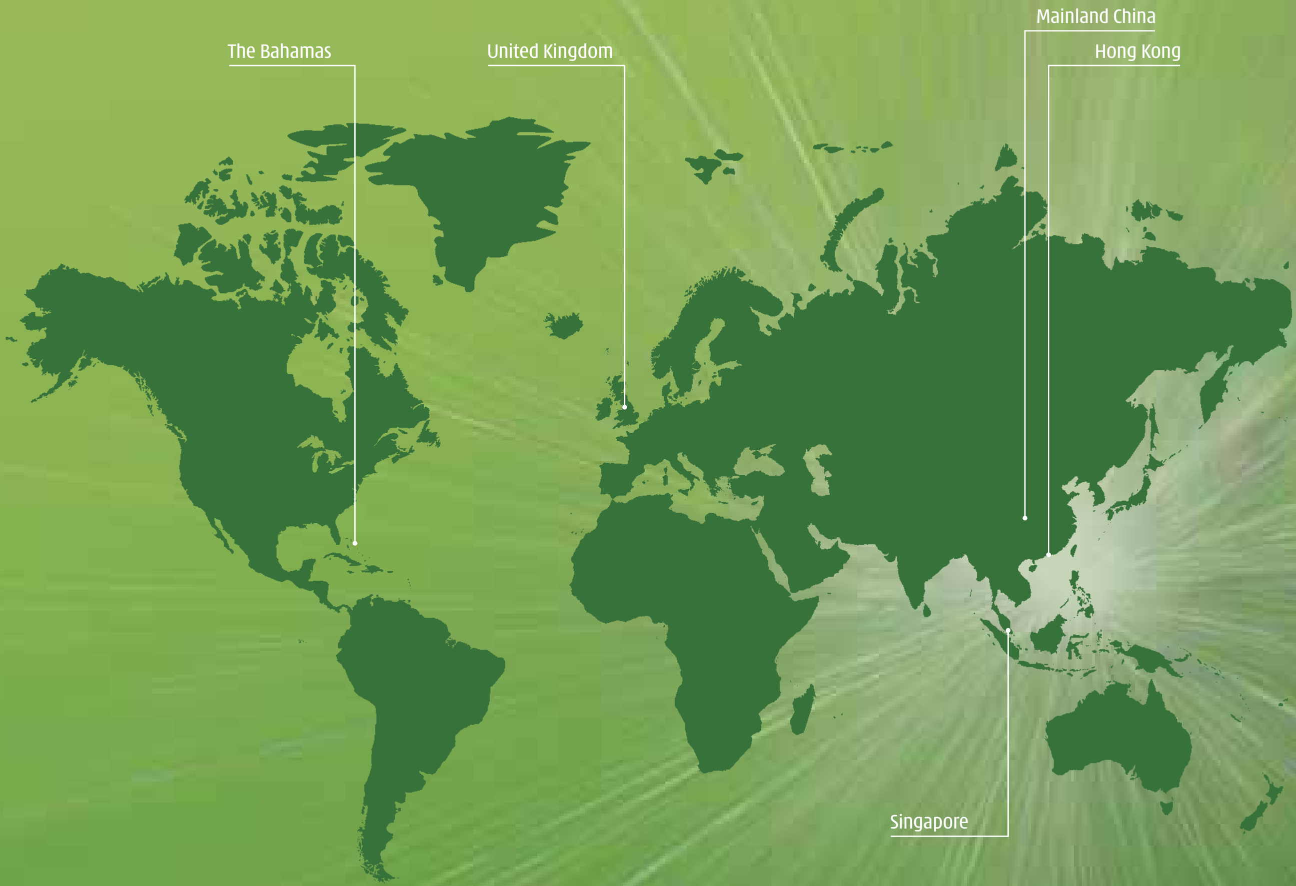
In Saudi Arabia, International Ports Services reported a throughput growth of 12% and an EBIT increase of 15%.

In Egypt, the container handling operations at Alexandria and El Dekheila terminals reported an increase of 13% in both combined throughput and EBIT.

Tanzania International Container Terminal Services reported a throughput increase of 5%. EBIT was 114% higher than last year, mainly due to improved efficiency and cost savings.

Oman International Container Terminal continued to record throughput growth and reduced losses in 2010.

Quay cranes at International Ports Services, Dammam, Saudi Arabia, are servicing a container vessel.



Property and Hotels

- Total revenue increased 16% to HK$16,159 million.
- EBIT improved 40% to HK$8,994 million.
- The hotels division recorded an increase in total revenue and EBIT of 16% and 62% respectively compared to 2009.

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.

Noble Hills Phase 1 in Changsha, China.

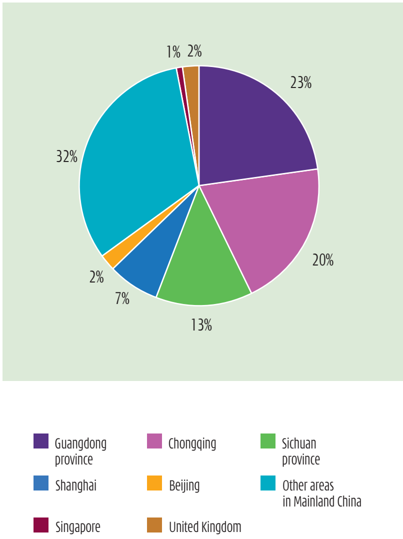
Total revenue of the property and hotels division increased 16% to HK$16,159 million in 2010, with EBIT, excluding property revaluation gains, improving 40% to HK$8,994 million, primarily due to the completion and sale of various residential projects in the Mainland and also Singapore and Hong Kong, the growth in rental income, a HK$1,638 million gain on disposal of the Group's interest in an investment property and the strong earnings growth in the hotel operations. This division contributed 6% and 23% respectively to the total revenue and EBIT of the Group's established businesses. In addition to the EBIT above, the Group recorded an increase in fair value, before deferred tax expense, of HK$4,198 million in 2010 (2009 – HK$1,663 million) in relation to its investment properties and properties under construction.

	2010 HK$ millions	2009 HK$ millions	Change
Total Revenue	**16,159**	13,912	**+16%**
EBIT	**8,994**	6,430	**+40%**

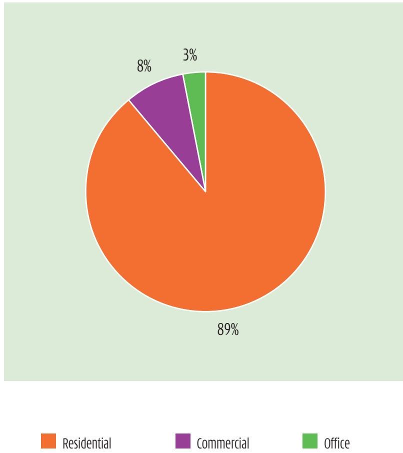
Located along the scenic waterfront of Victoria Harbour, the office towers of The Harbourfront offer a spectacular view of Hong Kong Island's skyline.

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%	100%
Harbourfront Office Towers I and II	Office	863	100%	95%
Hutchison House	Office	504	100%	95%
Aon China Building	Office	259	100%	100%
Whampoa Garden	Commercial	1,714	100%	98%
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 (2009 – 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$3,315 million (2009 – HK$3,180 million), including the Group's share of associated companies' and jointly controlled entities' rental income, was 4% above last year, reflecting higher lease renewal rates in 2009 and 2010. 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%	92%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	90%
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	95%

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 (2009 – 2.3 million square feet). The Group's share of gross rental income of HK$634 million (2009 – HK$607 million) was 4% above last year, mainly due to the trend of increasing rental renewal rates.

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 Seasons Villas and Regency Cove developments in Shanghai, The Riverside project in Guangzhou, the Regency Park project in Shenzhen, as well as the Chengdu Le Parc development, together with the completion and sales of residential units in the Marina Bay development in Singapore and the Caribbean Coast project in Hong Kong. As a result of higher sales activities, development profits increased 16% in 2010.

During 2010, the Group increased its landbank in the Mainland by entering into joint ventures to develop mainly residential properties of approximately 12.6 million square feet, of which the Group's share is 6.3 million square feet. Including these recent additions, the Group's current attributable landbank (including interests held directly and its share of interests held by joint ventures, associates and jointly controlled entities) is approximately 99 million square feet, of which 97% is in the Mainland, 2% in the UK and 1% in Singapore and Hong Kong. This landbank comprises 49 projects in 23 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 2011, the division will continue to focus on the orderly development and sale of its existing landbank projects in the Mainland, Hong Kong, Singapore and the UK markets.

Changchun Regency Residence Phase 2 is located at the heart of the city in Nanguan District, with an excellent transportation network and amenities.

Hong Kong

Major Hong Kong properties 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%	2012

La Mer, Phase V of the Caribbean Coast residential development in Tung Chung, was substantially sold during the year.

The Mainland

The Group has substantially sold all of the remaining residential units in Phases 1A and 1B of the Seasons Villas development in Shanghai, with healthy sales of units in Phases 3 and 4 during 2010. During 2010, the Group completed a number of joint venture residential development projects in the Mainland, mainly Phase 3 (Towers 3 and 6) of the Riverside development in Guangzhou; Phases 1B and 1C of the Noble Hills project in Chongqing; Phases 1B2 and 1B3 of the Noble Hills project in Changsha; Phase 1B of The Greenwich project in Xian; and Phase 2A of Le Parc in Chengdu, amongst others. All of these development projects have generated satisfactory returns to the Group. Pre-sale activities for Phase 2 of the Regency Park project in Changchun, Phase 3 of the Le Sommet project in Shenzhen, and Phase 3 (Towers 4 and 5) of the Riverside project in Guangzhou have commenced with 70%, 99% and 95% of the units presold respectively. The other properties under development in the Mainland are progressing satisfactorily.

The last two 50-storey towers of Guangzhou The Riverside, located above Huangsha Metro overlooking the splendid views of the Pearl River.

Major properties in the Mainland under development

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest	Expected Completion Date
			(thousand sq ft)		
Century Place	Shenzhen	Residential & commercial	1,933	40%	2011
The Riverside and Metropolitan Plaza	Guangzhou	Residential & commercial	1,774	50%	2011
Regency Cove	Shanghai	Residential	262	43%	2011
Noble Hills	Chongqing	Residential	2,839	50%	2012
Metropolitan	Tianjin	Residential & commercial	2,805	40%	2012
The Greenwich	Beijing	Residential	2,576	50%	2012
Cape Coral, Nanan	Chongqing	Residential & commercial	1,621	48%	2012
Regency Residence	Changchun	Residential & commercial	1,655	50%	2012
Noble Hills, Guanlan	Shenzhen	Residential & commercial	1,583	50%	2012
Daya Bay, Aotou	Huizhou	Residential & commercial	906	50%	2012
Lujiazui	Shanghai	Commercial	861	50%	2012
The Greenwich	Xian	Residential & commercial	8,550	50%	2013

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)		
Regency Oasis	Chengdu	Residential & commercial	4,991	50%	2013
Regency Park	Changchun	Residential & commercial	3,758	50%	2013
Cape Coral, Panyu Dashi	Guangzhou	Residential & commercial	3,718	50%	2013
Zengcheng	Guangzhou	Residential & commercial	3,622	50%	2013
Jiading	Shanghai	Residential & commercial	3,551	50%	2013
Zhaomushan	Chongqing	Residential	2,962	50%	2013
Yuhu Mingdi	Guangzhou	Residential & commercial	2,496	40%	2013
Le Sommet	Shenzhen	Residential & commercial	2,458	50%	2013
Regency Park	Changzhou	Residential	2,376	50%	2013
Zhao Xiang Town	Shanghai	Residential	808	50%	2013
Xin Zha Road	Shanghai	Commercial	624	30%	2013
Cuilihu	Zhongshan	Residential & commercial	615	50%	2013
Noble Hills	Changsha	Residential & commercial	5,893	50%	2014
Yingtiandajie, Jianye	Nanjing	Residential & commercial	3,867	50%	2014
Zhoupu	Shanghai	Residential & commercial	3,665	43%	2014
Century Link	Shanghai	Commercial	2,351	25%	2014
Laopu Pian	Wuhan	Residential & commercial	1,771	50%	2014
Shisanling	Beijing	Residential	861	50%	2014
International Toys and Gifts Centre	Guangzhou	Commercial	4,097	30%	2015
Hualou Jie	Wuhan	Residential & commercial	3,947	50%	2015
Qiao Island	Zhuhai	Residential	2,546	50%	2015
Wolong Bay (North)	Dalian	Residential & commercial	1,629	50%	2015
Le Parc	Chengdu	Residential & commercial	20,028	50%	2016
Xiao Gang Wan	Qingdao	Residential & commercial	10,370	45%	2016
Wolong Bay (South)	Dalian	Residential & commercial	2,708	50%	2016
Yin Hu Wan	Jiangmen	Residential, commercial & hotel	4,599	45%	2017
Regency Cove	Wuhan	Residential, commercial & hotel	16,129	50%	2018
Putuo	Shanghai	Residential, commercial & hotel	7,750	30%	2018
Laguna Verona	Dongguan	Residential & commercial	18,630	50%	2019
Yangjiashan	Chongqing	Residential & commercial	33,250	48%	2022

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	2,088	17%	2014
United Kingdom					
Lots Road and Chelsea Harbour	London	Residential & commercial	850	48%	2016
Convoys Wharf	London	Residential & commercial	3,124	50%	2021

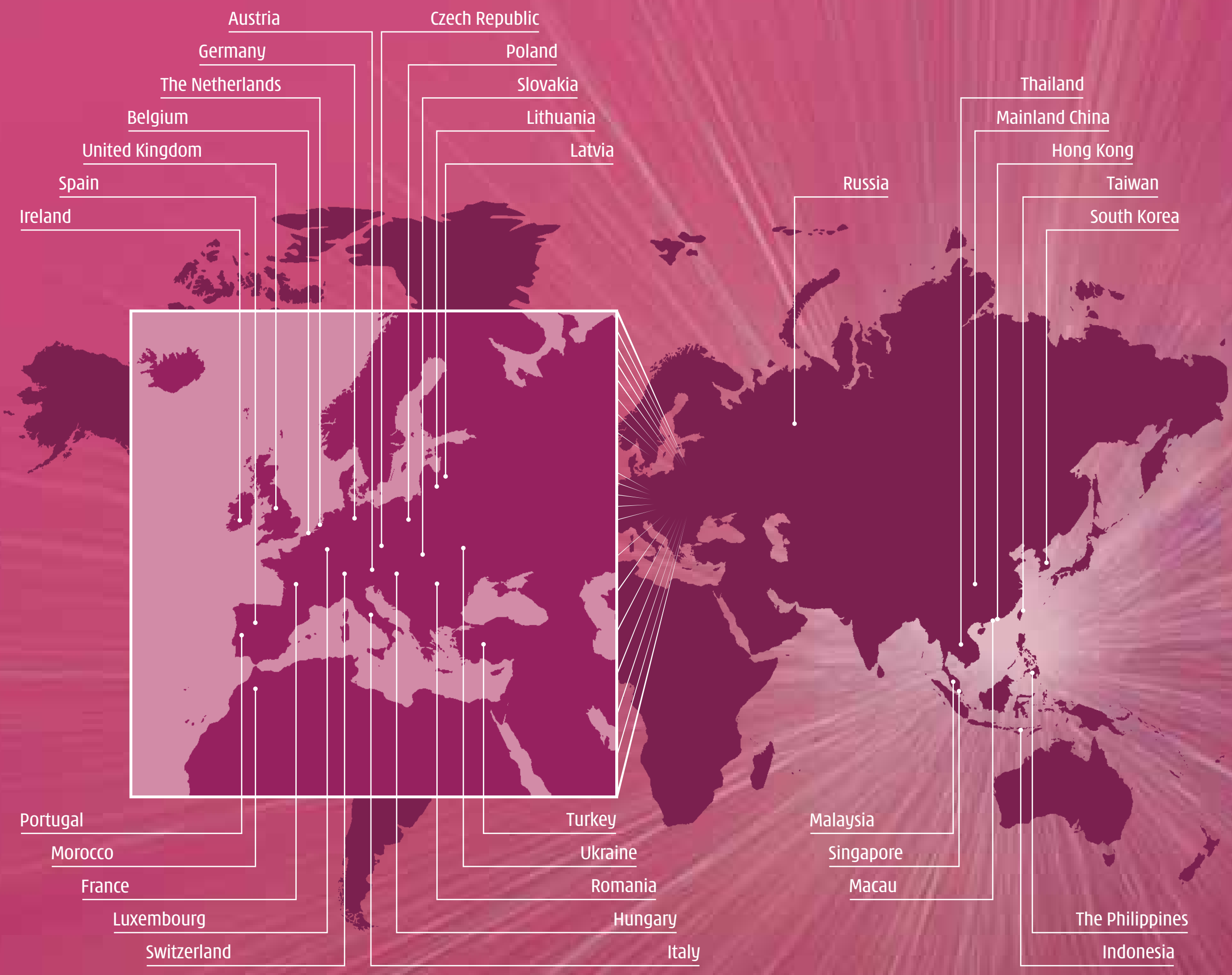
The development projects in Singapore and the UK continue to progress satisfactorily.

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 2010, the hotels division recorded an increase in total revenue and EBIT of 16% and 62% respectively compared to 2009, primarily due to higher occupancy and average room rates in most hotels.

Harbour Plaza Hong Kong is rebranded as Harbour Grand Kowloon.

Average Actual Room Inventory by Geographical Location and Average Occupancy


Austria
Germany
The Netherlands
Belgium
United Kingdom
Spain
Ireland
Czech Republic
Poland
Slovakia
Lithuania
Latvia
Russia
Thailand
Mainland China
Hong Kong
Taiwan
South Korea
Portugal
Morocco
France
Luxembourg
Switzerland
Turkey
Ukraine
Romania
Hungary
Italy
Malaysia
Singapore
Macau
The Philippines
Indonesia

Retail

- Total revenue increased 6% to HK$123,177 million.
- EBIT increased 38% to HK$7,866 million.
- The retail division contributed 47% and 20% respectively to the total revenue and EBIT of the Group's established businesses.

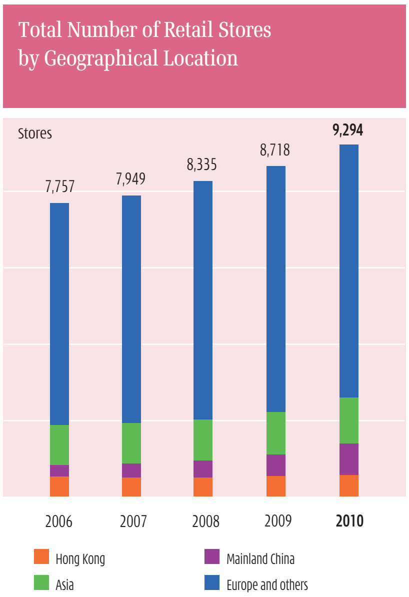
The retail division consists of the A S Watson group of companies, one of the world's largest health and beauty retailers in terms of store numbers. A S Watson currently operates 12 retail brands in Europe and 10 retail brands in Asia, with over 9,300 stores in 33 markets worldwide, providing high quality 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.

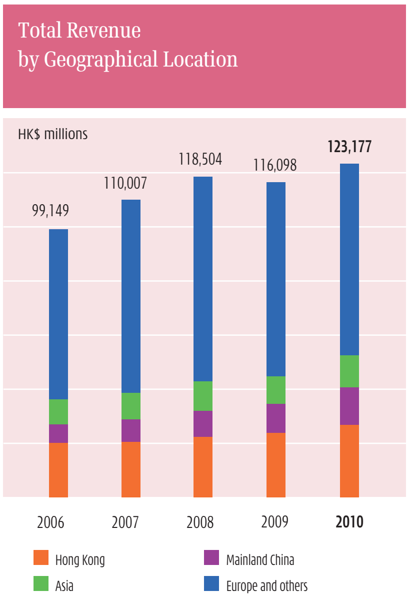
The Perfume Shop's "shop-in-shop" counter in Superdrug, the United Kingdom.

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

The retail division achieved an 8% increase in total revenue in local currencies compared to last year. In Hong Kong dollars, total revenue increased by 6% to HK$123,177 million. The retail division achieved EBIT of HK$7,866 million, 38% above last year, driven by management's strong commitment to improving operating efficiencies, reducing inventory levels, increasing centralised purchasing, developing high-margin own-brand products, and continued expansion in high growth markets. EBIT growth in local currencies was 41% compared to last year. The major contributors to EBIT growth include the retail operations in Hong Kong, the health and beauty operations in the Asian and Benelux countries as well as the joint ventures with Rossmann in Poland and Germany. The retail division contributed 47% and 20% respectively to the total revenue and EBIT of the Group's established businesses.

	2010 HK$ millions	2009 HK$ millions	**Change**
Total Revenue	**123,177**	116,098	**+6%**
EBIT	**7,866**	5,692	**+38%**





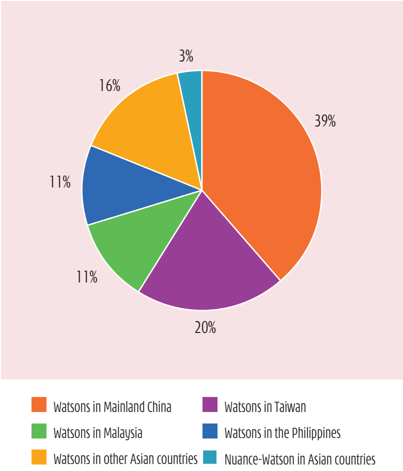
Health and Beauty

The health and beauty retail chain stores consist of Watsons in Asia and certain Eastern European countries; Kruidvat and Trekpleister in the Benelux countries; Rossmann joint venture stores in Germany and Central European countries; Superdrug and Savers in the UK; Drogas in the Baltic States; 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 37% respectively.

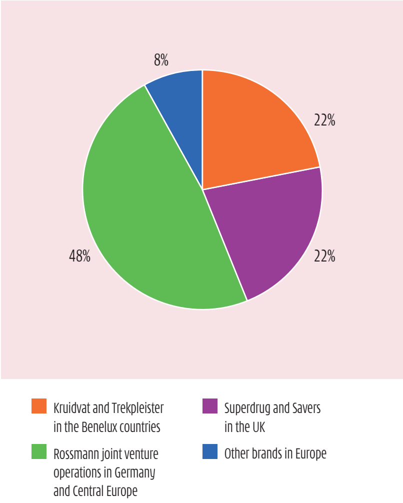
In Asia, the Watsons business is the leading health, beauty and retail chain with strong brand name recognition and extensive geographical coverage, particularly in the Mainland. Combined total revenue grew 24% compared to last year, with an EBIT growth of 47%, mainly due to increased contributions from continued expansion in the Mainland which now has over 800 stores. The division currently has more than 2,000 stores operating in eight Asian markets outside of Hong Kong and Macau.

The health and beauty businesses in the UK and Europe reported, in local currencies, a combined total revenue improvement of 4% over last year, mainly due to the better sales performances of Kruidvat in the Benelux countries and continued expansion of the operations in Poland. EBIT improved 34% in local currencies compared to last year. This was mainly due to better results from the operations in the Benelux countries, Poland, and Germany, as well as the combined businesses in the UK. The health and beauty European division currently has more than 5,000 retail outlets in 13 markets.

Health and Beauty Asia Division:
Number of Retail Stores by Brand
as at the end of December 2010



Health and Beauty Europe Division:
Number of Retail Stores by Brand
as at the end of December 2010



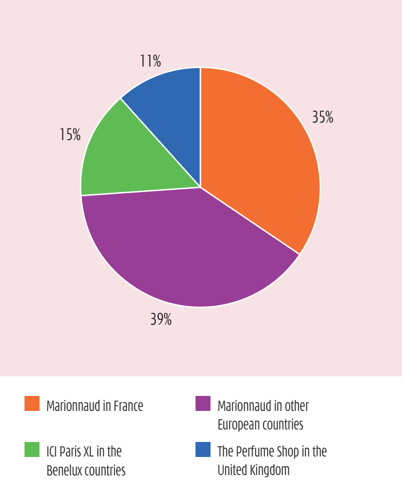
Watson's Wine has just opened its first outlet in Shanghai.

Luxury Perfumeries and Cosmetics

The luxury perfumeries and cosmetics division comprises the three Europe-based luxury perfumeries and cosmetics retail chains: Marionnaud, The Perfume Shop and ICI Paris XL. In local currencies, the division increased its total revenue slightly by 1% compared to last year and reported an increase in EBIT of 16%.

Though the luxury sector showed signs of improvement in 2010 after the financial crisis, Marionnaud still faced a challenging economic environment in various European countries during the year. In local currencies, combined total revenue increased 1%. In the UK, The Perfume Shop reported a decrease in total revenue of 1% and in the Benelux countries, ICI Paris XL reported solid growth in total revenue of 4% in local currency. Despite the challenging economic conditions, EBIT overall improved mainly driven by tight cost controls. There are currently over 1,600 stores in 17 markets in this division.

Luxury Perfumeries and Cosmetics Division: Number of Retail Stores by Brand as at the end of December 2010



Watsons announces its card membership reaching 15 million in Asia.

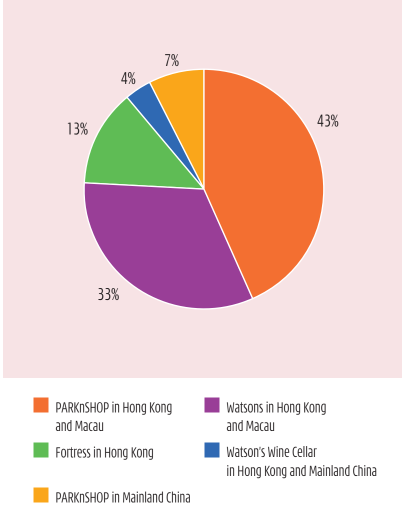
Retail Hong Kong

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 stores; Watson's Wine Cellar stores; as well as PARKnSHOP and Watson's Wine Cellar stores in the Mainland. This division, which currently operates over 500 retail stores, reported total revenue growth of 12% and an EBIT improvement of 24%.

While the Hong Kong economy improved in 2010, PARKnSHOP's EBIT faced margin pressure due to intense competition as well as rising rental and other costs. 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. Fortress also reported increased total revenue and EBIT for the year. Watson's Wine Cellar reported growth in both total revenue and EBIT as consumer spending on wine continued to grow.

In the Mainland, the PARKnSHOP operations reported increased total revenue in 2010 and a solid EBIT improvement mainly due to increased sales, cost saving measures and improved inventory management.

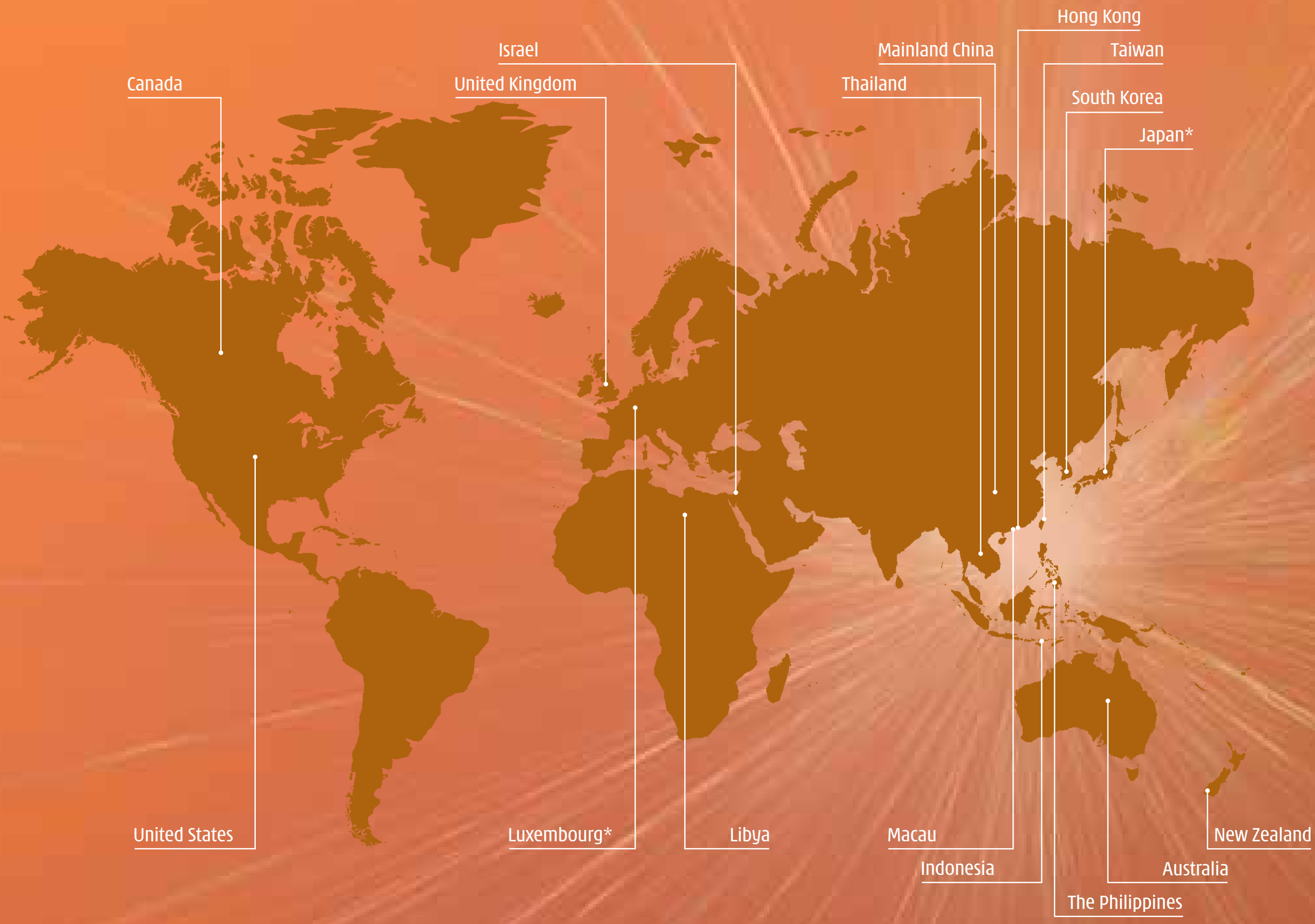
Retail Hong Kong Division:
Number of Retail Stores by Brand
as at the end of December 2010



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 a 17% increase in EBIT, primarily driven by the expanded operations in the Mainland, more than compensating for slightly weaker results from the Hong Kong operations.

Premier Wen Jiabao is warmly welcomed by staff and shoppers when he visits PARKnSHOP in Guangzhou.



* Finance & Investments

Energy and Infrastructure, Finance and Investments and Other Operations

- Combined revenue for the energy and infrastructure division totalled HK$63,478 million, 25% above 2009.
- CKI announced turnover of HK$4,151 million and profit attributable to shareholders of HK$5,028 million.
- Husky Energy announced sales and operating revenues increased 21% to C$18,178 million.

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 UK, the Mainland, Australia, New Zealand, Canada and the Philippines, and the Group's 34.55% interest in Husky Energy Inc ("Husky Energy"), 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.

Husky Energy's Ram River Gas Plant, Canada.

Combined revenue for the energy and infrastructure division for 2010 totalled HK$63,478 million, 25% above 2009, mainly due to an increase in the Group's share of revenue from Husky Energy. EBIT totalled HK$11,527 million, a 14% increase.

	2010 HK$ millions	2009 HK$ millions	Change
Total Revenue	**63,478**	50,788	**+25%**
EBIT	**11,527**	10,151	**+14%**

HK Electric commissions Hong Kong's largest solar power system at Lamma Power Station, which comprises 5,500 photovoltaic panels.

Cheung Kong Infrastructure

The Group has an 84.58% interest in CKI, which is one of the largest publicly listed infrastructure companies listed on The Stock Exchange of Hong Kong Limited ("SEHK"), with diversified investments in energy infrastructure, transportation infrastructure, water infrastructure and infrastructure related businesses. Operating in seven jurisdictions: Hong Kong, the UK, the Mainland, Australia, New Zealand, Canada and the Philippines, it is one of the leading players in the global infrastructure arena.

CKI and Power Assets acquire a 50% stake in Seabank Power Limited, an electricity-generating company located near Bristol in the United Kingdom.

CKI announced its group turnover and its share of jointly controlled entities' turnover of HK$4,151 million, 2% above last year. Profit attributable to shareholders was HK$5,028 million, compared to a profit of $5,568 million reported in 2009. The results for 2009 benefited from a one-off disposal gain of HK$1,314 million arising from the sale of Mainland power assets to Power Assets Holdings ("Power Assets", formerly known as Hongkong Electric Holdings). Excluding the effect of this one-time gain, CKI's profit attributable to shareholders increased 18%. CKI, after adjusting for the Group's asset valuation consolidation adjustments, contributed 7% and 21% respectively to the total revenue and EBIT of the Group's established businesses.

CKI holds a 38.87% interest in Power Assets, a company listed on SEHK. Power Assets is the sole provider of electricity to Hong Kong Island and Lamma Island through its wholly-owned subsidiary, The Hongkong Electric Company ("HK Electric"). Power Assets also has interests in power businesses in the UK, the Mainland, Australia, New Zealand, Thailand and Canada. Power Assets announced profit attributable to shareholders of HK$7,194 million, an increase of 7% compared to last year's HK$6,697 million. Earnings from Power Assets' operations outside of Hong Kong were HK$2,535 million, 24% higher than 2009, mainly attributable to the acquisition of interests in Seabank Power Limited and UK Power Networks in June and October 2010 respectively, and also to the overall higher contribution from Power Assets' existing investments outside Hong Kong.

In October 2010, a consortium led by CKI and Power Assets completed a transaction with Electricité de France ("EDF") to acquire 100% of EDF Energy PLC's ownership of its UK regulated and non-regulated network activities. The newly acquired assets comprise three regional networks with a distribution area covering London, South East England and the East of England, representing the largest electricity distributor in the UK. This business was renamed UK Power Networks.

Husky Energy announces the successful drilling of a second appraisal well at the Liuhua 29-1 discovery on Block 29/26 in the South China Sea.

Husky Energy

The Group has a 34.55% interest in Husky Energy, a Canadian based international integrated energy and energy-related company listed on the Toronto Stock Exchange. Husky Energy announced sales and operating revenues, net of royalties, increased 21% to C$18,178 million in 2010, reflecting higher average realised prices on crude oil and bitumen partially offset by the effect of a stronger Canadian dollar and lower production in the upstream segment. Net earnings of C$1,173 million are 17% below last year primarily attributable to the effect of a stronger Canadian dollar, lower production, lower US refining margins, which were also impacted by a pipeline for delivery to the US that was damaged and closed for a period as well as increased depletion charges in South East Asia.

Cash flow from operations of Husky Energy in 2010 was C$3,549 million, a 42% increase from last year. A total dividend of C$1.20 per share was declared in 2010. During the year cash received by the Group from dividends from Husky Energy amounted to HK$2,660 million. Husky Energy, after adjusting for the Group's asset valuation consolidation adjustments and adjustments to conform Husky Energy's accounting policies to the Group's Hong Kong Financial Reporting Standards, contributed 17% and 8% respectively to the total revenue and EBIT of the Group's established businesses.

In 2010, Husky Energy's gross production volume averaged approximately 287,100 barrels of oil equivalent per day ("BOEs per day"), a 6% decrease when compared to approximately 306,500 BOEs per day in 2009, primarily due to lower crude oil, bitumen and natural gas liquid production as a result of declining production from the White Rose field due to natural reservoir declines, as well as lower heavy oil production which was impacted by extremely wet weather conditions in the third quarter of 2010 and the subsequently delayed drilling programmes in the fourth quarter of the year. This decline was partially offset by production from the North Amethyst satellite oil field which commenced in May 2010.

Husky Energy and its joint venture partner, BP, continue to advance the development in multiple stages of the Sunrise Energy Project in the Fort McMurray region of northern Alberta. The Phase I development was sanctioned and major contracts for engineering and construction for central processing facilities and field facilities were awarded in the fourth quarter of the year. First oil production for Phase I is expected in 2014.

Husky Energy continues to progress plans for a staged development of the West White Rose field. In August 2010, Husky Energy received regulatory approval for a two-well pilot project to be drilled from existing infrastructure at the White Rose field. A production licence for the White Rose pilot was received in the fourth quarter of 2010 and first production is anticipated in mid 2011.

In October 2010, Husky Energy announced that it and its partner, China National Offshore Oil Corporation ("CNOOC"), had received approval from the government of Indonesia for a 20-year extension to the existing Madura Strait Production Sharing Contract, which provides the basis for the development of the Madura BD field and the plan of development has been approved by the government. The Madura BD field, which contains natural gas and natural gas liquids, is located in the Madura Strait, offshore East Java, Indonesia. In October 2010, both Husky Energy and CNOOC agreed to each sell a 10% equity share in Husky Oil (Madura) Limited ("HOML") to Samudra Energy Ltd through its affiliate, SMS Development Ltd ("SMS"). Following the completion of the sale in January 2011, Husky Energy and CNOOC each hold a 40% equity interest in HOML with the remaining balance held by SMS.

In November 2010, Husky Energy announced that it had signed a purchase and sale agreement with ExxonMobil Canada Ltd to acquire oil and natural gas properties in Alberta and northeast British Columbia. The acquisition, which closed in February 2011, added 21,900 BOEs per day of production and 104 million BOEs of proved and nine million BOEs of probable reserves. Total consideration paid at closing was C$826 million.

In December 2010, Husky Energy raised C$1,000 million by way of a public offering of common shares and a concurrent private placement of common shares to the principal shareholders. Husky Energy has issued a total of 11.9 million common shares pursuant to the public offering at a price of C$24.50 per share for total gross proceeds of C$293 million and has issued a total of 28.9 million common shares to the principal shareholders at the same price for total gross proceeds of C$707 million. Further, in February 2011, Husky Energy received shareholders approval to establish a mechanism, which provides common shareholders with the ability to receive dividends in cash or in common shares. Husky Energy's principal shareholders have agreed to take their dividends in shares commencing from the first quarter of 2011 to the end of 2012.

In December 2010, Husky Energy announced that its wholly-owned subsidiary, Husky Oil China Ltd, had signed a Heads of Agreement with CNOOC, specifying the key principles of the joint venture to fund, develop and operate the Liwan 3-1 deep water gas field and its shallow water and onshore gas processing facilities. Husky Energy continues to hold a 49% working interest in the Liwan 3-1 development under the existing Petroleum Contract with CNOOC. First gas from the Liwan 3-1 development is anticipated in late 2013.

Husky Energy's White Rose project reaches a major milestone, achieving 150 million barrels of production from the main White Rose pool.

	2010 HK$ millions	2009 HK$ millions	Change
Total Revenue	**1,867**	2,515	**-26%**
EBIT	**1,152**	4,079	**-72%**

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$116,237 million at 31 December 2010 compared to HK$115,734 million at the end of last year. The EBIT reported by this operation decreased by 72% to HK$1,152 million, primarily due to one-time 2009 profits totalling HK$2,340 million, which included profits from the disposal of certain listed equity investments, repurchase of some of the Group's bonds and foreign exchange gains on repayment of loans as well as lower market interest rates in 2010. This division contributed 3% 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.

Hutchison Hain Organic (Hong Kong) Limited imports over 3,000 natural and organic products to support 'Healthy Living'.

Other Operations

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

Hutchison Whampoa (China)

Hutchison Whampoa (China) operates various manufacturing, service and distribution joint ventures in the Mainland, Hong Kong, the UK and France, and also has an investment in Hutchison China MediTech Limited ("Chi-Med"), a 70.9% owned subsidiary listed on the Alternative Investment Market of the London Stock Exchange PLC in the UK. Chi-Med manufactures, distributes and retails healthcare and traditional Chinese medical and pharmaceutical products.

Hutchison Harbour Ring

HHR, a 71.4% owned subsidiary as at 31 December 2010, is listed on SEHK and holds certain investment properties in the Mainland. HHR announced revenue from continuing operations of HK$82 million, a 3% decrease compared to last year. Profit attributable to shareholders of HHR decreased by 19% to HK$152 million, mainly due to the effect of one-time gains in 2009 on disposal of investments and others.

TOM Group

TOM, a 24.5% associate, is listed on SEHK and its businesses include Internet, e-commerce, publishing, outdoor media, and television and entertainment. TOM announced turnover of HK$2,464 million, a slight increase of 1% from last year. Loss attributable to shareholders increased from HK$61 million in 2009 to HK$168 million in 2010.

Telecommunications

- HTHKH announced profit attributable to shareholders of HK$755 million, a 61% increase over last year.
- HAT's total revenue increased 34% over last year to HK$2,486 million.
- **3** Group overall achieved a major milestone of its first full year positive EBIT result of HK$2,931 million, a 133% turnaround from last year's LBIT.

The Group's telecommunications division consists of a 65.06% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on SEHK, Hutchison Asia Telecommunications ("HAT") and the **3** Group businesses in Europe and Australia. HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau, as well as fixed-line operations in Hong Kong. HAT holds the Group's interests in mainly 2G mobile operations in Indonesia, Vietnam and Sri Lanka. The **3** Group is one of the world's leading operators of 3G mobile telecommunications technology with businesses in six countries across Europe and in Australia.

3 Shop, the United Kingdom.

Telecommunications – established businesses

	2010 HK$ millions	2009 HK$ millions	Change
Total Revenue	**12,366**	10,304	**+20%**
EBIT	**(1,598)**	(1,989)	**+20%**

The **3** Concept Store newly opened in Central, Hong Kong, embodies the compelling simplicity and convenience of the integrated communication services in the new fibre-optic era.

Hutchison Telecommunications Hong Kong Holdings

HTHKH announced its 2010 turnover of HK$9,880 million and profit attributable to shareholders of HK$755 million, a 17% and 61% increase respectively over last year. Both mobile and fixed-line operations reported improved results compared to last year. HTHKH contributed 4% and 3% respectively to total revenue and EBIT of the Group's established businesses.

The mobile operations in Hong Kong and Macau achieved a 25% increase in combined turnover to HK$6,950 million in 2010 compared to HK$5,578 million in 2009. The improved results were mainly due to continuing demand for data usage from high-end customers together with higher roaming revenue from more travelling and stronger sales of smartphones. The combined mobile customer base, on an active basis, was approximately 3.2 million as at 31 December 2010, and over 60% are postpaid customers.

The fixed-line telecommunications business in Hong Kong continues to progress, reporting a 2% increase in turnover to HK$3,286 million in 2010 compared to HK$3,221 million in 2009. This was mainly due to continuing traffic growth, partially offset by lower interconnection revenue following governmental deregulation of fixed and mobile interconnection arrangements in 2009.

Hutchison Asia Telecommunications

HAT, a wholly-owned unlisted subsidiary after 24 May 2010, consists of the Group's start-up mobile operations in Indonesia and Vietnam as well as mobile operations in Sri Lanka. Total revenue increased 34% over last year to HK$2,486 million and LBIT of HK$2,688 million was in line with last year. At 31 December 2010, HAT had a mobile customer base of 25.7 million, representing a 101% increase over last year. HAT contributed 1% and a negative 7% respectively to the total revenue and EBIT of the Group's established businesses.

In Indonesia, the business continued to grow and now serves Bali, Lombok, Sumatra, Kalimantan, Sulawesi and Java, covering 81% of the country's population with 2G or 3G services. The customer base at the end of 2010 increased 91% and LBIT increased 17% compared to last year, mainly due to the start-up costs for the operations, partially offset by a profit of HK$251 million on disposal of telecommunication tower assets.

In Vietnam, in its second year of operations, the business continued to grow and the customer base increased 190% over last year. Vietnam reported a positive EBIT result for the year, including one-time compensation contributions of HK$669 million (2009 – HK$nil). Excluding this one-time contribution, LBIT increased 43%, reflecting a full year's network cost incurred in 2010.

In Sri Lanka, the business continued to face a difficult operating environment and although the customer base increased 76% compared to last year, LBIT was 61% higher than last year as a result of price competition.

The disposal of the Thailand operation was completed in January 2011.

3 Store agents in Indonesia taking care of their customers' every need.

Telecommunications – **3** Group

	2010 HK$ millions	2009 HK$ millions	Change
Total Revenue	**64,205**	57,590	**+11%**
EBIT / (LBIT)	**2,931**	(8,922)	**+133%**

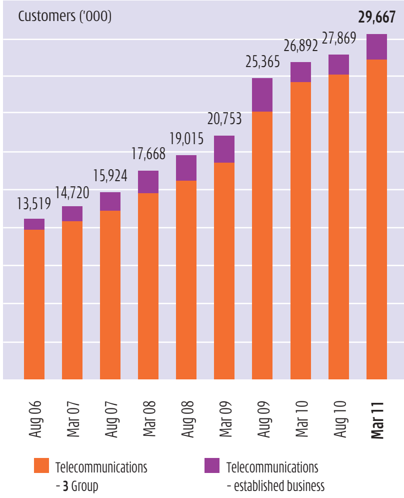
The **3** Group comprises the 3G mobile operations in Italy, the UK, Sweden, Denmark, Austria, Ireland and the Group's share of the Australian operation.

In 2010, the **3** Group overall continued to grow its customer and revenue bases, reduce operating losses and reduce cash outflows by focusing on acquiring higher value smartphones and mobile broadband access customers, stabilising churn and implementing cost reduction measures mainly through network and cell sites synergies. **3** Group has maintained its 3G market leading position in the countries it operates in.

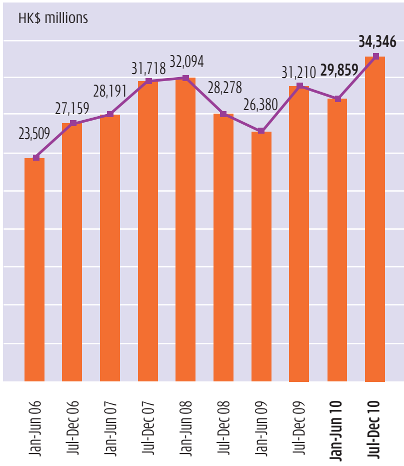
The **3** Group reported in local currencies, a 10% growth in total revenue as a result of the growth in the customer base, particularly in the smartphones and mobile broadband access segments. After translation to Hong Kong dollars, **3** Group total revenue increased 11% from 2009 to HK$64,205 million. The **3** Group overall achieved a major milestone of EBIT positive operational results in the second half of 2010 with all operations, except **3** Ireland, achieving EBIT positive operating results in this period. **3** Group achieved the first full year positive EBIT result of HK$2,931 million, an HK$11,853 million or 133% turnaround from last year's LBIT of HK$8,922 million. EBIT in 2010 includes a one-time substantial benefit of £500 million (approximately HK$6,010 million) arising from a revised **3** UK network sharing arrangement whereby **3** UK received the right of use of approximately 3,000 cell sites, free of acquisition and future operating costs, partially offset by one-time provisions of £311 million (approximately HK$3,742 million) mainly related to the restructuring of **3** UK's network infrastructure. EBIT also includes a one-time substantial benefit of €146 million (approximately HK$1,489 million) with reference to the assignment of two blocks of 5MHz of 1,800 MHz spectrum. The addition of these valuable assets will provide a significant contribution to the **3** Group's competitive position and cost saving initiatives.

The Group's registered 3G customer base (including the 3G customers of HTHKH) grew 13% during the year to total over 29.1 million at 31 December 2010 and currently totals over 29.6 million, reflecting continued customer growth across all **3** Group operations. The proportion of active customers in the **3** Group's registered customer base and contract customer base was approximately 82% and 98% respectively at the end of the year, compared to 84% and 97% at the end of 2009. Management continues to focus on managing churn, which has stabilised at an average monthly customer churn rate of 2.7% in 2010, consistent with 2009. The proportion of contract customers as a percentage of the registered customer base has decreased moderately from 54% last year to 52% at the end of 2010. All operations within the **3** Group achieved solid customer growth and increased their respective market share in 2010.

Total Registered 3G Customers



3 Group's Total Revenue



INQ unveils its new handset, the INQ Cloud Touch, at the Mobile World Congress 2011 in Barcelona.

3 Group's ARPU, on a 12-month trailing average active customer basis, overall increased by 5% to €29.67 compared to 2009. In local currencies, ARPU decreased 5% compared to 2009, primarily due to regulated interconnection and international roaming fee reductions in the UK and lower 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 2010. Average non-voice revenue per active user as a percentage of ARPU for 2010 increased to 41%, compared to 38% in 2009. At 31 December 2010, approximately 6.0 million customers, representing 22% of the total **3** Group customer base, have mobile broadband access, an increase of 32% from last year. In addition, the growth in non-voice revenues is also supported by the greater supply of high quality smartphones resulting in an increased focus on acquisition of smartphone customers by the **3** Group. These acquisitions represent around 13 % of the total gross additions in the year.

Customer acquisition costs and retention costs ("CACs") totalling HK$17,907 million in 2010 were 3% higher than 2009 mainly due to an increase in the number of customers acquired and retained during the year, particularly the acquisition of smartphone customers in the second half of the year, partially offset by a 14% reduction in the unit cost to acquire a customer, averaging €91 per customer, on a 12-month trailing basis, compared to €106 for 2009.

3 Group achieved positive EBITDA after all CACs of HK$8,718 million, an increase of HK$8,542 million compared to the EBITDA last year of HK$176 million. This significant increase is mainly due to an enlarged customer base, cost savings from outsourcing activities, stringent cost controls, and effective working capital management.

Depreciation and amortisation expense, which mainly includes the depreciation of networks and amortisation of content and other rights increased 5% to HK$9,544 million in 2010.

Key Business Indicators

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

	Customer Base					
	Registered Customers at 28 March 2011 ('000)			Registered Customer Growth (%) from 31 December 2009 to 31 December 2010		
	Prepaid	Postpaid	**Total**	Prepaid	Postpaid	**Total**
Italy	5,844	3,252	**9,096**	4%	-1%	**2%**
Australia[1]	3,170	4,256	**7,426**	11%	9%	**10%**
United Kingdom	3,339	3,898	**7,237**	51%	7%	**23%**
Sweden & Denmark	252	1,654	**1,906**	29%	18%	**19%**
Austria	279	862	**1,141**	34%	23%	**26%**
Ireland	391	261	**652**	39%	27%	**34%**
3 Group Total	13,275	14,183	**27,458**	16%	8%	**12%**
Hong Kong and Macau[2]	628	1,581	**2,209**	151%	10%	**28%**
Total	13,903	15,764	**29,667**	19%	8%	**13%**

	Customer Service Revenue							
	Revenue for the twelve months ended 31 December 2010 (millions)					Growth (%) compared to the year ended 31 December 2009		
						Revenue		
	Prepaid	% of total Revenue	Postpaid	% of total Revenue	**Total**	Prepaid	Postpaid	**Total**
Italy	€343.1	20%	€1,362.3	80%	**€1,705.4**	-16%	10%	**4%**
Australia[3]	A$536.9	24%	A$1,664.5	76%	**A$2,201.4**	69%	6%	**17%**
United Kingdom	£169.9	12%	£1,234.5	88%	**£1,404.4**	12%	-7%	**-5%**
Sweden & Denmark	SEK192.3	3%	SEK6,280.6	97%	**SEK6,472.9**	47%	16%	**17%**
Austria	€7.4	4%	€199.9	96%	**€207.3**	48%	18%	**19%**
Ireland	€19.7	22%	€70.2	78%	**€89.9**	3%	22%	**17%**

	12-month Trailing Average Revenue per Active User ("ARPU")[4] to 31 December 2010					
	Total				Non-voice	
	Prepaid	Postpaid	**Blended**	% Variance compared to 31 December 2009	**ARPU**	% of total ARPU
Italy	€10.04	€35.76	**€23.60**	-	**€9.28**	39%
Australia[3]	A$30.83	A$70.83	**A$54.02**	-3%	**A$21.74**	40%
United Kingdom	£8.45	£29.36	**£22.60**	-16%	**£9.16**	41%
Sweden & Denmark	SEK115.53	SEK348.78	**SEK329.05**	-5%	**SEK142.26**	43%
Austria	€9.39	€22.93	**€21.80**	-9%	**€11.27**	52%
Ireland	€14.47	€32.25	**€25.41**	7%	**€13.99**	55%
3 Group Average	€14.28	€38.74	**€29.67**	5%	**€12.13**	41%
3 Group Average (without foreign exchange impact)	€12.72	€35.40	**€26.99**	-5%	**€11.04**	41%

Note 1: Active customers (including customers of mobile virtual network operators ("MVNOs")) at 31 December 2010 as announced by listed subsidiary HTAL, updated for net additions to 28 March 2011.

Note 2: Active customers at 31 December 2010 as announced by listed subsidiary HTHKH, updated for net additions to 28 March 2011.

Note 3: Revenue and ARPU (excluding ARPU from MVNOs) at 31 December 2010 as announced by listed subsidiary HTAL.

Note 4: ARPU equals total monthly tariff revenue 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 services in the preceding three months.

Sales of smartphone and mobile broadband devices have been on the rise over the past several years.

Italy

The Group has a 97.4% interest in **3** Italia at 31 December 2010. The registered customer base grew 2% in 2010 to total over 9.0 million at 31 December 2010 and currently stands at approximately 9.1 million. **3** Italia maintained its focus on acquiring and retaining higher value contract customers, which represented 36% of the registered base at the end of 2010 (2009 – 37%), and expanding its mobile broadband access customer base which has increased 30% during the year. Active customers, as a proportion of the total registered customer base was 68% at 31 December 2010, compared to 69% last year. Of the contract customer base which contributed 80% of the revenue base, 96% is active compared to 92% last year. Average monthly customer churn rate decreased from 2.7% in 2009 to 2.4% in 2010, largely due to the improvement in the churn rate of non-contract customers decreasing from 2.9% last year to 2.4%. ARPU, on a 12-month trailing average active customer basis, increased marginally from €23.49 to €23.60 in 2010, mainly due to the change in customer mix and activities towards higher value contract customers. The proportion of revenue from the higher margin non-voice services was 39% of ARPU, in line with 2009. **3** Italia's customer service revenue, in local currency, increased 4% mainly due to the factors mentioned above.

3 Italia's performance continued to improve, reporting a milestone EBIT positive operating result for the second half of 2010. **3** Italia also reported its first full year EBIT positive results of €96 million, a 121% turnaround from the comparable LBIT of €447 million reported last year. The full year result reflects lower amortisation and a one-time substantial benefit of €146 million (approximately HK$1,489 million) with reference to the assignment of two blocks of 5MHz of 1,800MHz spectrum as well as cost savings from outsourcing activities, stringent cost controls and lower CACs. The addition of this valuable asset will provide a significant contribution to the competitive position and cost saving initiatives of **3** Italia.

Australia

The Group's 87.87% owned, listed subsidiary in Australia, Hutchison Telecommunications (Australia) Limited ("HTAL"), announced service revenue attributable to HTAL from its 50% owned associated company Vodafone Hutchison Australia of A$2,201 million, a 17% increase over the previous year, and a profit for the year attributable to shareholders of A$73 million, a decrease of 84% from last year's results. Excluding the one-time gain in 2009 from the merger of **3** Australia with Vodafone Australia of A$587 million, HTAL reported a profit of A$73 million, a turnaround of 161% compared to last year's comparable loss of A$120 million, and achieved EBIT positive operating results in both the first and second halves of 2010. HTAL's active customer base grew 10% from 31 December 2009 to total over 7.5 million at 31 December 2010 and currently stands at 7.4 million. This base includes mobile broadband access customers which increased 27% to 855,000. ARPU, on a 12-month trailing average active customer basis, declined 3% to A$54.02 in 2010 mainly due to the higher proportion of non-contract customers. Revenue from non-voice services attributable to HTAL increased 28% to A$867 million. Non-voice services now contribute 40% of ARPU, an increase from 37% in 2009.

United Kingdom

The registered customer base of wholly-owned subsidiary, **3** UK has grown by 23% from 31 December 2009 to total over 6.8 million at 31 December 2010 and currently totals over 7.2 million. The growth reflects a 34% increase in mobile broadband access customers to over 2.0 million. Contract customers decreased to 55% of the registered base at the end of 2010 (2009 – 64%). Active customers, as a proportion of the registered base, were 81% at 31 December 2010, compared to 89% last year. Of the contract customer base which contributed 88% of the revenue base, 97% are active, in line with last year. The average monthly customer churn rate decreased from 3.2% in 2009 to 2.9% in 2010, while the average monthly churn rate of contract customers increased marginally from 2.0% last year to 2.1% this year. ARPU, on a 12-month trailing average active customer basis, declined from £26.76 in 2009 to £22.60, mainly due to the adverse impact of the regulated interconnection and international roaming fee reductions in the UK and also the increase in the proportion of non-contract customers in the customer base and the increase in 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 41% of ARPU compared to 36% in 2009. **3** UK's customer service revenue, in local currency, decreased 5% during the year to £1,404 million, reflecting the adverse impact of the regulated interconnection and international roaming fee reductions and the increasing proportion of non-contract and mobile broadband customers as mentioned above.

3 Austria opens three new stores.

3 UK's performance continued to improve, reporting a milestone EBIT positive operating result for the second half of 2010. **3** UK also reported its first full year EBIT positive results of £173 million, a 296% turnaround from the comparable LBIT of £89 million reported last year. The full year improvement is due to the above factors and a one-time substantial benefit of £500 million (approximately HK$6,010 million) arising from a revised **3** UK network sharing agreement due to **3** UK received the right of use of approximately 3,000 cell sites, free of acquisition and future operating costs, partially offset by one-time provisions of £311 million (approximately HK$3,742 million), mainly related to the restructuring of **3** UK's network infrastructure. The addition of this valuable asset will provide a significant contribution to the competitive position and cost saving initiatives of **3** UK.

Other 3 Group Operations in Europe

In Sweden and Denmark, where the Group has a 60% interest in its **3** Group operations, the combined registered customer base grew 19% to over 1.8 million at 31 December 2010 and currently totals over 1.9 million. Contract customers at 31 December 2010 represented 87% of the combined registered customer base, a decrease from 88% last year. Active customers, as a proportion of the total combined registered customer base and the combined contract customer base at 31 December 2010, were 96% and 100% respectively, and are comparable to the 95% and 100% respectively, reported last year. The average combined monthly customer churn rate was 2.3% in 2010 compared to 2.1% in 2009. Although ARPU, on a 12-month trailing average active customer basis, decreased 5% to SEK329.05, combined customer service revenue in Swedish Kronas ("SEK") increased 17% compared to 2009, primarily due to the enlarged customer base. The proportion of revenue from the higher margin non-voice services increased from 42% of ARPU in 2009 to 43% in 2010.

3 Sweden and **3** Denmark's performance continued to improve, reporting EBIT positive results in the first half of the year and also for the full year of SEK137 million, which included a provision of SEK110 million for the costs of withdrawing from the Norwegian market. Excluding the above provision, the underlying EBIT of SEK247 million represented a 156% turnaround from the LBIT of SEK439 million last year. This improved result reflects higher gross margins and tight cost controls.

The registered customer base of **3** Austria increased by 26% during 2010 to over 1.0 million at 31 December 2010 and currently totals over 1.1 million. The proportion of contract customers at 31 December 2010 represented 76% of the total registered customer base, a decrease compared to the 78% reported last year. Active customers as a proportion of the total registered customer base remained at 83% unchanged from 2009, while active customers as a proportion of the contract customer base at 31 December 2010 also remained stable at 99% in both years. The average monthly customer churn rate decreased from 1.3% in 2009 to 1.0% in 2010. ARPU, on a 12-month trailing average active customer basis, declined 9% from €23.87 in 2009 to €21.80 in 2010, mainly due to price competition. Although ARPU declined, customer service revenue increased 19% mainly due to the enlarged customer base. The proportion of revenue from the higher margin non-voice services increased from 49% of ARPU in 2009 to 52% in 2010.

3 Austria reported EBIT positive results in the first and second halves of the year. EBIT amounted to €4.1 million, a turnaround of 105% from last year, mainly due to an enlarged customer base, improved gross margins and cost savings from the sale and leaseback of its network infrastructure.

Other **3** Group Operations in Europe (continued)

Despite the continuing recession in Ireland, the registered customer base of **3** Ireland grew by 34% during 2010 to over 620,000 at 31 December 2010 and currently totals over 652,000. The proportion of contract customers at 31 December 2010 represented 39% of the total registered customer base, a decrease compared to the 41% reported last year. Active customers, as a proportion of the total registered customer base, was 50% at 31 December 2010, compared to 60% last year, while active customers as a proportion of the contract customer base at 31 December 2010 increased to 87% from 84% in 2009. The average monthly customer churn rate increased slightly from 1.0% in 2009 to 1.2% in 2010. ARPU, on a 12-month trailing average active customer basis, increased 7% from €23.83 in 2009 to €25.41 in 2010, mainly due to the increase in data services on smartphones. The proportion of revenue from the higher margin non-voice services increased from 53% of ARPU in 2009 to 55% in 2010. **3** Ireland's customer service revenue, in local currency, increased 17%. LBIT of €78 million was 112% higher compared to last year due to higher operating expenses mainly due to the roll out of the new national broadband scheme with its related costs and depreciation and also increased CACs to support the growth of the customer base.

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. In December 2010 the Irish Government announced that **3** Ireland reached the major milestone of 100% enablement to plan of the national broadband scheme.

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 on assets under development, amounted to HK$12,306 million, a decrease of 6% when compared to 2009. 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$8,454 million for the year, an increase of 4%, mainly due to higher profits before tax in retail, property and hotels as well as ports and related services divisions, higher deferred tax on profit on property revaluations, partially offset by the one-time 2009 provision for tax related to the disposal of its Israel telecommunications operation in 2009.

Summary

Following the financial crisis, the Group faced a challenging year in 2010, with the various government policies to combat the crisis affecting all industries and countries to varying degrees. Despite these challenges, the Group's businesses performed well and reported strong and growing profits in 2010. The Group will continuously monitor the operations and focus on growth of the businesses as well as cost controls to meet upcoming challenges.

The 2010 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, 29 March 2011

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 fluctuations 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 2010, approximately 40% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 60% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$71,300 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$4,270 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 67% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 33% were at fixed rates at 31 December 2010.

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' cash flow 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 certain countries, notably the Euro and British pound, where the Group has overseas operations, weakened against the Hong Kong dollar. This gave rise to an unrealised loss of approximately HK$2,610 million (2009 – gain of HK$15,813 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associated companies and jointly controlled entities. This unrealised loss is reflected as a movement in the Consolidated Statement of Changes in Equity under the heading of exchange reserve.

At 31 December 2010, 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 swaps, are denominated as follows: 31% in HK dollars, 29% in US dollars, 28% in Euro, 5% in British Pounds and 7% 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 2010, 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 / traded 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 / traded debt and equity securities represented approximately 20% (2009 – approximately 19%) of the cash, liquid funds and other listed investments ("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.

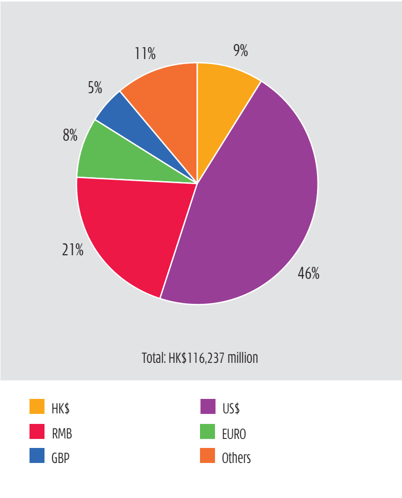
Liquid Assets

The Group continues to be in a healthy financial position. Liquid assets amounted to HK$116,237 million at 31 December 2010, an increase from HK$115,734 million at the end of 2009, mainly reflecting the higher cash flow from the operations of both the established businesses and **3** Group, as well as the proceeds from the issuance of perpetual capital securities in 2010 of US$2 billion and US$1 billion by HWL and CKI respectively, offset by the utilisation of cash for the acquisition of fixed assets, investments in the UK Power Assets businesses and the Group's 34.55% share of Husky Energy's C$1 billion common share placement, dividend payments and the payment of HK$4,199 million to non-controlling interests of Hutchison Telecommunications International Limited ("HTIL") pursuant to the scheme to privatise HTIL. Liquid assets were denominated as to 9% in HK dollars, 46% in US dollars, 21% in Renminbi, 8% in Euro, 5% in British Pounds and 11% in other currencies.

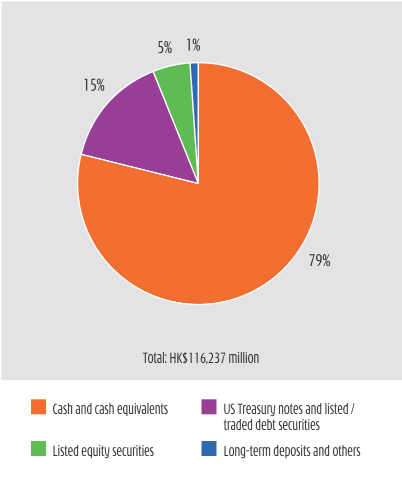
Cash and cash equivalents represented 79% (2009 – 80%) of the liquid assets, US Treasury notes and listed / traded debt securities 15% (2009 – 15%), listed equity securities 5% (2009 – 4%) and long-term deposits and others 1% (2009 – 1%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of government guaranteed notes (47%), supranational notes (17%), US Treasury notes (12%), government related entities issued notes (7%), notes issued by the Group's associated company, Husky Energy Inc (5%) and others (12%). Of these US Treasury notes and listed / traded debt securities, 77% are rated at Aaa/AAA with an average maturity of 1.1 years on the overall portfolio. The Group has no exposure in mortgage backed securities, collateralised debt obligations or similar asset classes.

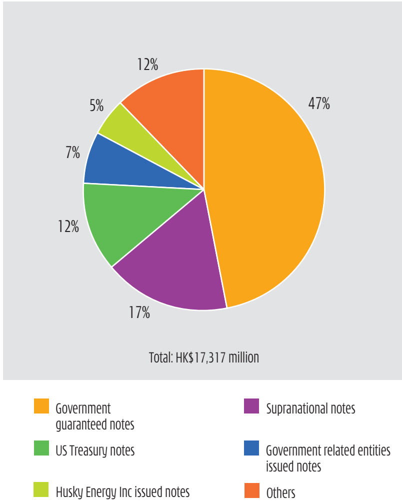
Liquid Assets by Currency Denomination at 31 December 2010



Liquid Assets by Type at 31 December 2010



US Treasury Notes and Listed / Traded Debt Securities by Type at 31 December 2010



Cash Flow

Consolidated EBITDA before and after all telecommunications CACs amounted to HK$85,475 million and HK$65,135 million respectively for 2010, increases of 4% and 3% respectively compared to last year. Total CACs of all of the Group's telecommunications operations amounted to HK$20,340 million for the year, a 7% increase compared to 2009, reflecting the increase in the number of customers acquired and retained during the year, particularly the acquisition of smartphone customers in the second half, partially offset by a 14% reduction in the unit cost to acquire a customer. 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$32,882 million, a 33% increase compared to last year.

The Group's capital expenditures increased 14% to total HK$22,344 million during 2010 (2009 - HK$19,576 million), primarily due to higher capital expenditures for the ports division on continuing developments, retail store expansion, as well as **3** Group network enhancements, partially offset by reduced telecommunications expenditure after the disposal of the Group's entire shareholding in Partner Communications in Israel in October 2009. Capital expenditures for the ports and related services division amounted to HK$6,726 million (2009 - HK$4,970 million); for the property and hotels division HK$127 million (2009 - HK$54 million); for the retail division HK$1,791 million (2009 - HK$1,072 million); for the energy and infrastructure division HK$70 million (2009 - HK$139 million); for the finance and investments division HK$8 million (2009 - HK$19 million); for HTHKH HK$1,136 million (2009 - HK$1,111 million); for HAT HK$2,481 million (2009 - HK$2,759 million); for Partner Communications HK$nil (2009 - HK$1,134 million); for others HK$111 million (2009 - HK$59 million); and for **3** Group HK$9,894 million (2009 - HK$8,259 million).

Purchases of and advances to (including deposits from) associated companies and jointly controlled entities totalled HK$16,056 million (2009 - net repayment of previous advances of HK$1,449 million), mainly reflecting the acquisition of UK Power Networks and Seabank Power, both located in the United Kingdom, as well as the investment by the Group to take up its 34.55% share of the C$1 billion common share placement by Husky Energy.

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

Debt Maturity and Currency Profile

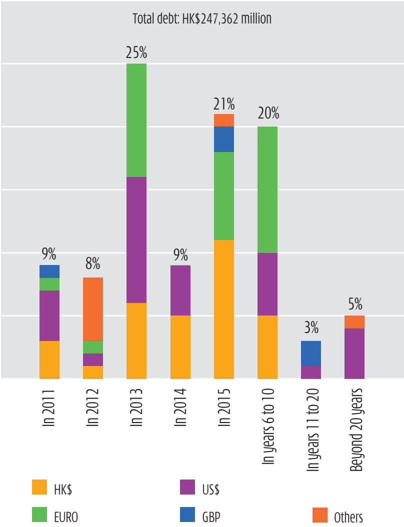
The Group's total principal amount of bank and other debts at 31 December 2010 decreased 5% to total HK$247,362 million (2009 – HK$259,089 million), of which 60% (2009 – 62%) are notes and bonds and 40% (2009 – 38%) are bank and other loans. The net decrease in principal amount of bank and other debts was primarily due to the repayment of debts as they matured and also early repayment of certain debts totalling HK$49,434 million, as well as the favourable effect of the translation of foreign currency denominated loans to Hong Kong dollars of HK$3,817 million, partially offset by new borrowings of HK$41,232 million. The Group's weighted average cost of debt for 2010 reduced 0.2% to 3.0% (2009 – 3.2%). Interest bearing loans from non-controlling interests, which are viewed as quasi-equity, totalled HK$13,493 million at 31 December 2010 (2009 – HK$13,424 million).

The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2010 is set out below:

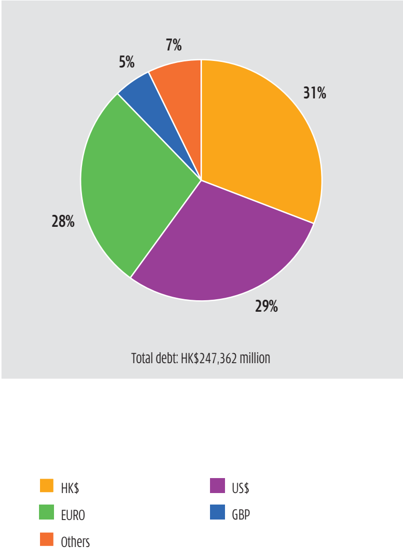
	HK$	US$	Euro	GBP	Others	**Total**
In 2011	3%	4%	1%	1%	–	**9%**
In 2012	1%	1%	1%	–	5%	**8%**
In 2013	6%	10%	9%	–	–	**25%**
In 2014	5%	4%	–	–	–	**9%**
In 2015	11%	–	7%	2%	1%	**21%**
In years 6 to 10	5%	5%	10%	–	–	**20%**
In years 11 to 20	–	1%	–	2%	–	**3%**
Beyond 20 years	–	4%	–	–	1%	**5%**
Total	**31%**	**29%**	**28%**	**5%**	**7%**	**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 2010



Debt Profile by Currency Denomination at 31 December 2010



Changes in Financing

The significant financing activities in 2010 were as follows:

- In February, obtained a five-year, floating rate loan facility of HK$1,000 million to refinance existing indebtedness;
- In March, obtained a five-year, floating rate loan facility of HK$1,000 million to refinance existing indebtedness;
- In March, obtained a five-year, floating rate syndicated loan facility of HK$3,800 million to refinance existing indebtedness;
- In March, prepaid a HK$5,000 million loan facility maturing later in 2010;
- In April, obtained two five-year, floating rate loan facilities, each of HK$1,000 million, to refinance existing indebtedness;
- In June, listed subsidiary CKI obtained a two-year, floating rate term syndicated bank loan facility of A$210 million (approximately HK$1,334 million) to refinance existing indebtedness;
- In June, obtained a five-year, floating rate loan of THB4,905 million (approximately HK$1,180 million) and repaid a floating rate term loan facility of THB5,660 million (approximately HK$1,361 million) on maturity;
- In June, prepaid a HK$3,800 million loan facility maturing later in 2010;
- In November, obtained a five-year, floating rate loan facility of €320 million (approximately HK$3,264 million) to refinance existing indebtedness;
- In November, repaid on maturity fixed rate notes of US$1,045 million (approximately HK$8,157 million);
- In November and December, prepaid a floating rate loan facility of HK$4,000 million maturing in 2011;
- In December, obtained a three-year, floating rate loan facility of HK$3,500 million to refinance existing indebtedness;
- In December, prepaid a floating rate loan facility of HK$5,500 million maturing in 2011;
- In December, obtained three five-year, floating rate loan facilities, each of HK$1,000 million, to refinance existing indebtedness; and
- In December, refinanced a floating rate syndicated loan facility of €600 million (approximately HK$6,120 million).

Subsequent to the year end:

- In February this year, repaid on maturity fixed rate notes of US$1,100 million (approximately HK$8,581 million).

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities increased 10% to HK$309,497 million at 31 December 2010, compared to HK$282,499 million, at 31 December 2009 (as restated), reflecting the profits for 2010 net of dividends paid and the issuance of perpetual capital securities in 2010 of US$2 billion (HK$15,600 million) by HWL. At 31 December 2010, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling interests 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$131,125 million (2009 – HK$143,355 million), a reduction of 9% compared to the net debt at the beginning of the year. The Group's net debt to net total capital ratio at 31 December 2010 reduced to 26.2% (2009 – 29.9%). In March 2011, the Group's consolidated net debt reduced significantly due to the net cash proceeds of approximately HK$45,000 million from the IPO of HPH Trust and the net debt to net total capital ratio is expected to reduce to around 20% in 2011.

The following table shows the net debt to net total capital ratio calculated on the basis of including interest bearing loans from non-controlling interests and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at 31 December 2010. This ratio is affected by foreign currency translation effects on total ordinary shareholders' funds and perpetual capital securities and on debt balances as shown below.

Net debt / Net total capital ratios at 31 December 2010:		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 non-controlling interests from debt	26.8%	26.2%
A2:	as in A1 above and investments in listed subsidiaries and associated companies marked to market value	24.0%	23.5%
B1:	including interest bearing loans from non-controlling interests as debt	29.4%	28.9%
B2:	as in B1 above and investments in listed subsidiaries and associated companies marked to market value	26.4%	25.9%

The Group's consolidated gross interest expense and other finance costs of subsidiaries, before capitalisation, decreased 13% in 2010 to total HK$8,634 million, compared to HK$9,889 million in 2009, mainly due to lower effective market interest rates and lower average borrowings during the year.

Consolidated EBITDA and FFO before all CACs for the year covered consolidated net interest expense and other finance costs 13.6 times and 8.9 times respectively (31 December 2009, as restated – 11.5 times and 6.9 times).

Secured Financing

At 31 December 2010, assets of the Group totalling HK$963 million (2009 – HK$2,503 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 2010 amounted to the equivalent of HK$11,162 million (2009 – HK$20,340 million).

Contingent Liabilities

At 31 December 2010, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and jointly controlled entities totalling HK$5,805 million (2009 – HK$13,081 million), of which HK$5,122 million (2009 – HK$12,527 million) has been drawn down as at 31 December 2010, and also provided performance and other guarantees of HK$3,159 million (2009 – HK$5,039 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.

Cash Flow 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 which include, 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 may depart from these levels due to economic circumstances. If the liquidity in the capital markets declines and / or credit ratings of the Group decline, the availability and cost of borrowings could be affected and thereby impact the Group's financial condition and results of operations.

Currency Fluctuations

The Group reports its results in Hong Kong dollars but its subsidiaries and associated companies in various countries around the world receive revenue and incur expenses in approximately 46 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, depreciation or fluctuation of the currencies in which the Group conducts 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 Energy'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 Energy'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 Energy'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 cautiously expand the scale and geographical spread of its established businesses through investment in organic growth and selective acquisitions. Success of the Group's acquisitions will depend, among other things, on the ability of the Group to realise the expected synergies, cost savings and growth opportunities upon integration of the acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the acquired businesses successfully and thereby not achieve the expected financial benefits, may not adversely affect the Group's financial condition and results of operations.

The Group has made substantial investments in acquiring 3G licences and developing its 3G networks in Europe, Australia, Hong Kong and Macau. In order to grow its customer base, the Group has made significant investments in customer acquisition costs in each of **3** Group's markets. The Group may need to incur more capital expenditure to expand or improve its 3G networks and incur more customer acquisition and retention costs to build **3** Group's customer base and improve operating margins to a sufficient level in order to cover operating costs, customer acquisition and retention costs as well as 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 2010, the Group had a total deferred tax asset balance of HK$14,105 million, of which HK$12,671 million was attributable to the Group's 3G operations in the UK. The ultimate realisation of these deferred tax assets depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In the UK, the Group enjoys the availability of group relief in relation to taxation losses generated by its 3G operations to offset taxable profits from its other established businesses in the same period. In addition, in the UK taxation losses can be carried forward indefinitely. If there is a significant adverse change in the projected performance and resulting cash flow projections of these 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 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.

Impact of National and International Regulations (continued)

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 a variety of 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 Energy's business is subject to environmental laws and regulations similar to other companies in the oil and gas industry. Compliance with such legislation can require significant expenditures and failure to comply may result in imposition of fines and penalties and liability for clean-up costs and damages. There can be no assurance that changes to such regulations (including but not limited to environment legislation requiring reductions in emissions) will not adversely affect Husky Energy'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 fixed terms and subsequently renewed; however, further renewals may not be guaranteed, or the terms and conditions of these licences may be changed upon renewal. Due to recent changes in legislation, the Group's 3G licences in Italy and the UK 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.

Accounting

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"). 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 condition 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 cases, transmission of Avian Influenza A virus from animals to human beings, and also, the recent 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 condition 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 severe earthquakes that caused significant property damage and loss of life in 2008 and 2010. Other recent major natural disasters include severe flooding in Pakistan and China in 2010 and in Australia at the end of 2010 and the beginning of 2011.

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 affect the Group's financial condition and results of operations.

Environmental, Social and Governance Report

HWL is committed to the long-term sustainability of its businesses and the communities in which it conducts business. Through managing our businesses prudently and diligently together with our team of hard working and dedicated employees, we deliver quality products and services to our customers throughout the world. Across the Group in 2010, HWL garnered over 2,000 awards, ranging from best in industry to best performing employees, as well as recognition for its efforts in protecting the environment, contributions to the community, and overall corporate governance.

Chaired by the Deputy Group Managing Director, Mrs Susan Chow, the Environmental, Social and Governance ("ESG") Committee at HWL consists of representatives from each of the key departments including Group Human Resources Department, Group Corporate Affairs Department, Group Information Services Department, Group Management Services Department and Group Legal Department. During 2010, the ESG Committee launched a series of campaigns to enhance more efficient use of energy, stationery, office supplies and other resources as well as recycling and reducing consumption. These initiatives were widely supported by the employees across the Group. The ESG Committee will continue to formulate guidelines and spearhead initiatives that can be implemented Group-wide. Key focus areas for the year include, but not limited to, the environment, employee well-being and community involvement.

The ESG Committee continues to work with the Group's operating companies in identifying Key Performance Indicators that are applicable to their particular businesses and industries. With a portfolio as diverse as HWL's, it is important that each business gauges the impact of its business activities and the best ways to help and engage the local community.

I. Stakeholder Engagement

Operating in over 50 countries in an array of businesses, HWL and its operating companies are always in dialogue with different stakeholders including shareholders, customers, employees, suppliers, creditors, regulators, and the public. As each country faces different economic conditions, HWL seeks to balance the views and interests of the various stakeholders through constructive dialogues with a view to charting a course for the long-term prosperity of the Company and the communities in which it conducts business.

HWL Annual General Meeting.

Shareholders

The Company is committed to enhancing long-term shareholder value. Our management is committed to effective and prudent allocation of the resources of the Group.

The Group carries on frequent discussions with the financial community including analysts, fund managers and other investors, to increase the Company's transparency.

A S Watson Group presents its global strategy and initiatives to cope with its business spanning over 33 markets in a conference.

Customers

Amidst the uncertain economic climate and extremely competitive markets, customer feedback plays a very important role. The Group's operating companies deploy numerous mechanisms to gather customer comments and recommendations so as to improve their products and services. In certain instances, new technologies such as social networking tools are used to gather customer views.

Employees

Hardworking and dedicated employees are the backbone of a company. HWL treasures its loyal and industrious staff and as the Group expands, there are many career opportunities worldwide for employees across the Group.

Suppliers / Creditors

As an international conglomerate, the Group emphasises the importance of upholding international laws and regulations. The Group has implemented a policy on vendors and suppliers based on the United Nations ("UN") Global Compact. These requirements on our partners include non-discriminatory hiring and employment practices, a safe and healthy workplace, compliance with environmental laws and prohibition of child labour.

Fortress actively engages staff in professional training to enhance quality customer service.

HWL continues to monitor international best practices and adopts those that are relevant to its businesses.

Government/Public

The Group operates in a wide spectrum of industries around the world. Each operating company exerts tremendous efforts to ensure it is compliant with the laws and regulations in the countries in which it operates.

The public at large is also an important stakeholder of the Company. As a Group committed to its long-term future, a stable and prospering community is important to its steady growth and prosperity of the Company and the community.

II. Workplace Quality

HWL is well positioned for growth and expansion after the economic downturn.

Working Conditions

Investing in and rewarding employees according to their performance and productivity are crucial to retaining talent. With a highly motivated team of employees, HWL Group is well positioned to take advantage of opportunities it comes across. Employees' remuneration is reviewed individually each year to ensure the package is fair and competitive. Employees have comprehensive medical, life and disability insurance coverage 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.

JICT employees plant seedlings and trees in Cilincing and Marunda Districts of North Jakarta.

In Europe, A S Watson Group joined the Business Social Compliance initiative that calls for strict compliance with all applicable laws, regulations, industry minimum standards and International Labour Organisation and UN Conventions.

Health and Safety

The Group is committed to providing a safe, effective and congenial work environment for all our staff. In addition to observing international labour standards and laws where each business operates, many operating companies also have internal guidelines and systems to protect and ensure the health and safety of their employees. Some companies have teams dedicated to workplace safety, sourcing and providing appropriate tools and training to employees to discharge their duties. For example, Husky Energy was recognised with the Telly Award for its online safety orientation programme for staff.

HWL Volunteer Team organises a fun party for the elderly.

Development and Training

The Group invests in the personal development of its employees as well as their professional growth. Dedicated and motivated employees across the Group are provided with development and advancement opportunities as the Group expands its businesses worldwide.

HWL and its operating companies organise a wide range of internal and external training courses, e-learning and other career development opportunities for employees to expand their business expertise and skill sets. Tailor-made programmes help employees meet the ever-changing challenges of the marketplace in their specific business arena. The Group also provides education subsidies and study leave for employees looking to deepen their knowledge on studies relevant to their jobs or functions. The Group believes that investing in its employees will pay dividend in enhancing the Company's success in the long term.

In addition to training for front line staff, HWL takes an active role in the continuous professional education of its senior management. In 2010, the Group continued to promote good corporate governance by holding a series of seminars and forums for senior management and executives of each of the business units of HWL on the most current corporate governance best practices, including securities trading policies, handling of confidential information, internal controls and risk management relevant to their specific businesses. The same information and message were then imparted from these senior executives to their subordinates within their business units.

Recruitment and Promotion

Diversity is an integral element of the Group. Spanning over 50 countries, the Group attracts top talents of different race, colour, gender and religious belief. It also indicates a policy of ensuring all employees and job applicants enjoy equal opportunities and fair treatment.

The Group has stringent recruitment procedures to prevent child or forced labour.

Fellowship/Camaraderie

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

"CAREnival for the Elderly" programme of HK Electric appoints 300 elderly volunteers as ambassadors to help identify "hidden" senior citizens in their community and reintegrate them into society.

III. Environmental Protection

HWL and the Group companies continued to run numerous environmental protection and energy efficiency programmes worldwide throughout 2010. These programmes are as diverse as the different environmental issues they address. Below is a snapshot of some of the activities that the businesses of the Group engaged in across the globe.

Now in its fifth year, the HK Electric Clean Energy Fund has provided more than HK$5 million for 60 renewable energy projects.

Energy Efficiency

In 2010, HWL implemented the second phase of its "Green IT initiative". This worldwide programme was implemented to help eliminate printing waste by allowing employees to delete unnecessary images, text or pages saving toner, paper and reduce greenhouse gases. Once fully implemented, the programme will be benchmarked and compared across the Group.

Twelve schools in Hong Kong implemented projects on renewable energy and its applications through a HK$1.1 million sponsorship by HK Electric. In addition to financial assistance, the engineering staff of HK Electric provided the students with technical advice and guidance.

Pollution Prevention/Emissions Reduction

During 2010, the ESG Committee implemented energy savings measures at the Head Office generating about 9% savings in the initial period. The Group will issue and implement these energy savings initiatives across the Group in the coming year.

In July, Power Assets commissioned the largest solar power system in Hong Kong that is expected to generate 620,000 units of electricity annually. The system, with investments totalling HK$23 million, will help reduce 520 tonnes of carbon dioxide emission, 2.9 tonnes of sulphur dioxide and 1.4 tonnes of nitrogen oxides every year, further improving Hong Kong's air quality.

HIT continues its crane electrification programme with 52 rubber-tyred gantry cranes converted to electric from diesel oil by the end of the year. The conversion has helped eliminate sulphur dioxide and nitrogen oxide emissions and reduced carbon dioxide emissions of the cranes.

Yantian International Container Terminals ("YICT") has also helped reduce its pollution by purchasing a fleet of 27 liquefied natural gas container trucks in 2010. The tractors emit 80% less air pollution than diesel tractors, virtually no carbon monoxide, no inhalable particulates and over 30% less nitrogen oxide.

In the UK, Hutchison Ports (UK) received the Carbon Trust Standard Certificate for demonstrating robust carbon management system in London Thamesport, Harwich International Port and Port of Felixstowe.

Sustainable Use of Resources

YICT reduced 400,000 gallons of water use in 2009 through water filtration and energy saving systems. YICT technicians further improved such savings by installing electronic flow-metres and water-saving devices throughout the terminal. These measures won a Water Saving Enterprise award from the local government.

Protection of the Environment and Natural Habitats

In 2010, JICT employees planted 425 seedlings in Cilincing District and 1,000 trees in the Marunda District of North Jakarta.

Meanwhile, half way across the world, Panama employees and the Smithsonian Tropical Research Institute helped in beach and coastal clean-ups. Panama Port scuba divers, using their expertise, helped clean underwater debris.

3 UK helps the local community to overcome the digital divides.

IV. Operating Practices

Supply Chain Management

As discussed previously, the Group holds international laws and regulations in utmost regard. We implement international best practices and conduct fair and unbiased tender processes in dealing with vendors. Partners and suppliers are vetted to ensure they do not employ child labour nor abuse human rights.

Consumer Interest Protection

Our customers are the reason we are in business. As such, it is our priority that our customers have a satisfying experience using our products and services. We have implemented strict data protection mechanisms to protect the confidentiality of our customers' data and continually stress the importance of safety and protection of our customers to all our employees. In addition to guidelines and handbooks, the Group issues periodic reminders to customer-facing employees on protecting the personal data of customers.

Anti-Corruption

The Group takes its anti-corruption responsibilities very seriously. Throughout 2010, senior management of all major business units attended high level Corporate Governance seminars to review good business practices, corruption-preventing practices and guidelines, operating practices and Employees' Code of Conduct.

All senior management of the Group are expected to inculcate a culture of good corporate governance to their staff.

As a result of these seminars and forums, several Group policies including securities trading have been updated to reflect the needs of today.

V. Community Involvement

Giving Back to Society

HWL takes pride in giving back to the communities it operates in. In 2010, HWL Group's operating 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 Group is engaged in numerous community activities. The following are some examples of activities the Group was involved in during the year.

Community

As different economies took different measures to adapt to the global economic downturn, it is more important than ever for those who are able to contribute back to their communities to do so. Volunteerism is encouraged and promoted throughout the Group and our employees serve 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 Education Bureau, the Li Ka Shing Hospice Centre, Tung Wah Group of Hospitals and the Yan Oi Tong.

In Korea, staff at Hutchison Korea Terminals have been collecting unused staff meal coupons to exchange for rice that they donate to underprivileged members of the Busan community.

3 Hong Kong supported an innovative contest organised by the Hong Kong Tourism Board, "Visa go Hong Kong Super Shopper 2010" in which, through smartphones provided by **3**, participants received shopping instructions and viewed shopping tips.

HK Electric worked with 30 elderly service agencies under the U3A network of Hong Kong to promote life-long learning and volunteerism among Hong Kong's retirees. The programme has benefited over 2,000 senior citizens. Over 100 HK Electric volunteers also helped inspect the electrical installations of elderly persons living alone to make sure their homes are safe.

The Hutchison Whampoa Property Group helped the Green Ladies Shop of St James' Settlement, a social enterprise in Hong Kong that trains and employs marginalised women, to donate ladies' clothes, accessories and handbags. Estate management companies also co-organised education exhibitions, seminars and game booths with numerous institutions such as the Independent Commission Against Corruption and the Department of Health to promote useful information for residents.

During the Expo 2010 Shanghai China, Shanghai Hutchison Whitecat provided thousands of soap dispensers and air fresheners for the toilets on the exhibition site to ensure a hygienic environment for the 70 million Expo visitors.

Education

Young postgraduates from Hong Kong and the Mainland who wish to pursue their studies in the UK universities once again benefitted from the Hutchison Chevening Scholarships. Over the past eight years the Group has donated around £4.2 million, benefiting over 500 scholars.

In the Mainland, Watsons China helped provide education assistance to children in underdeveloped regions to support school reconstruction since 2008. Staff and volunteers also formed the "Sunshine Smileys" team to bring stationery supplies to students in remote mountainous regions in Yunnan. Shanghai Hutchison Pharmaceuticals started a nationwide plan to help build libraries in elementary and middle schools in the Mainland's impoverished areas. TOM Group and the Oriental Daily News Charitable Fund co-organised book donations to provide books services to seven community centres of all age groups.

Watsons China brings stationery supplies to school kids in remote mountainous regions in Yunnan.

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

In Indonesia, Hutchison CP Telecommunications granted scholarships to students of less fortunate families to study Electrical Engineering in Satya Wacana University in Indonesia.

In Sweden, employees from Hi3G, our telecommunications operation, mentored students at Rinkeyby Academy to help talented students enter the job market.

With over 9.2 million people in the UK never using the Internet before, **3** UK signed a pledge and provided time, expertise and marketing products to Race Online 2012, a nationwide call to inspire people to tackle the UK's digital divide.

To spur a positive influence in secondary school students' lives, Metro Info organised more than 150 school tours with local pop stars and singers over the past several years, inspiring youngsters and broadening their horizons.

Medical / Healthcare

Europe Container Terminals donated €2.25 million to a three-year study on children's development by Erasmus Medical Centre. The comprehensive study will contribute to better care of infants around the world.

In the Czech Republic, Rossman raised CZK5.6 million for two foundations looking after children in need and children who suffered from leukemia.

Kruidvat hosted a charity breakfast that helped raise €100,000 for a foundation that helps pregnant women with HIV and their babies in Africa.

Tanzania International Container Terminal Services donates to the Comprehensive Community Based Rehabilitation Centre, enabling local children to receive cleft lip surgery.

Tanzania International Terminals donated TZS15.3 million to the Comprehensive Community Based Rehabilitation Centre in Tanzania to provide financially disadvantaged children with cleft lips the means to correct their birth defect.

3 Ireland raised €40,000 for Make-A-Wish Foundation to bring hope, strength and joy to children with life threatening medical conditions.

3 Austria supported the CliniClowns programme that brought laughter and smiles to the faces of seriously ill children in hospitals.

Arts and Culture

Husky Energy contributed C$2.5 million to The Rooms, a provincial museum in Newfoundland and Labrador. The funding will be used to develop the Husky Energy Gallery, a 5,600-foot exhibit to showcase the history and culture of Newfoundland and Labrador along with ethnological and historical artifacts. The gallery is scheduled to open in 2013. Husky Energy also raised C$754,000 for scholarships and creative arts programmes for accomplished and promising artists across Canada during the 2010 Midsummer Ball in the Husky Great Hall in the Banff Centre.

In Australia, Powercor is a major partner of the Regional Touring Programme of the Melbourne Symphony Orchestra while ETSA Utilities is a major partner of the Adelaide Symphony Orchestra.

Metro Info organised the first indoor farm in Hong Kong with Asia World Expo, bringing 120 animals into close contact with city dwellers. Metro Finance also organised seminars for people planning their retirements and for expectant mothers on baby health care, among others.

ETSA Utilities is a major partner of the Adelaide Symphony Orchestra.

Sports

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

A S Watsons Hong Kong supported the "2010 FIVB World Grand Prix-Hong Kong" as its title sponsor and invited more than 1,200 youths and underprivileged children and their families to watch world-class volleyball.

Vodafone Hutchison Australia raised A$160,000 through the Cricket season to support Breast Care Nurses in hospitals throughout rural and regional Australia.

Disaster Relief

After Pakistan was devastated by the worst floods in the country's history during the summer, Hutchison Port Holdings donated to a non-profit organisation to deliver food, water and medications to Sindh, Punjab and Khyber-Paktoonkhwa provinces within 48 hours. In addition, Karachi International Container Terminal organised fund raisers and established shelters for victims of the natural disasters.

Hutchison CP Telecommunications ("HCPT") set up free public phone services following the Merapi volcano eruption and the Sinabung earthquake in Indonesia. Many employees also raised funds for the Mentawai Students Association to work at ground zero as volunteers.

ESDlife participated in various fund-raising activities for charity organisations raising financial aid for victims of the Haiti and Qinghai earthquakes.

HCPT sets up free public phone booths following the Sinabung earthquake and Merapi eruption.

The motto of the HWL Volunteer: 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 also for the generations after them.

Biographical Details of Directors and Senior Management

LI Ka-shing

GBM, KBE, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, Commandeur de la Légion d'Honneur, JP, aged 82, 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 more than 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. He is the recipient of many other major honors and awards from renowned institutions in the Mainland and aboard. 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 46, has been Executive Director and Deputy Chairman of the Company since 1995 and 1999 respectively. He is managing director and deputy chairman 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 Power Assets Holdings Limited ("Power Assets", formerly known as Hongkong Electric Holdings Limited), 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 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 59, 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 Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL"), Power Assets and Hutchison Port Holdings Management Pte. Limited ("HPH Management") as the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust") and co-chairman of Husky. He is also deputy chairman of CKI and non-executive director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Institute of Chartered Accountants in Australia.

CHOW WOO Mo Fong, Susan

aged 57, has been Executive Director and Deputy Group Managing Director of the Company since 1993 and 1998 respectively. She is executive director of CKI, HHR and Power Assets, non-executive director of HTHKH and TOM Group Limited ("TOM") and director of HTAL. Mrs Chow is also alternate director of HPH Management as the trustee-manager of HPH Trust. She is a solicitor and holds a Bachelor's degree in Business Administration.

Frank John SIXT

aged 59, 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 Power Assets, non-executive director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO, HTHKH and HPH Management as the trustee-manager of HPH Trust 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 57, 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 27 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 64, has been Executive Director of the Company since 1993. He is deputy managing director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO, group managing director of CKI and president and chief executive officer of CKLS. He is also executive director of Power Assets. 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 the 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 69, 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 69, 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 Power Assets 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 58, has been an Independent Non-executive Director of the Company since 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, Hang Seng Management College 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, The Guangzhou Municipal Committee of the Chinese People's Political Consultative Conference, Board of Trustees of Ho Leung Ho Lee Foundation, Hong Kong Special Administrative Region Commission on Strategic Development and the Advisory Committee of Securities and Futures Commission, honorary president of Chinese Bankers Club, Hong Kong, 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 Economic, Accounting and Business Administration.

George Colin MAGNUS

OBE, BBS, aged 75, 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, a substantial shareholder of the Company within the meaning of Part XV of the SFO, CKI and Power Assets and a director (independent) of Husky. He holds a Master's degree in Economics.

William Elkin MOCATTA

aged 58, 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 79, 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 (independent) 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 2009.

WONG Chung Hin

CBE, JP, aged 77, 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 Power Assets. He is a solicitor.

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 2010 Interim Report of the Company are set out below:

Name of Director	Details of Changes
Li Tzar Kuoi, Victor	Total emoluments increased by HK$7,695,000 to HK$43,037,448 compared to 2009
Fok Kin-ning, Canning	Appointed as a director and chairman of Hutchison Port Holdings Management Pte. Limited ("HPH Management", the trustee-manager of Hutchison Port Holdings Trust which is listed on the Main Board of Singapore Exchange Securities Trading Limited on 18 March 2011) on 14 February 2011 and 23 February 2011 respectively and designated as non-executive director on 23 February 2011
	Total emoluments increased by HK$29,364,264 to HK$153,639,017 compared to 2009
Chow Woo Mo Fong, Susan	Appointed as alternate director to Mr Fok Kin-ning, Canning, chairman and non-executive director of HPH Management, on 14 February 2011
	Total emoluments increased by HK$5,364,312 to HK$41,357,651 compared to 2009
Frank John Sixt	Appointed as a director of HPH Management on 14 January 2011 and designated as non-executive director on 23 February 2011
	Total emoluments increased by HK$5,405,722 to HK$39,355,463 compared to 2009
Lai Kai Ming, Dominic	Total emoluments increased by HK$5,046,290 to HK$36,242,139 compared to 2009
Kam Hing Lam	Total emoluments increased by HK$1,163,000 to HK$9,349,004 compared to 2009
Margaret Leung Ko May Yee	Appointed as chairman of Hang Seng Management College Limited on 28 June 2010, member of The Guangzhou Municipal Committee of the Chinese People's Political Consultative Conference on 12 September 2008 and honorary president of Chinese Bankers Club, Hong Kong on 17 September 2010
	Ceased to be a member of Hong Kong Export Credit Insurance Corporate Advisory Board on 1 January 2011
	Total emoluments for 2010 was HK$120,000 which reflected full year emolument as compared to 2009 amount of HK$73,644 which was pro-rated to reflect past year appointment

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 2010.

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 217 to 222.

Group Profit

The consolidated income statement is set out on page 126 and shows the Group profit for the year ended 31 December 2010.

Dividends

An interim dividend of HK$0.51 per share was paid to shareholders on 17 September 2010 and the Directors recommend the declaration of a final dividend at the rate of HK$1.41 per share payable on 23 May 2011 to all persons registered as holders of shares on 20 May 2011. The Register of Members will be closed from 13 May 2011 to 20 May 2011, 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 215 to 216 and the consolidated statement of changes in equity on page 132 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK$56,000,000 (2009 – approximately HK$26,000,000).

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 2010 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 Fok Kin-ning, Canning, Mr Kam Hing Lam, Mr Holger Kluge, Mr William Shurniak and Mr Wong Chung Hin will retire at the forthcoming annual general meeting under the provision of Article 85 of the Articles of Association of the Company 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 76 to 78.

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 2010 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 8 January 2010, Hutchison Telecommunications Holdings Limited ("HTHL"), an indirect wholly owned subsidiary of the Company, requested the then board of directors of Hutchison Telecommunications International Limited ("HTIL", a then non-wholly owned listed subsidiary of the Company which became a wholly owned subsidiary of the Company after 24 May 2010) to put forward a proposal to the then 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. On 15 March 2010, a composite scheme document was issued jointly by the Company, HTHL and HTIL (the "Scheme Document") which provided, among other things, that upon the Scheme becoming effective, the ordinary shares of par value HK$0.25 each in the share capital of HTIL (the "HTIL Shares") which were held by the shareholders of HTIL (other than HTHL and Hutchison Telecommunications Investment Holdings Limited) (together the "Scheme Shares") would be cancelled in exchange for HK$2.20 in cash (the "Cancellation Price") 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.

    As at 8 January 2010 and 15 March 2010 (together the "Announcement Dates"), each of those companies controlled by Mr Li Ka-shing (Chairman of the Company), Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust, those companies controlled by Cheung Kong (Holdings) Limited ("Cheung Kong"), those companies controlled by Mr Li Tzar Kuoi, Victor (Deputy Chairman of the Company), the company equally controlled by Mr Fok Kin-ning, Canning (Group Managing Director of the Company and the former chairman of HTIL) and his wife, Mrs Chow Woo Mo Fong, Susan (Deputy Group Managing Director of the Company and a former non-executive director of HTIL), Mr Frank John Sixt (Group Finance Director of the Company and a former non-executive director of HTIL), Mr George Colin Magnus (a Non-executive Director of the Company), Mr Lui Dennis Pok Man (a former executive director of HTIL), Mr Chan Ting Yu (a former executive director of HTIL), Mr John W Stanton (a former independent non-executive director of HTIL) and Mr Woo Chiu Man, Cliff (a former alternate director to Mr Christopher John Foll, a former executive director of HTIL) and persons who were in the then preceding 12 months directors of the Company or HTIL (or of other subsidiaries of the Company), all of which/whom had direct shareholding interests in HTIL as at the respective Announcement Dates, was a connected person of the Company under the Listing Rules. The payment by HTHL of the aggregate Cancellation Price to those holders of the Scheme Shares who were connected persons of the Company (the "Connected Scheme Shareholders"), including the aforesaid Connected Scheme Shareholders (in the total amount of approximately HK$744 million on the basis of their then respective shareholdings in HTIL), in consideration for the cancellation of their respective interests in such Scheme Shares constituted a connected transaction for the Company under the Listing Rules.

(2) Hutchison Whampoa Properties Limited ("HWPL"), an indirect wholly owned subsidiary of the Company, provided two guarantees on 14 April 2010 and 29 June 2010 respectively, both on normal commercial terms and on a several basis with the guarantees given by a subsidiary of Cheung Kong on the same dates, each in respect of 50% of the indebtedness of 和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited) ("HWPCN") under two loan facilities of up to a maximum principal amount of RMB300 million (approximately HK$343.6 million) and HK$100 million respectively which are or may become due and payable by HWPCN to an independent financial institution.

    HWPCN is an equity joint venture established under the laws of the People's Republic of China ("PRC") owned as to 47.5% by an indirect wholly owned subsidiary of each of the Company and Cheung Kong, and as to the remaining 5% by a third party independent of the Company and its connected persons. HWPCN is a connected person of the Company by virtue of being an associate of Cheung Kong, a substantial shareholder of the Company. Accordingly, the provision of the two guarantees by HWPL constituted connected transactions for the Company under the Listing Rules by way of the provision of financial assistance by the Company for the benefit of its connected person, HWPCN, not in proportion to the Company's equity interest in HWPCN.

(3) On 30 November 2010 (Calgary time), a subscription agreement was entered into between Hutchison Whampoa Luxembourg Holdings S.à r.l. ("HWLH", an indirect wholly owned subsidiary of the Company) and Husky Energy Inc. ("Husky"), a company incorporated under the laws of Alberta, Canada whose securities are listed on the Toronto Stock Exchange, in respect of the subscription and purchase by HWLH, and the issue and sale by Husky, of 14,102,040 new common shares of no par value on a private placement basis at a price of C$24.50 per common share, totalling C$345,499,980 (or approximately HK$2,614 million) (the "Private Placement"). Closing of the Private Placement which comprised the sale of 14,711,428 common shares of Husky was conditional upon the concurrent closing of the public offering of 11,942,858 common shares of Husky also at C$24.50 per common share. The percentage interest of HWLH in the common shares of Husky in issue upon closing of the Private Placement remained unchanged at 34.55%.

Husky is a connected person of the Company by virtue of being an associate of a Director of the Company. Accordingly, the transaction constituted a connected transaction for the Company under the Listing Rules.

(4) The Company announced on 13 December 2010 that following the successful bidding for two pieces of lands of an aggregate gross area of approximately 319,359 square metres both located at 中國大連市卧龍灣國際商務區 (Wolong Bay International Business District, Dalian, the PRC) (the "Dalian Lands") for development into residential and commercial properties, 和記黃埔卧龍北地產(大連)有限公司 (Hutchison Whampoa Properties (Dalian Wolong North) Limited) ("Project Co 1", indirectly owned as to 50% by each of the Company and Cheung Kong) and 和記黃埔卧龍南地產(大連)有限公司 (Hutchison Whampoa Properties (Dalian Wolong South) Limited ("Project Co 2", indirectly owned as to 50% by each of the Company and Cheung Kong), both being new enterprises established for the lands acquisition and development purposes, had agreed the terms of land use right transfer contracts with Dalian Land Resources and Housing Bureau Jinzhou New District Branch which were expected to be and were entered into on 17 December 2010. The total consideration under the contracts was RMB1,270 million (approximately HK$1,483 million). The proposed total investment (which would be the same as the registered capital) of Project Co 1 and Project Co 2 is set at HK$550 million and HK$936 million respectively. Such registered capital would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Dalian Lands. The future contributions to the registered capital of, and any shareholders' loans to, Project Co 1 and Project Co 2 are expected to be borne by the Company and Cheung Kong (or their respective subsidiaries) equally and in proportion to their respective indirect equity interests in Project Co 1 and Project Co 2.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, the entering into of joint venture arrangements comprising the establishment of Project Co 1 and Project Co 2 constituted a connected transaction for the Company under the Listing Rules.

(5) On 28 December 2010, the Company announced that following the successful bidding for a piece of land of gross area of approximately 132,471 square metres located at 中國重慶市北部新區大竹林組團G標準分區 (G Zone of Dazhulin Section, New Northern District, Chongqing, the PRC) (the "Chongqing Land") for development into residential and commercial properties, 和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited) (the "Project Co", indirectly owned as to 50% by each of the Company and Cheung Kong), being a new enterprise established for the land acquisition and development purposes, had agreed to the terms of a land use right transfer contract with Chongqing Land Resources and Housing Administration Bureau which was expected to be, and was, entered into on 30 December 2010. The total consideration under the contract was RMB1,310 million (approximately HK$1,537 million) and was payable by instalments. The proposed total investment and registered capital of Project Co are set at RMB1,900 million (approximately HK$2,229 million) and RMB1,370 million (approximately HK$1,607 million) respectively. Such registered capital and any shareholders' loans to be advanced to Project Co, which are expected to be borne by Cheung Kong and the Company (or their respective subsidiaries) equally and in proportion to their respective indirect equity interests in Project Co, would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Chongqing Land.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, the entering into of joint venture arrangements comprising the establishment of Project Co constituted a connected transaction for the Company under the Listing Rules.

(6) On 31 December 2010, a sale and purchase agreement was entered into by the Company and China Resources (Holdings) Company Limited ("CRH") for the sale by CRH (or its subsidiaries) and the purchase by the Company (or its subsidiaries) of certain assets comprising equity and (in certain cases) loan interests in HIT Investments Limited ("HITIL"), Hongkong International Terminals Limited, Splendid Century Limited ("Splendid"), Eckstein Resources Limited ("Eckstein"), Hutchison Ports Yantian Investments Limited ("HPYIL") and Omaha Investments Limited ("Omaha") and the property interest located at Kwun Tong, Kowloon for a total cash consideration of HK$5,700 million (the "Acquisition"). The Acquisition was completed on 6 January 2011.

CRH is a connected person of the Company by virtue of being a substantial shareholder of HITIL, Splendid, Eckstein, HPYIL and Omaha, all being indirect subsidiaries of the Company. Accordingly, the Acquisition constituted a connected transaction for the Company under the Listing Rules.

(7) On 17 January 2011, Hutchison Port Holdings Management Pte. Limited, an indirect wholly owned subsidiary of the Company and the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"), made an application to Singapore Exchange Securities Trading Limited ("SGX-ST") to list on the Main Board of SGX-ST all units of HPH Trust (the "Units") in issue and to be issued under the global offering of the Units in issue or to be issued for subscription which would comprise (a) a public offering of the Units in Singapore, (b) an international offering of the Units to professional, institutional and other investors, and (c) a preferential offering (the "Preferential Offer") of Units to qualifying shareholders of the Company whose names would appear on the register of members of the Company on the record date of Thursday, 3 March 2011 (the "Record Date") for determining the assured entitlement of shareholders of the Company to the Units (other than the Non-Qualifying Shareholders as defined in the announcement issued by the Company on 4 March 2011) (the "Qualifying Shareholders"). The proposed separate listing of HPH Trust on the Main Board of SGX-ST constituted a spin-off for the Company under the Listing Rules. A Qualifying Shareholder who held at least 1,000 shares of par value HK$0.25 per share of the Company (the "Shares") on the Record Date was entitled to apply on an assured basis for 100 Units at US$1.01 per Unit for every one board lot of 1,000 Shares it held on the Record Date. A Qualifying Shareholder who held less than 1,000 Shares on the Record Date was not entitled to receive any assured entitlement to the Units and was not entitled to apply for any excess Units. The subscriptions in the Preferential Offer by Cheung Kong, through its subsidiaries (being connected persons of the Company by virtue of Cheung Kong being a substantial shareholder of the Company) in exercise of their respective assured entitlements for a total of 213,019,200 Units at an aggregate subscription price of US$215,149,392 and by certain of the Directors of the Company and of the directors of the Company's subsidiaries for a total of 1,664,300 Units at an aggregate subscription price of approximately US$1,680,943 constituted a series of connected transactions for the Company under the Listing Rules.

(8) On 24 March 2011, the Company announced that HWPL gave three guarantees on 18 January 2011 and 24 March 2011 respectively, all on normal commercial terms and on a several basis with corresponding guarantees given by a subsidiary of Cheung Kong on the same respective dates, each in respect of 50% of the indebtedness of 深圳和記黃埔中航地產有限公司 (Shenzhen Hutchison Whampoa CATIC Properties Limited) ("SZ Hutchison CATIC") under the three two-year term loan facilities of up to an aggregate maximum principal amount of RMB1,000 million (or approximately HK$1,190 million) which are or may become due and payable by SZ Hutchison CATIC to an independent financial institution.

SZ Hutchison CATIC is a co-operative joint venture established under the laws of PRC owned as to 40% by an indirect wholly owned subsidiary of each of the Company and of Cheung Kong and as to the remaining 20% by a third party independent of the Company and its connected persons. Cheung Kong is a substantial shareholder of the Company. SZ Hutchison CATIC is a connected person of the Company by virtue of being an associate of Cheung Kong. Accordingly, the provision of three guarantees by HWPL constituted a series of connected transactions for the Company under the Listing Rules by way of the provision of financial assistance for the benefit of SZ Hutchison CATIC not in proportion to the interest which the Group company directly holds in SZ Hutchison CATIC.

Continuing Connected Transactions

On 20 April 2010, 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 were 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 are to 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 are subject to, inter alia, the following limitations:

(i) with respect to those transactions contemplated under the CKH Master Agreement, the aggregate gross purchase price of the CKH Connected Debt Securities of a particular issue held and proposed to be acquired by the Connected Debt Securities Purchasers during the CCT Relevant Period is not to 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 aggregate gross purchase price of the HSE Connected Debt Securities of a particular issue held and proposed to be acquired by the Connected Debt Securities Purchasers during the CCT Relevant Period is not to 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 is not to exceed HK$22,580 million, being approximately 20% of the Company's "net liquid assets" as at 31 December 2009 (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 annual general meeting of the Company held on 27 May 2010 (the "2010 AGM") for acquisition of Connected Debt Securities pursuant to the relevant Master Agreements and subject to the limitations set out in the Master Agreements and the resolutions passed at the 2010 AGM.

"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 on any day during the CCT Relevant Period means (i) the aggregate gross purchase price paid in respect of the CKH Connected Debt Securities held by the Connected Debt Securities Purchasers at the commencement of the CCT Relevant Period, if any; (ii) the aggregate gross purchase price paid in respect of the CKH Connected Debt Securities acquired by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period, if any; and (iii) the aggregate gross purchase price in respect of the CKH Connected Debt Securities of a particular issue proposed to be acquired by the Connected Debt Securities Purchasers on such day; less (iv) the aggregate net sale proceeds in respect of CKH Connected Debt Securities sold by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period; any amount(s) in foreign currency for the above calculations shall be converted into HK$ at exchange rate(s) quoted by Bloomberg as at 5:00 pm in Hong Kong on the day immediately preceding such date.

"Connected Debt Securities Purchasers" means the Company or any of its wholly owned subsidiaries which is designated as the purchaser of Connected Debt Securities as contemplated under either the CKH Master Agreement or the HSE Master Agreement, and "Connected Debt Securities Purchasers" shall be construed accordingly.

"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 on any day during the CCT Relevant Period means (i) the aggregate gross purchase price paid in respect of the HSE Connected Debt Securities held by the Connected Debt Securities Purchasers at the commencement of the CCT Relevant Period, if any; (ii) the aggregate gross purchase price paid in respect of the HSE Connected Debt Securities acquired by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period, if any; and (iii) the aggregate gross purchase price in respect of the HSE Connected Debt Securities of a particular issue proposed to be acquired by the Connected Debt Securities Purchasers on such date; less (iv) the aggregate net sale proceeds in respect of HSE Connected Debt Securities sold by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period; any amount(s) in foreign currency for the above calculations shall be converted into HK$ at exchange rate(s) quoted by Bloomberg as at 5:00 pm in Hong Kong on the day immediately preceding such date.

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. Any transactions underlying the Master Agreements would constitute 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.

A summary of all related parties transactions entered into by the Group during the year ended 31 December 2010 is contained in note 38 to the consolidated accounts. The transactions in relation to the establishment of joint ventures with Cheung Kong, the provision of financial assistance for the benefit of such joint ventures and the outstanding balances of approximately HK$1,010 million (out of approximately HK$2,325 million) in principal amount with associated companies and jointly controlled entities as described in note 38 all fall under the definition of "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 2010.

Annual Review of Continuing Connected Transactions

All the Independent Non-executive Directors of the Company have reviewed and confirmed that there was no CKH & HSE Continuing Connected Transactions entered into by the Group during the year ended 31 December 2010.

Based on the work performed, the auditor of the Company has confirmed in a letter to the Board of Directors of the Company that there was no CKH & HSE Continuing Connected Transactions entered into by the Group during the year ended 31 December 2010.

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 2010, 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 "SEHK") 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 SEHK 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	Founder of discretionary trusts	Other interest	2,141,698,773 (1)		
	Interest of controlled corporations	Corporate interest	89,404,000 (2)	2,231,102,773	52.3319%
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	2,141,698,773 (1)		
	Interest of controlled corporations	Corporate interest	1,086,770 (3)	2,142,785,543	50.2604%
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	6,010,875 (4)	6,010,875	0.1410%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	150,000	150,000	0.0035%
Frank John Sixt	Beneficial owner	Personal interest	200,000	200,000	0.0047%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	50,000	0.0012%
Kam Hing Lam	Beneficial owner	Personal interest	60,000		
	Interest of child	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	Founder and beneficiary of a discretionary trust	Other interest	950,100 (6)		
	Beneficial owner	Personal interest	40,000		
	Interest of spouse	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 2010, 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) 3,185,136,120 ordinary shares, representing approximately 66.14% of the then issued share capital, in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") of which 52,092,587 ordinary shares and 3,132,890,253 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) 829,599,612 ordinary shares, representing approximately 38.87% of the then issued share capital, in Power Assets Holdings Limited ("Power Assets") which shares were held by certain wholly owned subsidiaries of CKI;

(iv) 2,420,028,908 ordinary shares, representing approximately 62.16% of the then issued share capital, in TOM Group Limited ("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;

(v) 307,720,996 common shares, representing approximately 34.55% of the then issued share capital, in Husky held by a wholly owned subsidiary of the Company; and

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

As Mr Li Ka-shing is the settlor of a discretionary trust and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of that discretionary trust, for the purpose of the SFO Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 322,374,830 common shares, representing approximately 36.19% of the then issued share capital, in Husky which were held by a company indirectly owned by Mr Li Ka-shing and the trustee of a discretionary trust as aforementioned.

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 2010, corporate interests in (i) a nominal amount of US$57,000,000 in the 5.90% Notes due 2014 issued by Husky; and (ii) 389,653,499 ordinary shares, representing approximately 8.09% 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 2010, the following interests:

(i) family interests in 151,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in Power Assets 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 Hutchison Whampoa International (03/13) Limited ("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; and (c) 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 2010, 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 5.75% Notes due 2019 issued by Hutchison Whampoa International (09/19) Limited; (c) a nominal amount of US$2,000,000 in the 7.25% Notes due 2019 issued by Husky; and (d) a nominal amount of US$5,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (10) Limited ("HWI(10)");

(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 HTHKH; and

(v) corporate interests in 250,000 common shares, representing approximately 0.03% 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 2010, personal interests in 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 2010, 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 HTHKH; (c) 36,000 common shares, representing approximately 0.004% of the then issued share capital, in Husky; and (d) a nominal amount of US$1,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by HWI(10); 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 had, as at 31 December 2010, the following interests:

(i) personal interests in 100,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in CKI held in his capacity as a beneficial owner; and

(ii) family interests in 100,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in Power Assets held by his child.

Mr Holger Kluge in his capacity as a beneficial owner had, as at 31 December 2010, personal interests in 20,000 common shares, representing approximately 0.002% of the then issued share capital, in Husky.

Mr George Colin Magnus had, as at 31 December 2010, the following interests:

(i) 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; and

(ii) personal interests in 30,000 common shares, representing approximately 0.003% of the then issued share capital, in Husky held in his capacity as a beneficial owner.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2010, personal interests in 11,959 common shares, representing approximately 0.001% of the then issued share capital, in Husky.

Save as disclosed above, as at 31 December 2010, 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 SEHK 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 SEHK.

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 2010, 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 SEHK:

(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 2010, 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 SEHK.

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 SEHK in relation to a listing on the Main Board of the SEHK (or an equivalent application in the case of a listing on the Growth Enterprise Market of the SEHK 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 the approval of the shareholders of both **3** Italia and the Company in a general meeting 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.

No share option was granted, exercised, cancelled or lapsed under the **3** Italia Plan during the year ended 31 December 2010.

As at 1 January 2010, 31 December 2010 and the date of this report, **3** Italia had no share options outstanding under the **3** Italia Plan.

(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 SEHK in relation to a listing on the Main Board of the SEHK (or an equivalent application in case of a listing on the Growth Enterprise Market of the SEHK, 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 2010 and share options granted, exercised, cancelled or lapsed under the **3** UK Plan during the year are as follows:

Category of participant	Effective date of grant or date of grant of share options [(1)]	Number of share options held at 1 January 2010	Granted during 2010	Exercised during 2010	Lapsed/ cancelled during 2010	Number of share options held at 31 December 2010	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	-	-	(467,250)	5,807,250	From Listing [(2)] to 18.4.2011	1.00	1.00	N/A
	20.5.2004	23,729,000	-	-	(2,380,500)	21,348,500	From Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	3,111,000	-	-	(202,750)	2,908,250	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	-	-	(60,000)	187,750	From Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	1,647,750	-	-	(80,000)	1,567,750	From Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	250,000	-	-	(67,500)	182,500	From Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	380,000	-	-	(40,000)	340,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	1,105,000	-	-	(30,000)	1,075,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	767,250	-	-	(105,000)	662,250	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	477,750	-	-	(60,000)	417,750	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	2,650,500	-	-	(447,750)	2,202,750	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		41,060,500	-	-	(3,940,750)	37,119,750				

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 36,872,500 share options outstanding under the **3** UK Plan, which represented approximately 0.83% of the **3** UK Shares in issue as at that date.

No share option was granted under the **3** UK Plan during the year ended 31 December 2010.

(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 company (which is 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 which may be allotted and issued pursuant to the Chi-Med Plan is subject to the following:-

(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) 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 company (which is 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 4.95% 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 a general meeting and by the shareholders of the listed parent company 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 a 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.

where "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. The Chi-Med Plan has a remaining term of approximately five years as at the date of this report.

Particulars of share options outstanding under the Chi-Med Plan at the beginning and at the end of the financial year ended 31 December 2010 and share options granted, exercised, cancelled or lapsed under the Chi-Med Plan during the year are 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 2010	Granted during 2010	Exercised during 2010	Lapsed/ cancelled during 2010	Number of share options held at 31 December 2010	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 (6)	N/A
Other employees in aggregate	19.5.2006 (1)(2)	553,683	-	(425,653)	-	128,030	19.5.2006 to 3.6.2015	1.09	2.505 (6)	2.87 (8)
	11.9.2006 (2)	80,458	-	-	-	80,458	11.9.2006 to 18.5.2016	1.715	1.715 (7)	N/A
	23.3.2007 (3)	8,535	-	(8,535)	-	-	23.3.2007 to 22.3.2017	1.75	1.75 (7)	5.00 (8)
	18.5.2007 (3)	90,298	-	(29,791)	(8,325)	52,182	18.5.2007 to 17.5.2017	1.535	1.535 (7)	3.15 (8)
	25.8.2008 (4)(5)	256,146	-	-	-	256,146	25.8.2008 to 24.8.2018	1.26	1.26 (7)	N/A
	28.6.2010 (4)	N/A	102,628	-	-	102,628	28.6.2010 to 27.6.2020	3.195	3.15 (7)	N/A
	1.12.2010 (4)	N/A	227,600	-	-	227,600	1.12.2010 to 30.11.2020	4.967	4.85 (7)	N/A
Total:		1,757,302	330,228	(463,979)	(8,325)	1,615,226				

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) These share options are held by Mr Cheng Chig Fung, Johnny who was appointed as an executive director of Chi-Med on 18 February 2011.

(6) 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.

(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 of grant of the share options.

(8) The stated price was the weighted average closing price of the Chi-Med Shares quoted on the AIM on the trading day immediately prior to the date(s) on which the share options were exercised.

As at the date of this report, Chi-Med had 1,615,226 share options outstanding under the Chi-Med Plan, which represented approximately 3.12% of the Chi-Med Shares in issue as at that date.

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

	Date of grant of share options	
	28 June 2010	1 December 2010
Value of each share option	£1.361	£1.995
Significant inputs into the valuation model:		
Exercise price	£3.195	£4.967
Share price at effective grant date	£3.150	£4.600
Expected volatility	49.9%	48.43%
Risk-free interest rate	3.34%	3.36%
Expected life of share options	6.25 years	6.25 years
Expected dividend yield	0%	0%

The volatility of the underlying stock during the life of the share options is estimated with reference to the volatility of Chi-Med four years prior to the issuance of share options. Changes in such subjective input assumptions could affect the fair value estimate.

(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 a 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 a 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 SEHK'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 SEHK'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 and has a remaining term of approximately three years as at the date of this report.

Particulars of share options outstanding under the HHR Plan at the beginning and at the end of the financial year ended 31 December 2010 and share options granted, exercised, cancelled or lapsed under the HHR Plan during the year are as follows:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2010	Granted during 2010	Exercised during 2010	Lapsed/ cancelled during 2010	Number of share options held at 31 December 2010	Exercise period of share options (1)	Exercise price of share options HK$	Price of HHR Share at grant date of share options (2) HK$	Price of HHR Share at exercise date of share options (3) HK$
Directors										
Chan Wen Mee, May (Michelle)[4]	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
Sub-total:		17,000,000	-	-	(12,000,000)	5,000,000				
Other employees in aggregate	3.6.2005	7,900,000	-	(5,500,000)	(1,800,000)	600,000	3.6.2006 to 2.6.2015	0.822	0.82	1.01
	25.5.2007	12,868,000	-	(9,232,000)	(2,100,000)	1,536,000	25.5.2008 to 24.5.2017	0.616	0.61	0.93
Sub-total:		20,768,000	-	(14,732,000)	(3,900,000)	2,136,000				
Total:		37,768,000	-	(14,732,000)	(15,900,000)	7,136,000				

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 SEHK 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) Ms Chan Wen Mee, May (Michelle) resigned as managing director and executive director of HHR with effect from 1 November 2010.

As at the date of this report, HHR had 7,136,000 share options outstanding under the HHR Plan, which represented approximately 0.08% of the HHR Shares in issue as at that date.

No share option was granted under the HHR Plan during the year ended 31 December 2010.

(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 a general meeting 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. As at the date of this report, HTAL Plan has a remaining term of approximately six years.

Particulars of share options outstanding under the HTAL Plan at the beginning and at the end of the financial year ended 31 December 2010 and share options granted, exercised, cancelled or lapsed under the HTAL Plan during the year are as follows:

Category of participant	Date of grant of share options	Number of share options held at 1 January 2010	Granted during 2010	Exercised during 2010	Lapsed/ cancelled during 2010	Number of share options held at 31 December 2010	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)]	24,375,000	-	-	(1,525,000)	22,850,000	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
	4.6.2008 [(1c)]	300,000	-	-	-	300,000	1.1.2010 to 3.6.2013	0.139	0.139	N/A
Total:		24,975,000	-	-	(1,525,000)	23,450,000				

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 10,481,271 shares, which represented approximately 0.08% of the HTAL Shares in issue as at that date.

No share option was granted under the HTAL Plan during the year ended 31 December 2010.

(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) (the "HTHKH Eligible Employee") 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, as at 8 May 2009, the date on which the HTHKH Shares were first listed on the SEHK (the "HTHKH Listing Date") (the "HTHKH General Scheme Limit"). 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 477,774,620, representing 9.92% 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 SEHK 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 SEHK'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 eight 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 2010 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during the year are as follows:

Category of participant	Date of grant of share options (1)	Number of share options held at 1 January 2010	Granted during 2010	Exercised during 2010	Lapsed/ cancelled during 2010	Number of share options held at 31 December 2010	Exercise period of share options	Exercise price of share options (2) HK$	Price of HTHKH Share at grant date of share options (3) HK$	Price of HTHKH Share at exercise date of share options (4) HK$
Employees in aggregate	1.6.2009	4,750,000	-	(1,410,000)	-	3,340,000	1.6.2009 to 31.5.2019	1.00	0.96	2.12
Total:		4,750,000	-	(1,410,000)	-	3,340,000				

Notes:

(1) The share options were 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 closing price of the HTHKH Shares on the SEHK 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 HTHKH Shares immediately before the date(s) on which the share options were exercised.

As at the date of this report, HTHKH had 1,090,000 share options outstanding under the HTHKH Plan, which represented approximately 0.02% of the HTHKH Shares in issue as at that date.

No share option was granted under the HTHKH Plan during the year ended 31 December 2010.

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

Following the implementation of a Scheme of Arrangement to privatise HTIL, the then listed subsidiary of the Company, and payments by the Group to the then HTIL's non-controlling interest totaling HK$4,199 million or HK$2.2 per scheme share, HTIL became a wholly-owned subsidiary of the Group after 24 May 2010.

On 3 June 2010, the shareholders of HTIL unanimously approved the termination of the share option scheme of HTIL (the "HTIL Plan"). Accordingly, the disclosure made below in respect of the HTIL Plan is for the period from 1 January 2010 to 3 June 2010.

The purpose of 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").

The term of HTIL Plan commenced from 19 May 2005, being the date on which the HTIL Plan becomes unconditional. 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 SEHK'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 SEHK'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 for the period from 1 January 2010 to 3 June 2010 and share options granted, exercised, cancelled or lapsed under the HTIL Plan during such period are as follows:

Name or category of participant	Date of grant of share options [(1)]	Number of share options held at 1 January 2010	Granted from 1 January 2010 to 3 June 2010	Exercised from 1 January 2010 to 3 June 2010	Lapsed/ cancelled from 1 January 2010 to 3 June 2010	Number of share options held at 3 June 2010	Exercise period of share options	Exercise price of share options [(2)] HK$	Price of HTIL Share at grant date of share options [(3)] HK$	Price of HTIL Share at exercise date of share options [(4)] HK$
Director										
Christopher John Foll	1.6.2009	5,000,000	-	-	(5,000,000)	-	12.12.2009 to 31.5.2019	1.61	1.58	N/A
Other employees in aggregate	1.6.2009	7,566,666	-	(8,000)	(7,558,666)	-	1.6.2009 to 31.5.2019	1.61	1.58	2.14
Total:		12,566,666	-	(8,000)	(12,558,666)	-				

Notes:

(1) The share options were to be vested according to a schedule, namely, as to as close to one-third of the HTIL Shares which were 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 was subject to adjustment in accordance with the provisions of the HTIL Plan (as amended).

(3) The stated price was the SEHK 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.

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 2010, 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 human health products) - Finance and investments
	Power Assets	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
	Power Assets	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
	Power Assets	Executive Director	- Energy
	HHR	Executive Director	- Property
	HTAL	Director	- Telecommunications
	TOM	Non-executive Director	- Telecommunications (Internet, outdoor media, 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
	Power Assets	Executive Director	- Energy
	HTAL	Director	- Telecommunications
	Husky	Director	- Energy
	TOM	Non-executive Chairman	- Telecommunications (Internet, outdoor media, 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 human health products) - Finance and investments
	Power Assets	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
	Power Assets	Non-executive Director	- Energy
	Husky	Director (independent)	- Energy
William Shurniak	Husky	Director (independent) 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, Mr Frank John Sixt and Mr Lai Kai Ming, Dominic are non-executive directors of HTHKH, and Mr Fok and Mr Lai are also alternate directors to Mrs Chow and Mr Sixt, non-executive directors of HTHKH, respectively. Mr Fok, Mrs Chow and Mr Sixt were former non-executive directors of HTIL (whose ordinary shares were withdrawn from listing on the Main Board of the SEHK on 25 May 2010 and American depositary shares were delisted on New York Stock Exchange, Inc. effective on 4 June 2010 (New York time), and currently an indirect wholly owned subsidiary of the Company). Mrs Chow was also a former alternate director to each of Mr Fok and Mr Sixt, former non-executive directors of HTIL. Both HTHKH and HTIL were engaged in telecommunications businesses.

Prior to the delisting of HTIL, a non-competition agreement existed between the Company and HTIL (the "2004 HTIL Non-Competition Agreement") which 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 the then 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 (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 (the "Amendment Agreement") whereby the parties thereto agreed, with effect from the first day on which the shares of HTHKH commence trading on the Main Board of the SEHK (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 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 Amendment Agreement came into effect on 8 May 2009, being the HTHKH Listing Date. The non-competitive restrictions contained in the 2004 HTIL Non-Competition Agreement and the Amendment Agreement ceased to be in effect upon the delisting of HTIL.

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 the Group and the HTHKH Group have competing operations.

As at the date of this report, the exclusive territory of the HTHKH Group comprised Hong Kong and Macau whereas that of the Group (including 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$178,038 million, representing approximately 47% 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, 29 March 2011

Corporate Governance Report

The Company strives to attain and maintain the highest standards of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder's 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 2010, 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 2010, 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 76 to 78 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 long-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 2010 with 98% attendance.

	Name of Director	**Attended/Eligible to attend**
Chairman	Li Ka-shing (1)	4/4
Executive Directors	Li Tzar Kuoi, Victor (1) *(Deputy Chairman)*	4/4
	Fok Kin-ning, Canning *(Group Managing Director)*	4/4
	Chow Woo Mo Fong, Susan *(Deputy Group Managing Director)*	4/4
	Frank John Sixt *(Group Finance Director)*	4/4
	Lai Kai Ming, Dominic	4/4
	Kam Hing Lam (1)	4/4
Non-executive Directors	George Colin Magnus	4/4
	William Shurniak	4/4
Independent Non-executive Directors	Michael David Kadoorie	4/4
	Holger Kluge	3/4
	Margaret Leung Ko May Yee	4/4
	Wong Chung Hin	4/4

Note:

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

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

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

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

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as the Group's code of conduct regarding Directors' securities transactions. In response to specific enquiries made of them, all Directors confirmed that they have complied with the Model Code in their securities transactions throughout 2010.

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 125 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 held four meetings in 2010 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 2010, the PwC fees, amounting to HK$177 million, were primarily for audit services and those for non-audit services amounted to HK$28 million, 13.7% of the total fees.

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 2010 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate. In addition, it has also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

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 matters 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 counsels.

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.

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 2010 to review background information on market data (including economic indicators, statistics and 2011 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 2011 directors' fees, year end bonus and 2011 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 2010 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	38.48	-	-	43.04
Paid by Cheung Kong Infrastructure Holdings Limited ("CKI")	0.07	-	13.33	-	-	13.40
Paid to the Company	(0.07)	-	-	-	-	(0.07)
	0.12	4.44	51.81	-	-	56.37
FOK Kin-ning, Canning [2]	0.12	10.29	141.10	2.13	-	153.64
CHOW WOO Mo Fong, Susan [2]	0.12	7.69	32.00	1.55	-	41.36
Frank John SIXT [2]	0.12	7.62	30.94	0.68	-	39.36
LAI Kai Ming, Dominic [2]	0.12	5.14	30.00	0.98	-	36.24
KAM Hing Lam [2]						
Paid by the Company	0.12	2.25	6.98	-	-	9.35
Paid by CKI	0.07	4.20	5.82	-	-	10.09
Paid to the Company	(0.07)	(4.20)	-	-	-	(4.27)
	0.12	2.25	12.80	-	-	15.17
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]	0.12	-	-	-	-	0.12
WONG Chung Hin [3][5][6]	0.31	-	-	-	-	0.31
Total:	2.07	37.43	298.65	5.34	-	343.49

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.

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 ("HKEx"). Financial and other information on the Group is made available on the Group's website, which is regularly updated.

The latest shareholders' meeting of the Company was the 2010 Annual General Meeting (the "AGM") which was held on 27 May 2010 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 85%. 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 that meeting on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 27 May 2010 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 2009	99.92%
2	Declaration of a final dividend	99.99%
3(1)	Re-election of Mr Li Tzar Kuoi, Victor as a Director	98.04%
3(2)	Re-election of Mr Frank John Sixt as a Director	86.73%
3(3)	Re-election of The Hon Sir Michael David Kadoorie as a Director	99.58%
3(4)	Re-election of Mr George Colin Magnus as a Director	94.23%
3(5)	Re-election of Mrs Margaret Leung Ko May Yee as a Director	85.36%
4	Appointment of Auditor and authorisation of the Directors to fix the Auditor's remuneration	99.88%
5(1)	Granting of a general mandate to Directors to issue additional shares in the Company	83.16%
5(2)	Purchase by the Company of its own shares	99.95%
5(3)	Extension of the general mandate regarding issue of additional shares in the Company	85.38%
6	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	99.39%
7	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	99.84%

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

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 2011 and public float capitalisation as at 31 December 2010.

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.

Environmental, Social and Governance Responsibility

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business. It has adopted a proactive approach to environmental, social and governance ("ESG") responsibility and has established a committee, chaired by the Deputy Group Managing Director Mrs Chow Woo Mo Fong, Susan, comprising representatives from key departments of the Company to spearhead the ESG activities of the Group. The committee focuses on impetuses related to our stakeholders, our employees, the environment, our operating practices and the community. Details of the initiatives of the committee are set out on pages 68 to 75.

By order of the Board

Edith Shih
Company Secretary

Hong Kong, 29 March 2011

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 126 to 222, which comprise the consolidated and Company statements of financial position as at 31 December 2010, 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 information.

Directors' responsibility for the consolidated accounts

The directors of the Company are responsible for the preparation of consolidated accounts that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

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 about whether the consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated accounts that give a true and fair view 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 consolidated 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 2010, 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, 29 March 2011

Consolidated Income Statement

for the year ended 31 December 2010

2010 US$ millions		Note	2010 HK$ millions	As restated Note 1 2009 HK$ millions
	Company and subsidiary companies:			
26,818	Revenue	4, 5	**209,180**	208,808
(10,041)	Cost of inventories sold		**(78,321)**	(74,275)
(3,688)	Staff costs		**(28,768)**	(28,309)
(2,053)	Telecommunications customer acquisition costs		**(16,013)**	(16,544)
(1,914)	Depreciation and amortisation	5	**(14,932)**	(16,258)
(6,469)	Other operating expenses	5	**(50,456)**	(60,769)
110	Change in fair value of investment properties		**855**	1,117
–	Profit on disposal of investments	6	**–**	12,472
	Share of profits less losses after tax of:			
829	Associated companies	19	**6,469**	5,390
1,203	Jointly controlled entities	20	**9,382**	3,677
4,795		5	**37,396**	35,309
(1,087)	Interest and other finance costs	8	**(8,476)**	(9,613)
3,708	**Profit before tax**		**28,920**	25,696
(320)	Current tax charge	9	**(2,493)**	(4,588)
(109)	Deferred tax credit (charge)	9	**(847)**	92
3,279	**Profit after tax**		**25,580**	21,200
(710)	**Allocated as : Profit attributable to non-controlling interests and holders of perpetual capital securities**		**(5,542)**	(7,569)
2,569	**Profit attributable to ordinary shareholders of the Company**	11	**20,038**	13,631
US 60.3 cents	**Earnings per share for profit attributable to ordinary shareholders of the Company**	11	**HK$ 4.70**	HK$ 3.20

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

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

2010 US$ millions		Note	2010 HK$ millions	As restated Note 1 2009 HK$ millions
3,279	**Profit after tax**		**25,580**	21,200
	Other comprehensive income			
	Available-for-sale investments:			
129	Valuation gains recognised directly in reserves		**1,001**	417
(108)	Valuation gains previously in reserves recognised in income statement for the year		**(839)**	(198)
59	Net actuarial gains of defined benefit plans		**463**	31
	Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
7	Gains recognised directly in reserves		**52**	1
(3)	Losses (gains) previously in reserves recognised in initial cost of non-financial items for the year		**(25)**	4
(789)	Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves		**(6,152)**	11,170
–	Gains on repayment of foreign currency loans from a jointly controlled entity previously in reserves recognised in income statement for the year		**–**	(930)
(2)	Gains previously in reserves related to subsidiaries disposed during the year recognised in income statement for the year		**(17)**	(1,909)
–	Others		**–**	7
323	Share of other comprehensive income of associated companies for the year		**2,520**	6,665
236	Share of other comprehensive income of jointly controlled entities for the year		**1,841**	1,547
(148)	Other comprehensive income (losses) before tax		**(1,156)**	16,805
(18)	Tax relating to components of other comprehensive income	12	**(140)**	149
(166)	Other comprehensive income (losses) after tax		**(1,296)**	16,954
3,113	**Total comprehensive income**		**24,284**	38,154
(771)	**Allocated as : Attributable to non-controlling interests and holders of perpetual capital securities**		**(6,014)**	(8,198)
2,342	**Attributable to ordinary shareholders of the Company**		**18,270**	29,956

Consolidated Statement of Financial Position

at 31 December 2010

31 December 2010 US$ millions		Note	31 December 2010 HK$ millions	As restated Note 1 31 December 2009 HK$ millions	As restated Note 1 1 January 2009 HK$ millions
	ASSETS				
	Non-current assets				
21,519	Fixed assets	13	**167,851**	176,192	178,143
5,544	Investment properties	14	**43,240**	42,323	41,282
3,534	Leasehold land	15	**27,561**	29,191	29,848
8,761	Telecommunications licences	16	**68,333**	70,750	72,175
3,504	Goodwill	17	**27,332**	28,858	30,436
1,649	Brand names and other rights	18	**12,865**	7,351	10,486
13,529	Associated companies	19	**105,528**	83,716	76,045
6,927	Interests in joint ventures	20	**54,032**	51,568	45,865
1,808	Deferred tax assets	21	**14,105**	14,657	13,248
1,171	Other non-current assets	22	**9,131**	5,286	8,904
3,152	Liquid funds and other listed investments	23	**24,585**	23,213	30,735
71,098			**554,563**	533,105	537,167
	Current assets				
11,750	Cash and cash equivalents	24	**91,652**	92,521	57,286
7,337	Trade and other receivables	25	**57,229**	48,146	54,767
2,273	Inventories		**17,733**	16,593	18,528
21,360			**166,614**	157,260	130,581
	Current liabilities				
10,370	Trade and other payables	26	**80,889**	73,029	82,599
2,964	Bank and other debts	28	**23,122**	17,589	23,945
372	Current tax liabilities		**2,900**	3,249	1,274
13,706			**106,911**	93,867	107,818
7,654	**Net current assets**		**59,703**	63,393	22,763
78,752	**Total assets less current liabilities**		**614,266**	596,498	559,930
	Non-current liabilities				
29,248	Bank and other debts	28	**228,134**	242,851	234,141
1,730	Interest bearing loans from non-controlling shareholders	29	**13,493**	13,424	13,348
1,832	Deferred tax liabilities	21	**14,290**	13,355	13,616
218	Pension obligations	30	**1,702**	2,436	2,541
506	Other non-current liabilities	31	**3,945**	4,520	4,586
33,534			**261,564**	276,586	268,232
45,218	**Net assets**		**352,702**	319,912	291,698

31 December 2010 US$ millions		Note	31 December 2010 HK$ millions	As restated Note 1 31 December 2009 HK$ millions	As restated Note 1 1 January 2009 HK$ millions
	CAPITAL AND RESERVES				
137	Share capital	32	**1,066**	1,066	1,066
2,000	Perpetual capital securities	32	**15,600**	–	–
37,542	Reserves		**292,831**	281,433	258,820
39,679	**Total ordinary shareholders' funds and perpetual capital securities**		**309,497**	282,499	259,886
5,539	Non-controlling interests		**43,205**	37,413	31,812
45,218	**Total equity**		**352,702**	319,912	291,698

Fok Kin-ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Cash Flows

for the year ended 31 December 2010

2010 US$ millions		Note	2010 HK$ millions	As restated Note 1 2009 HK$ millions
	Operating activities			
7,599	Cash generated from operating activities before interest and other finance costs, tax paid, telecommunications customer acquisition costs and changes in working capital	33 (a)	**59,275**	53,061
(995)	Interest and other finance costs paid		**(7,763)**	(8,910)
(336)	Tax paid		**(2,617)**	(2,866)
6,268	Funds from operations before telecommunications customer acquisition costs		**48,895**	41,285
(2,053)	Telecommunications customer acquisition costs		**(16,013)**	(16,544)
4,215	**Funds from operations**		**32,882**	24,741
(386)	Changes in working capital	33 (b)	**(3,015)**	(4,514)
3,829	**Net cash from operating activities**		**29,867**	20,227
	Investing activities			
(1,578)	Purchase of fixed assets and investment properties for established businesses		**(12,308)**	(11,218)
(1,202)	Purchase of fixed assets for **3** Group		**(9,375)**	(7,834)
(7)	Additions to leasehold land		**(54)**	(30)
(19)	Additions to telecommunications licences	16, 33(e)	**(146)**	–
(59)	Additions to brand names and other rights	18, 33(e)	**(461)**	(494)
–	Purchase of subsidiary companies	33 (c)	**–**	(126)
(534)	Additions to other unlisted investments and long term receivables		**(4,163)**	(257)
154	Repayments from associated companies and jointly controlled entities		**1,203**	10,423
(2,058)	Purchase of and advances to (including deposits from) associated companies and jointly controlled entities		**(16,056)**	1,449
1,282	Proceeds on disposal of fixed assets, leasehold land and investment properties		**9,997**	1,345
(9)	Proceeds on disposal of subsidiary companies	33 (d)	**(69)**	15,892
–	Proceeds on disposal of associated companies		**1**	176
1	Proceeds on disposal of jointly controlled entities		**10**	48
76	Proceeds on disposal of other unlisted investments		**589**	714
–	Proceeds on disposal of infrastructure project investments		**–**	18
(3,953)	Cash flows from (used in) investing activities before additions to / disposal of liquid funds and other listed investments		**(30,832)**	10,106
67	Disposal of liquid funds and other listed investments		**523**	13,468
(157)	Additions to liquid funds and other listed investments		**(1,227)**	(4,835)
(4,043)	**Cash flows from (used in) investing activities**		**(31,536)**	18,739
(214)	**Net cash inflow (outflow) before financing activities**		**(1,669)**	38,966

2010 US$ millions		Note	2010 HK$ millions	As restated Note 1 2009 HK$ millions
	Financing activities			
5,286	New borrowings		**41,232**	111,452
(6,338)	Repayment of borrowings		**(49,434)**	(103,182)
1,040	Issue of shares by subsidiary companies to non-controlling shareholders and net loans from (to) non-controlling shareholders		**8,105**	(487)
(606)	Payments to acquire additional interests in subsidiary companies		**(4,727)**	(610)
1,982	Proceeds on issue of perpetual capital securities, net of transaction costs		**15,464**	–
(316)	Dividends paid to non-controlling shareholders		**(2,465)**	(3,529)
(946)	Dividends paid to ordinary shareholders		**(7,375)**	(7,375)
102	**Cash flows from (used in) financing activities**		**800**	(3,731)
(112)	Increase (decrease) in cash and cash equivalents		**(869)**	35,235
11,862	Cash and cash equivalents at 1 January		**92,521**	57,286
11,750	**Cash and cash equivalents at 31 December**		**91,652**	92,521
	Analysis of cash, liquid funds and other listed investments			
11,750	Cash and cash equivalents, as above	24	**91,652**	92,521
3,152	Liquid funds and other listed investments	23	**24,585**	23,213
14,902	**Total cash, liquid funds and other listed investments**		**116,237**	115,734
31,713	Total principal amount of bank and other debts	28	**247,362**	259,089
1,730	Interest bearing loans from non-controlling shareholders	29	**13,493**	13,424
18,541	**Net debt**		**144,618**	156,779
(1,730)	Interest bearing loans from non-controlling shareholders		**(13,493)**	(13,424)
16,811	**Net debt (excluding interest bearing loans from non-controlling shareholders)**		**131,125**	143,355

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	Attributable to: Ordinary shareholders: Share capital and premium [(a)]	Ordinary shareholders: Exchange reserve	Ordinary shareholders: Other reserves [(b)]	Ordinary shareholders: Retained profit	Ordinary shareholders: Sub-total	Holders of perpetual capital securities [(c)]	Total ordinary shareholders' funds and perpetual capital securities	Non-controlling interests	Total equity
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 1 January 2010, as previously reported	29,425	6,117	2,233	245,756	283,531	–	283,531	37,413	320,944
Prior year adjustments in respect of changes in accounting policies (see note 1)	–	(17)	–	(1,015)	(1,032)	–	(1,032)	–	(1,032)
At 1 January 2010, as restated	29,425	6,100	2,233	244,741	282,499	–	282,499	37,413	319,912
Profit for the year	–	–	–	20,038	20,038	164	20,202	5,378	25,580
Other comprehensive income									
Available-for-sale investments:									
Valuation gains recognised directly in reserves	–	–	833	–	833	–	833	168	1,001
Valuation gains previously in reserves recognised in income statement for the year	–	–	(679)	–	(679)	–	(679)	(160)	(839)
Net actuarial gains of defined benefit plans	–	–	–	454	454	–	454	9	463
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:									
Gains recognised directly in reserves	–	–	44	–	44	–	44	8	52
Gains previously in reserves recognised in initial cost of non-financial items for the year	–	–	(25)	–	(25)	–	(25)	–	(25)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(6,244)	–	–	(6,244)	–	(6,244)	92	(6,152)
Losses (gains) previously in reserves related to subsidiaries disposed during the year recognised in income statement for the year	–	(13)	1	–	(12)	–	(12)	(5)	(17)
Share of other comprehensive income of associated companies for the year	–	2,015	380	(27)	2,368	–	2,368	152	2,520
Share of other comprehensive income of jointly controlled entities for the year	–	1,619	26	(8)	1,637	–	1,637	204	1,841
Tax relating to components of other comprehensive income	–	–	(9)	(135)	(144)	–	(144)	4	(140)
Other comprehensive income (losses)	–	(2,623)	571	284	(1,768)	–	(1,768)	472	(1,296)
Total comprehensive income (losses)	–	(2,623)	571	20,322	18,270	164	18,434	5,850	24,284
Dividends paid relating to 2009	–	–	–	(5,201)	(5,201)	–	(5,201)	–	(5,201)
Dividends paid relating to 2010	–	–	–	(2,174)	(2,174)	–	(2,174)	–	(2,174)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(2,620)	(2,620)
Equity contribution from non-controlling interests	–	–	–	–	–	–	–	7,973	7,973
Transaction costs in relation to equity contribution from non-controlling interests	–	–	–	(107)	(107)	–	(107)	(19)	(126)
Share option schemes of subsidiaries	–	–	(40)	–	(40)	–	(40)	2	(38)
Share option lapsed	–	–	(28)	28	–	–	–	–	–
Unclaimed dividends write back	–	–	–	5	5	–	5	–	5
Issuance of perpetual capital securities	–	–	–	–	–	15,600	15,600	–	15,600
Transaction costs in relation to issuance of perpetual capital securities	–	–	–	(136)	(136)	–	(136)	–	(136)
Relating to purchase of non-controlling interests	–	–	617	–	617	–	617	(5,387)	(4,770)
Relating to disposal of subsidiary companies	–	–	–	–	–	–	–	(7)	(7)
At 31 December 2010	29,425	3,477	3,353	257,478	293,733	15,764	309,497	43,205	352,702

	Attributable to								
	Ordinary shareholders					Holders of perpetual capital securities [c]	Total ordinary shareholders' funds and perpetual capital securities	Non-controlling interests	Total equity
	Share capital and premium [a]	Exchange reserve	Other reserves [b]	Retained profit	Sub-total				
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 1 January 2009, as previously reported	29,425	(9,411)	1,983	238,322	260,319	–	260,319	31,812	292,131
Prior year adjustments in respect of changes in accounting policies (see note 1)	–	45	–	(478)	(433)	–	(433)	–	(433)
At 1 January 2009, as restated	29,425	(9,366)	1,983	237,844	259,886	–	259,886	31,812	291,698
Profit for the year	–	–	–	13,631	13,631	–	13,631	7,569	21,200
Other comprehensive income									
Available-for-sale investments:									
Valuation gains recognised directly in reserves	–	–	387	–	387	–	387	30	417
Valuation gains previously in reserves recognised in income statement for the year	–	–	(196)	–	(196)	–	(196)	(2)	(198)
Net actuarial gains of defined benefit plans	–	–	–	28	28	–	28	3	31
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:									
Gains recognised directly in reserves	–	–	5	–	5	–	5	(4)	1
Losses previously in reserves recognised in initial cost of non-financial items for the year	–	–	4	–	4	–	4	–	4
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	–	10,301	–	–	10,301	–	10,301	869	11,170
Gains on repayment of foreign currency loans from a jointly controlled entity previously in reserves recognised in income statement for the year	–	(930)	–	–	(930)	–	(930)	–	(930)
Gains previously in reserves related to subsidiaries disposed during the year recognised in income statement for the year	–	(347)	(597)	(189)	(1,133)	–	(1,133)	(776)	(1,909)
Surplus on revaluation of properties upon transfer from other properties to investment properties	–	–	7	–	7	–	7	–	7
Share of other comprehensive income of associated companies for the year	–	5,042	637	643	6,322	–	6,322	343	6,665
Share of other comprehensive income of jointly controlled entities for the year	–	1,400	–	4	1,404	–	1,404	143	1,547
Tax relating to components of other comprehensive income	–	–	(29)	155	126	–	126	23	149
Other comprehensive income	–	15,466	218	641	16,325	–	16,325	629	16,954
Total comprehensive income	–	15,466	218	14,272	29,956	–	29,956	8,198	38,154
Dividends paid relating to 2008	–	–	–	(5,201)	(5,201)	–	(5,201)	–	(5,201)
Dividends paid relating to 2009	–	–	–	(2,174)	(2,174)	–	(2,174)	–	(2,174)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(3,486)	(3,486)
Equity contribution from non-controlling interests	–	–	–	–	–	–	–	4,209	4,209
Share option schemes of subsidiaries	–	–	27	–	27	–	27	31	58
Share option lapsed	–	–	5	(5)	–	–	–	–	–
Unclaimed dividends write back	–	–	–	5	5	–	5	–	5
Relating to purchase of non-controlling interests	–	–	–	–	–	–	–	245	245
Relating to disposal of subsidiary companies	–	–	–	–	–	–	–	(3,596)	(3,596)
At 31 December 2009	29,425	6,100	2,233	244,741	282,499	–	282,499	37,413	319,912

(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 2010, revaluation reserve surplus amounted to HK$2,242 million (1 January 2010 - HK$2,053 million and 1 January 2009 - HK$2,444 million), hedging reserve surplus amounted to HK$501 million (1 January 2010 - HK$120 million and 1 January 2009 - deficit of HK$523 million) and other capital reserves surplus amounted to HK$610 million (1 January 2010 - HK$60 million and 1 January 2009 - HK$62 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) In October 2010, the group issued subordinated guaranteed perpetual capital securities (the "perpetual capital securities") with a nominal amount of US$2,000 million (approximately HK$15,600 million) for cash, which are classified as equity under HKFRSs.

(d) The Group's share of exchange reserve of associated companies and jointly controlled entities are gains of HK$1,597 million (2009 - HK$3,624 million) and losses of HK$1,033 million (2009 - HK$332 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$242 million (2009 - HK$463 million) and losses of HK$8 million (2009 - gains of HK$4 million) respectively.

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 2010. The adoption of these new and revised standards, amendments and interpretations has introduced certain changes to terminology in the Group's accounts in 2010 (for example the terms "non-controlling interests" and "non-controlling shareholders" replace "minority interests" and "minority shareholders", respectively) and has also resulted in a change to the Group's accounting policies in respect of classification of land leases, business combinations, and acquisitions and disposals of ownership interests in subsidiaries, associated companies and joint ventures that has affected the amount reported for the current and prior years. In addition, the Group's listed associated company, Husky Energy Inc. ("Husky Energy") announced that its accounting policy for oil and gas properties under the International Financial Reporting Standards ("IFRS") 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) Classification of leases of land

The amendments to Hong Kong Accounting Standard ("HKAS") 17 "Leases" are effective for the Group with effect from 1 January 2010. Amendments to HKAS 17 require that the classification of leases is based on the extent to which the risks and rewards incidental to ownership of an asset lie with the lessor or the lessee. In particular, the amendments deleted the specific guidance in the standard which previously required that the land element in a lease is normally classified as an operating lease unless title to the land is expected to be passed to the lessee by the end of the lease term. Under the amended HKAS 17, a lease of land is classified as fixed assets if the lease transfers substantially all the risks and rewards incidental to ownership of the leasehold land to the lessee. The amendments to HKAS 17 are required to be applied retrospectively. Comparative information has been restated to reflect this change in accounting policy. The effect of the adoption of this change in accounting policy is a reclassification of certain leasehold land to fixed assets in the statement of financial position.

(b) Business combinations, and acquisitions and disposals of ownership interests in subsidiaries, associated companies and joint ventures

HKFRS 3 (Revised) "Business combinations" and consequential amendments to HKAS 27 "Consolidated and separate financial statements" are effective for the Group prospectively with effect from 1 January 2010.

HKFRS 3 (Revised) introduces significant changes in the Group's accounting for business combinations. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. Furthermore, the revised standard changes the accounting for business combinations achieved in stages. Under HKFRS 3 (Revised), the Group's previously held interests in the acquired entity are re-measured to fair value at the date the Group attains control and the resulting gain or loss, if any, is recognised in the income statement, and any comprehensive income recognised in prior periods in relation to the previously held interests is also reclassified to the income statement, as if those interests were directly disposed of. Previously, the resulting gain or loss would have been dealt with as a movement in the revaluation surplus account in reserves, and the amount recognised in other comprehensive income in prior periods in relation to the previously held interests is not reclassified to the income statement. The principle adopted under HKFRS 3 (Revised) in relation to business combinations achieved in stages is applicable to acquisitions of associated and joint venture companies in stages.

HKAS 27 (Revised) requires that an increase or a decrease in ownership interest in a subsidiary that does not result in the Group losing control over the subsidiary is accounted for as a transaction with owners in their capacity as owners and is dealt with in reserves and attributed to the ordinary shareholders of the Company, with no impact to goodwill or income statement. Previously, such transactions impact goodwill and give rise to gains or losses. When control of a subsidiary is lost as a result of a transaction, event or other circumstances, HKAS 27 (Revised) requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when the control is lost, with the resulting fair value re-measurement gain or loss being recognised in the income statement. Previously, the retained interest in the former subsidiary is recognised at its carrying amount at the date when the control is lost and it does not give rise to fair value re-measurement gain or loss. The adoption of these revised standards has affected the accounting for acquisitions and transactions with non-controlling interests during the current year.

1 Basis of preparation (continued)

(c) Husky Energy's change in IFRS accounting policy for oil and gas properties

Husky Energy has changed its IFRS accounting policy for oil and gas properties. Under the previous policy, all costs of acquisition, exploration for and development of oil and gas reserves were capitalised and accumulated within cost centres on a country-by-country basis. Depletion of oil and gas properties was calculated using the unit-of-production method based on proved oil and gas reserves for each cost centre. Under the new policy, pre-exploration and evaluation costs are expensed as incurred, and exploratory wells will remain capitalised until the drilling operation is complete and the results have been evaluated. If the well does not encounter reserves of commercial quantity, the costs of drilling the well or wells will be written-off to exploration and evaluation expenses. Wells that result in commercial quantities of reserves remain capitalised and reclassified into property, plant, and equipment. The Group has adopted Husky Energy's new accounting policy in 2010 with retrospective effect and as a result the comparative information has been restated.

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

(i) Estimated effect on the consolidated income statement for the year ended 31 December 2010

	Changes in accounting policies			
	Business combinations	Classification of leases of land	Oil and gas properties	Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Company and subsidiary companies:				
Revenue	–	–	–	–
Cost of inventories sold	–	–	–	–
Staff costs	–	–	–	–
Telecommunications customer acquisition costs	–	–	–	–
Depreciation and amortisation	–	–	–	–
Other operating expenses	(138)	–	–	(138)
Change in fair value of investment properties	–	–	–	–
Profit on disposal of investments	–	–	–	–
Share of profits less losses after tax of:				
Associated companies	–	–	(755)	(755)
Jointly controlled entities	–	–	–	–
	(138)	–	(755)	(893)
Interest and other finance costs	–	–	–	–
Profit before tax	(138)	–	(755)	(893)
Current tax charge	–	–	–	–
Deferred tax credit (charge)	–	–	–	–
Profit after tax	(138)	–	(755)	(893)
Allocated as : Profit attributable to non-controlling interests and holders of perpetual capital securities	(37)	–	–	(37)
Profit attributable to ordinary shareholders of the Company	(175)	–	(755)	(930)
Earnings per share for profit attributable to ordinary shareholders of the Company	(HK$ 0.04)	–	(HK$ 0.18)	(HK$ 0.22)

1 Basis of preparation (continued)

(ii) Estimated effect on the consolidated statement of financial position as at 31 December 2010

	Changes in accounting policies			
	Business combinations HK$ millions	Classification of leases of land HK$ millions	Oil and gas properties HK$ millions	Total HK$ millions
ASSETS				
Non-current assets				
Fixed assets	–	4,698	–	4,698
Investment properties	–	–	–	–
Leasehold land	–	(4,698)	–	(4,698)
Telecommunications licences	–	–	–	–
Goodwill	5	–	–	5
Brand names and other rights	–	–	–	–
Associated companies	440	–	(1,835)	(1,395)
Interests in joint ventures	–	–	–	–
Deferred tax assets	–	–	–	–
Other non-current assets	–	–	–	–
Liquid funds and other listed investments	–	–	–	–
	445	–	(1,835)	(1,390)
Current assets				
Cash and cash equivalents	–	–	–	–
Trade and other receivables	–	–	–	–
Inventories	–	–	–	–
	–	–	–	–
Current liabilities				
Trade and other payables	–	–	–	–
Bank and other debts	–	–	–	–
Current tax liabilities	–	–	–	–
	–	–	–	–
Net current assets	–	–	–	–
Total assets less current liabilities	445	–	(1,835)	(1,390)
Non-current liabilities				
Bank and other debts	–	–	–	–
Interest bearing loans from non-controlling shareholders	–	–	–	–
Deferred tax liabilities	–	–	–	–
Pension obligations	–	–	–	–
Other non-current liabilities	–	–	–	–
	–	–	–	–
Net assets	445	–	(1,835)	(1,390)
CAPITAL AND RESERVES				
Share capital	–	–	–	–
Perpetual capital securities	–	–	–	–
Reserves	408	–	(1,835)	(1,427)
Total ordinary shareholders' funds and perpetual capital securities	408	–	(1,835)	(1,427)
Non-controlling interests	37	–	–	37
Total equity	445	–	(1,835)	(1,390)

1 Basis of preparation (continued)

(iii) Effect on the consolidated income statement for the year ended 31 December 2009

		Changes in accounting policies		
	As previously reported	Classification of leases of land	Oil and gas properties	As restated
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Company and subsidiary companies:				
Revenue	208,808	–	–	208,808
Cost of inventories sold	(74,275)	–	–	(74,275)
Staff costs	(28,309)	–	–	(28,309)
Telecommunications customer acquisition costs	(16,544)	–	–	(16,544)
Depreciation and amortisation	(16,258)	–	–	(16,258)
Other operating expenses	(60,769)	–	–	(60,769)
Change in fair value of investment properties	1,117	–	–	1,117
Profit on disposal of investments and others	12,472	–	–	12,472
Share of profits less losses after tax of:				
Associated companies	5,927	–	(537)	5,390
Jointly controlled entities	3,677	–	–	3,677
	35,846	–	(537)	35,309
Interest and other finance costs	(9,613)	–	–	(9,613)
Profit before tax	26,233	–	(537)	25,696
Current tax charge	(4,588)	–	–	(4,588)
Deferred tax credit	92	–	–	92
Profit after tax	21,737	–	(537)	21,200
Allocated as : Profit attributable to non-controlling interests	(7,569)	–	–	(7,569)
Profit attributable to shareholders of the Company	14,168	–	(537)	13,631
Earnings per share for profit attributable to shareholders of the Company	HK$ 3.32	–	(HK$ 0.12)	HK$ 3.20

1 Basis of preparation (continued)

(iv) Effect on the consolidated statement of financial position as at 31 December 2009

	As previously reported HK$ millions	Changes in accounting policies: Classification of leases of land HK$ millions	Changes in accounting policies: Oil and gas properties HK$ millions	As restated HK$ millions
ASSETS				
Non-current assets				
Fixed assets	171,399	4,793	–	176,192
Investment properties	42,323	–	–	42,323
Leasehold land	33,984	(4,793)	–	29,191
Telecommunications licences	70,750	–	–	70,750
Goodwill	28,858	–	–	28,858
Brand names and other rights	7,351	–	–	7,351
Associated companies	84,748	–	(1,032)	83,716
Interests in joint ventures	51,568	–	–	51,568
Deferred tax assets	14,657	–	–	14,657
Other non-current assets	5,286	–	–	5,286
Liquid funds and other listed investments	23,213	–	–	23,213
	534,137	–	(1,032)	533,105
Current assets				
Cash and cash equivalents	92,521	–	–	92,521
Trade and other receivables	48,146	–	–	48,146
Inventories	16,593	–	–	16,593
	157,260	–	–	157,260
Current liabilities				
Trade and other payables	73,029	–	–	73,029
Bank and other debts	17,589	–	–	17,589
Current tax liabilities	3,249	–	–	3,249
	93,867	–	–	93,867
Net current assets	63,393	–	–	63,393
Total assets less current liabilities	597,530	–	(1,032)	596,498
Non-current liabilities				
Bank and other debts	242,851	–	–	242,851
Interest bearing loans from non-controlling shareholders	13,424	–	–	13,424
Deferred tax liabilities	13,355	–	–	13,355
Pension obligations	2,436	–	–	2,436
Other non-current liabilities	4,520	–	–	4,520
	276,586	–	–	276,586
Net assets	320,944	–	(1,032)	319,912
CAPITAL AND RESERVES				
Share capital	1,066	–	–	1,066
Reserves	282,465	–	(1,032)	281,433
Total shareholders' funds	283,531	–	(1,032)	282,499
Non-controlling interests	37,413	–	–	37,413
Total equity	320,944	–	(1,032)	319,912

1 Basis of preparation (continued)

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

	As previously reported HK$ millions	Changes in accounting policies: Classification of leases of land HK$ millions	Changes in accounting policies: Oil and gas properties HK$ millions	As restated HK$ millions
Company and subsidiary companies:				
Revenue	235,478	–	–	235,478
Cost of inventories sold	(77,172)	–	–	(77,172)
Staff costs	(31,929)	–	–	(31,929)
Telecommunications customer acquisition costs	(22,926)	–	–	(22,926)
Depreciation and amortisation	(24,876)	–	–	(24,876)
Other operating expenses	(66,001)	–	–	(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	–	(232)	12,290
Jointly controlled entities	5,286	–	–	5,286
Associated company's profit on disposal of an investment and others	3,122	–	–	3,122
	37,634	–	(232)	37,402
Interest and other finance costs	(17,286)	–	–	(17,286)
Profit before tax	20,348	–	(232)	20,116
Current tax charge	(3,443)	–	–	(3,443)
Deferred tax credit	2,576	–	–	2,576
Profit after tax	19,481	–	(232)	19,249
Allocated as : Profit attributable to non-controlling interests	(6,800)	–	–	(6,800)
Profit attributable to shareholders of the Company	12,681	–	(232)	12,449
Earnings per share for profit attributable to shareholders of the Company	HK$ 2.97	–	(HK$ 0.05)	HK$ 2.92

1 Basis of preparation (continued)

(vi) Effect on the consolidated statement of financial position as at 1 January 2009

	As previously reported	Changes in accounting policies: Classification of leases of land	Changes in accounting policies: Oil and gas properties	As restated
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ASSETS				
Non-current assets				
Fixed assets	173,246	4,897	–	178,143
Investment properties	41,282	–	–	41,282
Leasehold land	34,745	(4,897)	–	29,848
Telecommunications licences	72,175	–	–	72,175
Goodwill	30,436	–	–	30,436
Brand names and other rights	10,486	–	–	10,486
Associated companies	76,478	–	(433)	76,045
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
	537,600	–	(433)	537,167
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	82,599	–	–	82,599
Bank and other debts	23,945	–	–	23,945
Current tax liabilities	1,274	–	–	1,274
	107,818	–	–	107,818
Net current assets	22,763	–	–	22,763
Total assets less current liabilities	560,363	–	(433)	559,930
Non-current liabilities				
Bank and other debts	234,141	–	–	234,141
Interest bearing loans from non-controlling 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	292,131	–	(433)	291,698
CAPITAL AND RESERVES				
Share capital	1,066	–	–	1,066
Reserves	259,253	–	(433)	258,820
Total shareholders' funds	260,319	–	(433)	259,886
Non-controlling interests	31,812	–	–	31,812
Total equity	292,131	–	(433)	291,698

2 Significant accounting policies

(a) Basis of consolidation

The consolidated accounts of the Group include the accounts for the year ended 31 December 2010 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 2010 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 50 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 ⅓ – 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.

(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 (including non-cash consideration) 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 .

(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 is initially measured at cost being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. 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.

2 Significant accounting policies (continued)

(k) Brand names and other rights

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

(l) Deferred tax

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

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

"Liquid funds and other listed investments" are investments in listed / 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 other receivables. 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 interests 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.

2 Significant accounting policies (continued)

(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 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.

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 they are 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.

2 Significant accounting policies (continued)

(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.

(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. Lease 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.

2 Significant accounting policies (continued)

(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.

(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.

2 Significant accounting policies (continued)

(ac) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable 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.

Energy and infrastructure

Revenue from the sale of crude oil, natural gas, refined petroleum products and other energy products are recorded 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.
For bundled transactions under contract comprising of provision of mobile telecommunications services and sale of a handset device, the amount of revenue recognised upon the sale of the handset device is accrued as determined by considering the estimated fair values of each of the services element and handset device element of the contract.
Other service income is recognised when the service is rendered.
Customer service revenue is mobile telecommunications service revenue and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued handset device revenue and also less other service income.
Total revenue arising from mobile and fixed-line telecommunications services comprises of service revenue, other service income and sale of handset device revenue.

2 Significant accounting policies (continued)

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

HKFRSs (Amendments) (1)	Improvements to HKFRSs issued in 2010
HKAS 12 (Amendments) (2)	Deferred Tax: Recovery of Underlying Assets
HKAS 24 (Revised) (1)	Related Party Disclosures
HKAS 32 (Amendment) (1)	Classification of Rights Issues
HKFRS 1 (Amendment) (1)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 1 (Amendments) (2)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments) (2)	Transfers of Financial Assets
HKFRS 9 (3)	Financial Instruments
Additions to HKFRS 9 (3)	Financial Instruments – Financial Liabilities
Hong Kong (IFRIC) Interpretation 19 (1)	Extinguishing Financial Liabilities with Equity Instruments
Hong Kong (IFRIC) Interpretation 14 (Amendment) (1)	Prepayments of a Minimum Funding Requirement

(1) Effective for the Group for annual periods beginning 1 January 2011
(2) Effective for the Group for annual periods beginning 1 January 2012
(3) Effective for the Group for annual periods beginning 1 January 2013

The adoption of standards, amendments and interpretations listed above, with the exception of HKAS 12 (Amendments), HKFRS 9 and Additions to HKFRS 9, in future periods is not expected to result in substantial changes to the Group's accounting policies.

HKAS 12 (Amendments) Deferred Tax: Recovery of Underlying Assets applies to annual periods beginning 1 January 2012 and is available for early adoption. The current version of HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale. The amendments introduce a presumption that recovery of the carrying amount of an investment property is through sale. Accordingly, the effect that the adoption of the amendments will have on the results and financial position of the Group will depend on the timing of the adoption and the relevant applicable tax rate. As a result, it is impracticable to quantify the impact of amendments to HKAS 12 as at the date of publication of these accounts.

HKFRS 9 Financial Instruments introduces new requirements for classifying and measuring financial assets. Together with Additions to HKFRS 9 Financial Instruments – Financial Liabilities, these changes represent the first phase in the process to replace HKAS 39 Financial Instruments: Recognition and Measurement. The standard is not effective until 1 January 2013 but is available for early adoption. The second and third phases in the HKICPA's project to replace HKAS 39 will address the impairment of financial assets measured at amortised cost and hedge accounting. Accordingly, the impact of HKFRS 9 may change as a consequence of further development resulting from the HKICPA's project to replace HKAS 39. As a result, it is impracticable to quantify the impact of HKFRS 9 as at the date of publication of these accounts.

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 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 2010 and 31 December 2009 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 2010 and 31 December 2009 indicated that no impairment charge was necessary.

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

3 Critical accounting estimates and judgements (continued)

(a) Long-lived assets (continued)

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% 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 4% to 6%. 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. 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. Licences are reviewed for impairment annually.

On the basis of confirmation from the Ministry of the Italian Government that the Group's 3G licence term in Italy can be continuously extended for a period equivalent to the previous term, effectively making it a perpetual licence, and the enactment by the UK Houses of Parliament of a statutory instrument, which inter alia changes the life of the Group's 3G licence to indefinite, the Group's 3G licences in Italy and in the UK are considered to have an indefinite useful life.

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, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the income statement.

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 financial budgets approved by management and estimated terminal value at the end of the approved financial budgets 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. 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% 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 these businesses performance. The discount rates for the test were based on country specific pre-tax risk adjusted discount rate and ranged from 4% to 6% (for example, 4.5% and 5.2% 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.

3 Critical accounting estimates and judgements (continued)

(b) Depreciation and amortisation (continued)

(iii) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs ("CAC") 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.

Judgement is required to determine the most appropriate accounting policy for telecommunications CAC. 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.

(c) Goodwill

Goodwill is initially measured at cost being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. 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 2010 and 31 December 2009 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 financial budgets approved by management and estimated terminal value at the end of the approved financial budgets 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% 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 these businesses performance. The discount rates for the test were based on country specific pre-tax risk adjusted discount rate and ranged from 4% to 7%. 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) Valuation

(i) 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.

3 Critical accounting estimates and judgements (continued)

(d) Valuation (continued)

(ii) Brand names and other rights

Brand names and other rights include rights to access and use infrastructure sites in the UK and customer base relating to subsidiaries acquired. These are initially carried in the statement of financial position at their fair value as determined by professional valuation and amortised over their useful lives unless they are assessed to have indefinite useful lives. The factors considered in the assessment of the fair value and useful lives include assumptions and estimates that reflect, amongst other things, comparable market transactions, rental charges for the use of similar rights in light of current market conditions, analysis of market and competitive trends, product life cycles, brand extension opportunities and contractual terms as applicable.

Judgement is required to determine the principal valuation assumptions to determine fair value and assessment of useful lives.

(iii) Telecommunications licences

The assignment to **3** Italy of two blocks of 5MHz of 1,800 MHz spectrum is initially carried in the statement of financial position at its fair value by reference to comparable market transactions and to costs saved, being the estimated acquisition costs and estimated annual fees saved.

Judgement is required to determine the fair value of the licenses.

(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.

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, amongst 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.

3 Critical accounting estimates and judgements (continued)

(e) Tax (continued)

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.

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).

(h) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). The amount of revenue recognised upon the sale of hardware is determined by considering the estimated fair values of each of the service element and hardware element of the contract. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price and other observable market data. Changes in the estimated fair values may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the fair value of the elements as a result of changes in market conditions.

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:

	2010 **HK$ millions**	2009 HK$ millions
Sales of goods	**106,882**	100,643
Rendering of services	**99,531**	104,846
Interest	**2,546**	2,995
Dividends	**221**	324
	209,180	208,808

5 Operating segment information

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 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).

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. Hutchison Telecommunications Hong Kong Holdings includes the Hong Kong and Macau mobile and fixed-line telecommunications operations. Hutchison Asia Telecommunications includes telecommunications operations in Indonesia, Sri Lanka, Thailand and Vietnam. 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$59 million (2009 – HK$25 million), Property and hotels is HK$310 million (2009 – HK$307 million), Finance & Investments is HK$14 million (2009 – HK$7 million), Hutchison Telecommunications Hong Kong Holdings is HK$123 million (2009 – HK$165 million) and Others is HK$641 million (2009 – HK$538 million).

5 Operating segment information (continued)

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	2010 Total HK$ millions	% [a]	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2009 Total HK$ millions	% [a]
ESTABLISHED BUSINESSES								
Ports and related services	**32,720**	**5,008**	**37,728**	**14%**	29,492	3,935	33,427	14%
Property and hotels	**5,682**	**10,477**	**16,159**	**6%**	5,233	8,679	13,912	6%
Retail	**102,014**	**21,163**	**123,177**	**47%**	96,552	19,546	116,098	48%
Cheung Kong Infrastructure	**2,997**	**15,268**	**18,265**	**7%**	2,404	12,576	14,980	6%
Husky Energy	**–**	**45,213**	**45,213**	**17%**	–	35,808	35,808	15%
Finance & Investments	**1,456**	**411**	**1,867**	**1%**	2,152	363	2,515	1%
Hutchison Telecommunications Hong Kong Holdings	**9,880**	**–**	**9,880**	**4%**	8,449	–	8,449	3%
Hutchison Asia Telecommunications	**2,486**	**–**	**2,486**	**1%**	1,855	–	1,855	1%
Telecommunications - Israel Operations	**–**	**–**	**–**	**–**	9,890	–	9,890	4%
Others	**4,122**	**2,820**	**6,942**	**3%**	3,589	2,436	6,025	2%
Subtotal - Established businesses	**161,357**	**100,360**	**261,717**	**100%**	159,616	83,343	242,959	100%
TELECOMMUNICATIONS - 3 Group	**47,823**	**16,382**	**64,205**		49,192	8,398	57,590	
	209,180	**116,742**	**325,922**		208,808	91,741	300,549	

5 Operating segment information (continued)

	EBIT (LBIT) [b]							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2010 Total HK$ millions	% [a]	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2009 Total HK$ millions	% [a]
ESTABLISHED BUSINESSES								
Ports and related services [c]	9,723	1,887	11,610	30%	9,025	1,381	10,406	28%
Property and hotels	3,189	5,805	8,994	23%	2,960	3,470	6,430	17%
Retail	6,388	1,478	7,866	20%	4,553	1,139	5,692	15%
Cheung Kong Infrastructure	1,077	7,377	8,454	21%	795	6,110	6,905	19%
Husky Energy	–	3,073	3,073	8%	–	3,246	3,246	9%
Finance & Investments [d]	757	395	1,152	3%	3,729	350	4,079	11%
Hutchison Telecommunications Hong Kong Holdings	1,111	(21)	1,090	3%	708	(16)	692	2%
Hutchison Asia Telecommunications [e]	(2,688)	–	(2,688)	-7%	(2,681)	–	(2,681)	-7%
Telecommunications - Israel Operations	–	–	–	–	2,482	–	2,482	6%
Others	(669)	327	(342)	-1%	(406)	261	(145)	–
EBIT - Established businesses [b]	18,888	20,321	39,209	100%	21,165	15,941	37,106	100%
TELECOMMUNICATIONS - 3 Group [f]								
EBIT before the following:	19,004	7,621	26,625		14,361	3,121	17,482	
Telecommunications CACs	(13,580)	(4,327)	(17,907)		(14,850)	(2,456)	(17,306)	
EBIT (LBIT) before depreciation and amortisation and the following non-cash items (see note 33(e)):	5,424	3,294	8,718		(489)	665	176	
Depreciation	(6,827)	(1,394)	(8,221)		(7,183)	(576)	(7,759)	
Amortisation of licence fees and other rights	(552)	(771)	(1,323)		(840)	(499)	(1,339)	
One-time gain arising from a revised 3 UK network sharing arrangement, net of provisions [f]	2,268	–	2,268		–	–	–	
One-time gain with reference to the assignment of telecommunications licence to 3 Italy [f]	1,489	–	1,489		–	–	–	
EBIT (LBIT) - Telecommunications - 3 Group [b]	1,802	1,129	2,931		(8,512)	(410)	(8,922)	
Change in fair value of investment properties	855	3,343	4,198		1,117	546	1,663	
Profit on disposal of investments (see note 6)	–	–	–		12,472	–	12,472	
EBIT	21,545	24,793	46,338		26,242	16,077	42,319	
Group's share of the following income statement items of associated companies and jointly controlled entities:								
Interest and other finance costs	–	(3,830)	(3,830)		–	(3,412)	(3,412)	
Current tax	–	(3,015)	(3,015)		–	(4,865)	(4,865)	
Deferred tax	–	(2,099)	(2,099)		–	1,267	1,267	
Non-controlling interests	–	2	2		–	–	–	
	21,545	15,851	37,396		26,242	9,067	35,309	

5 Operating segment information (continued)

	Depreciation and amortisation					
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2010 Total HK$ millions**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2009 Total HK$ millions
ESTABLISHED BUSINESSES						
Ports and related services	**3,314**	**647**	**3,961**	3,056	544	3,600
Property and hotels	**283**	**149**	**432**	269	145	414
Retail	**1,809**	**406**	**2,215**	1,918	376	2,294
Cheung Kong Infrastructure	**142**	**2,411**	**2,553**	127	2,012	2,139
Husky Energy	**–**	**5,914**	**5,914**	–	5,893	5,893
Finance & Investments	**63**	**–**	**63**	66	–	66
Hutchison Telecommunications Hong Kong Holdings	**1,080**	**1**	**1,081**	1,296	2	1,298
Hutchison Asia Telecommunications	**795**	**–**	**795**	572	–	572
Telecommunications – Israel Operations	**–**	**–**	**–**	855	–	855
Others	**67**	**127**	**194**	76	69	145
Subtotal – Established businesses	**7,553**	**9,655**	**17,208**	8,235	9,041	17,276
TELECOMMUNICATIONS – 3 Group	**7,379**	**2,165**	**9,544**	8,023	1,075	9,098
	14,932	**11,820**	**26,752**	16,258	10,116	26,374

	Capital expenditure			
	Fixed assets, investment properties and leasehold land HK$ millions	**Telecom-munications licences HK$ millions**	**Brand names and other rights HK$ millions**	**2010 Total HK$ millions**
ESTABLISHED BUSINESSES				
Ports and related services	**6,726**	**–**	**–**	**6,726**
Property and hotels	**127**	**–**	**–**	**127**
Retail	**1,791**	**–**	**–**	**1,791**
Cheung Kong Infrastructure	**70**	**–**	**–**	**70**
Husky Energy	**–**	**–**	**–**	**–**
Finance & Investments	**8**	**–**	**–**	**8**
Hutchison Telecommunications Hong Kong Holdings	**1,118**	**–**	**18**	**1,136**
Hutchison Asia Telecommunications	**2,411**	**–**	**70**	**2,481**
Telecommunications – Israel Operations	**–**	**–**	**–**	**–**
Others	**111**	**–**	**–**	**111**
Subtotal – Established businesses	**12,362**	**–**	**88**	**12,450**
TELECOMMUNICATIONS – 3 Group (g)	**9,375**	**146**	**373**	**9,894**
	21,737	**146**	**461**	**22,344**

5 Operating segment information (continued)

	Capital expenditure: Fixed assets, investment properties and leasehold land HK$ millions	Telecommunications 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 Holdings	1,042	–	69	1,111
Hutchison Asia Telecommunications	2,759	–	–	2,759
Telecommunications – Israel Operations	1,134	–	–	1,134
Others	59	–	–	59
Subtotal – Established businesses	11,248	–	69	11,317
TELECOMMUNICATIONS – 3 Group (g)	7,834	–	425	8,259
	19,082	–	494	19,576

Total assets

	Company and Subsidiaries: Segment assets(h) HK$ millions	Company and Subsidiaries: Deferred tax assets HK$ millions	Investments in associated companies and interests in joint ventures HK$ millions	2010 Total assets HK$ millions	Company and Subsidiaries: Segment assets(h) HK$ millions	Company and Subsidiaries: Deferred tax assets HK$ millions	Investments in associated companies and interests in joint ventures HK$ millions	2009 Total assets HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	96,734	172	13,892	110,798	96,854	145	13,129	110,128
Property and hotels	50,732	117	24,737	75,586	49,998	138	23,767	73,903
Retail	45,254	680	5,239	51,173	47,319	937	5,014	53,270
Cheung Kong Infrastructure	14,303	9	56,146	70,458	19,118	7	39,065	58,190
Husky Energy	–	–	43,493	43,493	–	–	39,987	39,987
Finance & Investments	110,007	–	794	110,801	91,528	–	828	92,356
Hutchison Telecommunications Hong Kong Holdings	16,783	369	265	17,417	16,355	369	272	16,996
Hutchison Asia Telecommunications	18,011	–	–	18,011	21,436	–	–	21,436
Telecommunications – Israel Operations	–	–	–	–	–	–	–	–
Others	9,252	10	2,065	11,327	9,081	7	1,891	10,979
Subtotal – Established businesses	361,076	1,357	146,631	509,064	351,689	1,603	123,953	477,245
TELECOMMUNICATIONS – 3 Group (i)	186,436	12,748	12,929	212,113	188,735	13,054	11,331	213,120
	547,512	14,105	159,560	721,177	540,424	14,657	135,284	690,365

5 Operating segment information (continued)

	Total liabilities							
	Segment liabilities[j]	Current & non-current borrowings[k] and other non-current liabilities	Current & deferred tax liabilities	2010 Total liabilities	Segment liabilities[j]	Current & non-current borrowings[k] and other non-current liabilities	Current & deferred tax liabilities	2009 Total liabilities
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	17,542	41,865	6,449	65,856	15,383	43,988	6,323	65,694
Property and hotels	1,872	693	6,558	9,123	1,666	732	6,209	8,607
Retail	21,381	6,328	973	28,682	20,393	6,978	685	28,056
Cheung Kong Infrastructure	1,945	8,489	1,053	11,487	1,558	7,871	1,041	10,470
Husky Energy	–	–	–	–	–	–	–	–
Finance & Investments	3,006	85,673	793	89,472	2,990	80,416	334	83,740
Hutchison Telecommunications Hong Kong Holdings	3,990	4,175	198	8,363	3,271	4,991	140	8,402
Hutchison Asia Telecommunications	4,339	2,622	584	7,545	4,062	2,661	1,374	8,097
Telecommunications – Israel Operations	–	–	–	–	–	–	–	–
Others	1,757	412	233	2,402	1,796	320	216	2,332
Subtotal – Established businesses	55,832	150,257	16,841	222,930	51,119	147,957	16,322	215,398
TELECOMMUNICATIONS – 3 Group	26,759	118,437	349	145,545	24,346	130,427	282	155,055
	82,591	268,694	17,190	368,475	75,465	278,384	16,604	370,453

Additional disclosures by geographical location are shown below:

	Revenue							
	Company and Subsidiaries	Associates and JCE	2010 Total		Company and Subsidiaries	Associates and JCE	2009 Total	
	HK$ millions	HK$ millions	HK$ millions	%	HK$ millions	HK$ millions	HK$ millions	%
Hong Kong	45,618	12,839	58,457	18%	40,900	10,589	51,489	17%
Mainland China	25,839	13,436	39,275	12%	21,293	12,991	34,284	11%
Asia and Australia	20,370	22,511	42,881	13%	31,597	12,478	44,075	15%
Europe	109,887	22,273	132,160	41%	108,837	19,455	128,292	43%
Americas and others	7,466	45,683	53,149	16%	6,181	36,228	42,409	14%
	209,180	116,742	325,922	100%	208,808	91,741	300,549	100%

5 Operating segment information (continued)

	EBIT (LBIT) [b]							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2010 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2009 Total HK$ millions	%
Hong Kong	6,180	5,556	11,736	25%	4,710	4,607	9,317	22%
Mainland China	6,012	5,016	11,028	24%	5,037	5,006	10,043	24%
Asia and Australia	1,271	4,801	6,072	13%	4,686	765	5,451	13%
Europe	5,540	2,965	8,505	19%	(3,843)	1,906	(1,937)	-5%
Americas and others	1,687	3,112	4,799	10%	2,063	3,247	5,310	13%
Change in fair value of investment properties	855	3,343	4,198	9%	1,117	546	1,663	4%
Profit on disposal of investments (see note 6)	–	–	–	–	12,472	–	12,472	29%
EBIT	21,545	24,793	46,338	100%	26,242	16,077	42,319	100%
Group's share of the following income statement items of associated companies and jointly controlled entities:								
Interest and other finance costs	–	(3,830)	(3,830)		–	(3,412)	(3,412)	
Current tax	–	(3,015)	(3,015)		–	(4,865)	(4,865)	
Deferred tax	–	(2,099)	(2,099)		–	1,267	1,267	
Non-controlling interests	–	2	2		–	–	–	
	21,545	15,851	37,396		26,242	9,067	35,309	

	Capital expenditure [g]			
	Fixed assets, investment properties and leasehold land HK$ millions	Telecom-munications licences HK$ millions	Brand names and other rights HK$ millions	2010 Total HK$ millions
Hong Kong	1,881	–	14	1,895
Mainland China	1,587	–	–	1,587
Asia and Australia	3,698	–	73	3,771
Europe	12,855	146	373	13,374
Americas and others	1,716	–	1	1,717
	21,737	146	461	22,344

5 Operating segment information (continued)

	Capital expenditure (g)			
	Fixed assets, investment properties and leasehold land	Telecom- munications 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

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets(h)	**Deferred tax assets**	**Investments in associated companies and interests in joint ventures**	**2010 Total assets**	Segment assets(h)	Deferred tax assets	Investments in associated companies and interests in joint ventures	2009 Total assets
	HK$ millions	**HK$ millions**	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	**100,421**	**743**	**31,869**	**133,033**	99,449	866	32,348	132,663
Mainland China	**54,001**	**156**	**29,272**	**83,429**	43,767	15	26,402	70,184
Asia and Australia	**46,816**	**205**	**27,571**	**74,592**	40,995	71	23,296	64,362
Europe	**271,801**	**12,914**	**21,642**	**306,357**	267,766	13,616	8,742	290,124
Americas and others	**74,473**	**87**	**49,206**	**123,766**	88,447	89	44,496	133,032
	547,512	**14,105**	**159,560**	**721,177**	540,424	14,657	135,284	690,365

(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.

(c) Included in EBIT of Ports and related services in 2010 are valuation gains totalling HK$550 million in relation to an available-for-sale investment. These gains were previously recorded directly into reserves but are currently recognised in this year's income statement as a result of the investment becoming an associated company in the year (see note 1(b)).

5 Operating 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.

(e) Included in EBIT of Hutchison Asia Telecommunications in 2010 are contributions from certain suppliers amounting to HK$669 million (2009 – HK$155 million).

(f) Included in EBIT (LBIT) of Telecommunications – **3** Group in 2010 are a one-time net gain of HK$2,268 million arising from a revised **3** UK network sharing arrangement whereby **3** UK received the right of use of approximately 3,000 cell sites, free of acquisition and future operating costs, for a gain of HK$6,010 million, partially offset by one-time provisions of HK$3,742 million mainly related to the restructuring of **3** UK's network infrastructure, and a one-time gain with reference to the assignment of two blocks of 5MHz of 1,800MHz spectrum to **3** Italy.

(g) Included in capital expenditures of Telecommunications – **3** Group in 2010 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 31 December 2010 which has an effect of decreasing total expenditure by HK$604 million (2009 – increasing total expenditure by HK$289 million).

(h) 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$79,214 million (2009 – HK$78,867million), HK$25,013 million (2009 – HK$24,418 million), HK$21,843 million (2009 – HK$19,977 million), HK$205,044 million (2009 – HK$214,950 million) and HK$16,068 million (2009 – HK$16,453 million) respectively.

(i) Included in total assets of Telecommunications – **3** Group is an unrealised foreign currency exchange loss arising in 2010 of HK$8,086 million (2009 – gain of HK$8,408 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.

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

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

6 Profit on disposal of investments

	2010 **HK$ millions**	2009 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 in Indonesia	–	592
TELECOMMUNICATIONS – 3 Group		
Gain on merger of **3** Australia with Vodafone's Australian operations	–	3,641
	–	12,472

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 2010 and 2009 are as below (also see Report of the Directors):

	2010					
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	38.48	–	–	43.04
Paid by Cheung Kong Infrastructure	0.07	–	13.33	–	–	13.40
Paid to the Company	(0.07)	–	–	–	–	(0.07)
	0.12	4.44	51.81	–	–	56.37
FOK Kin-ning, Canning [(b)]	0.12	10.29	141.10	2.13	–	153.64
CHOW WOO Mo Fong, Susan [(b)]	0.12	7.69	32.00	1.55	–	41.36
Frank John SIXT [(b)]	0.12	7.62	30.94	0.68	–	39.36
LAI Kai Ming, Dominic [(b)]	0.12	5.14	30.00	0.98	–	36.24
KAM Hing Lam [(b)]						
Paid by the Company	0.12	2.25	6.98	–	–	9.35
Paid by Cheung Kong Infrastructure	0.07	4.20	5.82	–	–	10.09
Paid to the Company	(0.07)	(4.20)	–	–	–	(4.27)
	0.12	2.25	12.80	–	–	15.17
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)]	0.12	–	–	–	–	0.12
WONG Chung Hin [(c) (e) (f)]	0.31	–	–	–	–	0.31
Total	2.07	37.43	298.65	5.34	–	343.49

(a) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$50,000 (2009 – 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 (2009 – 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)

	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

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 (2009 – nil).

In 2010, the five individuals whose emoluments were the highest for the year were five directors of the Company. 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.

8 Interest and other finance costs

	2010 **HK$ millions**	2009 HK$ millions
Bank loans and overdrafts	**1,474**	1,907
Other loans repayable within 5 years	**59**	98
Other loans not wholly repayable within 5 years	**18**	20
Notes and bonds repayable within 5 years	**2,968**	3,449
Notes and bonds not wholly repayable within 5 years	**3,028**	3,175
	7,547	8,649
Interest bearing loans from non-controlling shareholders repayable within 5 years	**245**	275
Interest bearing loans from non-controlling shareholders not wholly repayable within 5 years	**57**	74
	7,849	8,998
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	**243**	347
Notional non-cash interest accretion [(a)]	**470**	356
Other finance costs	**72**	188
	8,634	9,889
Less: interest capitalised [(b)]	**(158)**	(276)
	8,476	9,613

(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 (2009 – 0.3% to 6.0% per annum).

9 Tax

	Current tax HK$ millions	Deferred tax HK$ millions	2010 Total HK$ millions	Current tax HK$ millions	Deferred tax HK$ millions	2009 Total HK$ millions
Hong Kong	**581**	**978**	**1,559**	529	(143)	386
Outside Hong Kong	**1,912**	**(131)**	**1,781**	4,059	51	4,110
	2,493	**847**	**3,340**	4,588	(92)	4,496

Hong Kong profits tax has been provided for at the rate of 16.5% (2009 – 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.

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	2010 Total HK$ millions
Tax calculated at the domestic rates applicable in the country concerned	**2,687**	**(334)**	**2,353**
Tax effect of:			
Tax losses not recognised	**1,636**	**434**	**2,070**
Tax incentives	**(540)**	**–**	**(540)**
Income not subject to tax	**(837)**	**(4)**	**(841)**
Expenses not deductible for tax purposes	**816**	**–**	**816**
Recognition of previously unrecognised tax losses	**(105)**	**–**	**(105)**
Utilisation of previously unrecognised tax losses	**(169)**	**(173)**	**(342)**
Under provision in prior years	**2**	**–**	**2**
Deferred tax assets written off	**(1)**	**–**	**(1)**
Other temporary differences	**(172)**	**94**	**(78)**
Effect of change in tax rate	**6**	**–**	**6**
Total tax for the year	**3,323**	**17**	**3,340**

9 Tax (continued)

	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

10 Dividends

	2010 HK$ millions	2009 HK$ millions
Interim, paid of HK$0.51 per share (2009 – HK$0.51)	**2,174**	2,174
Final, proposed of HK$1.41 per share (2009 – HK$1.22)	**6,011**	5,201
	8,185	7,375

11 Earnings per share for profit attributable to ordinary shareholders of the Company

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company HK$20,038 million (2009 – HK$13,631 million) and on 4,263,370,780 shares in issue during 2010 (2009 – 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 2010. The employee share options of these subsidiary and associated companies outstanding as at 31 December 2010 did not have a dilutive effect on earnings per share.

12 Other comprehensive income

Tax effect relating to each component of other comprehensive income:

	2010		
	Before-tax amount HK$ millions	**Tax expense HK$ millions**	**Net-of-tax amount HK$ millions**
Available-for-sale investments:			
Valuation gains recognised directly in reserves	**1,001**	**(11)**	**990**
Valuation gains previously in reserves recognised in income statement for the year	**(839)**	**–**	**(839)**
Net actuarial gains of defined benefit plans	**463**	**(129)**	**334**
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
Gains recognised directly in reserves	**52**	**–**	**52**
Gains previously in reserves recognised in initial cost of non-financial items for the year	**(25)**	**–**	**(25)**
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**(6,152)**	**–**	**(6,152)**
Gains previously in reserves related to subsidiaries disposed during the year recognised in income statement for the year	**(17)**	**–**	**(17)**
Share of other comprehensive income of associated companies for the year	**2,520**	**–**	**2,520**
Share of other comprehensive income of jointly controlled entities for the year	**1,841**	**–**	**1,841**
	(1,156)	**(140)**	**(1,296)**

	2009		
	Before-tax amount HK$ millions	Tax (expense)/ benefit HK$ millions	Net-of-tax amount HK$ millions
Available-for-sale investments:			
Valuation gains recognised directly in reserves	417	(33)	384
Valuation gains previously in reserves recognised in income statement for the year	(198)	–	(198)
Net actuarial gains of defined benefit plans	31	183	214
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
Gains recognised directly in reserves	1	–	1
Losses previously in reserves recognised in initial cost of non-financial items for the year	4	–	4
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	11,170	–	11,170
Gains on repayment of foreign currency loans from a jointly controlled entity previously in reserves recognised in income statement for the year	(930)	–	(930)
Gains previously in reserves related to subsidiaries disposed during the year recognised in income statement for the year	(1,909)	–	(1,909)
Others	7	(1)	6
Share of other comprehensive income of associated companies for the year	6,665	–	6,665
Share of other comprehensive income of jointly controlled entities for the year	1,547	–	1,547
	16,805	149	16,954

13 Fixed assets

	Land and buildings HK$ millions	Telecom-munications network assets HK$ millions	Other assets HK$ millions	Total HK$ millions
Cost				
At 1 January 2009	48,019	135,417	110,205	293,641
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	6	–	–	6
Transfer to other assets	(38)	(160)	(88)	(286)
Transfer between categories / investment properties / leasehold land	(472)	4,178	(3,799)	(93)
Exchange translation differences	720	6,438	3,077	10,235
At 1 January 2010	**50,993**	**125,908**	**112,890**	**289,791**
Additions	**3,396**	**3,321**	**14,872**	**21,589**
Disposals	**(81)**	**(8,794)**	**(6,872)**	**(15,747)**
Relating to subsidiaries disposed of	**(1)**	**–**	**(151)**	**(152)**
Write off for the year [(a)]	**–**	**(4,959)**	**(565)**	**(5,524)**
Transfer from other assets	**44**	**–**	**45**	**89**
Transfer between categories / investment properties / leasehold land	**(193)**	**8,932**	**(8,380)**	**359**
Exchange translation differences	**(264)**	**(4,342)**	**(3,705)**	**(8,311)**
At 31 December 2010	**53,894**	**120,066**	**108,134**	**282,094**
Accumulated depreciation and impairment				
At 1 January 2009	10,873	43,164	61,461	115,498
Charge for the year	1,105	6,795	5,924	13,824
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 1 January 2010	**11,577**	**36,591**	**65,431**	**113,599**
Charge for the year	**1,209**	**6,138**	**5,746**	**13,093**
Disposals	**(51)**	**(1,706)**	**(4,583)**	**(6,340)**
Relating to subsidiaries disposed of	**–**	**–**	**(150)**	**(150)**
Write off for the year [(a)]	**–**	**(2,733)**	**(424)**	**(3,157)**
Transfer from (to) other assets	**5**	**–**	**(35)**	**(30)**
Transfer between categories / investment properties / leasehold land	**22**	**122**	**166**	**310**
Exchange translation differences	**(126)**	**(446)**	**(2,510)**	**(3,082)**
At 31 December 2010	**12,636**	**37,966**	**63,641**	**114,243**
Net book value				
At 31 December 2010	**41,258**	**82,100**	**44,493**	**167,851**
At 31 December 2009	39,416	89,317	47,459	176,192
At 1 January 2009	37,146	92,253	48,744	178,143

(a) Mainly due to the decommissioning and upgrade programme undertaken pursuant to **3** UK network sharing agreement (see note 5(f)).

13 Fixed assets (continued)

Land and buildings include projects under development in the amount of HK$5,228 million (2009 – HK$5,983 million).

Cost and net book value of fixed assets include HK$120,868 million (2009 – HK$135,425 million) and HK$77,227 million (2009 – HK$88,673 million) respectively, relating to **3** Group. Impairment tests were undertaken at 31 December 2010 and 31 December 2009 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 2010 and 31 December 2009 indicated that no impairment charge was necessary.

14 Investment properties

	2010 HK$ millions	2009 HK$ millions
Valuation		
At 1 January	**42,323**	41,282
Additions	**94**	6
Disposals	**(65)**	(141)
Relating to subsidiaries disposed of	**(4)**	–
Change in fair value of investment properties	**855**	1,117
Transfer from fixed assets and leasehold land	**2**	32
Exchange translation differences	**35**	27
At 31 December	**43,240**	42,323

Investment properties have been fair valued as at 31 December 2010 and 31 December 2009 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis.

The Group's investment properties comprise:

	2010 HK$ millions	2009 HK$ millions
Hong Kong		
Long leasehold (not less than 50 years)	**17,037**	16,772
Medium leasehold (less than 50 years but not less than 10 years)	**25,032**	24,406
Outside Hong Kong		
Freehold	**210**	210
Medium leasehold	**961**	935
	43,240	42,323

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:

	2010 **HK$ millions**	2009 HK$ millions
Within 1 year	**2,697**	2,560
After 1 year, but within 5 years	**2,559**	2,394
After 5 years	**94**	15

15 Leasehold land

	2010 **HK$ millions**	2009 HK$ millions
Net book value		
At 1 January	**29,191**	29,848
Additions	**54**	30
Disposals	**–**	(15)
Relating to subsidiaries disposed of	**–**	(9)
Revaluation upon transfer to investment properties	**–**	1
Amortisation for the year	**(912)**	(898)
Transfer to investment properties	**–**	(18)
Transfer from (to) fixed assets	**(51)**	58
Exchange translation differences	**(721)**	194
At 31 December	**27,561**	29,191

The Group's leasehold land comprises:

	2010 **HK$ millions**	2009 HK$ millions
Hong Kong		
Medium leasehold	**9,119**	9,364
Outside Hong Kong		
Long leasehold	**1,007**	1,088
Medium leasehold	**17,435**	18,727
Short leasehold (less than 10 years)	**–**	12
	27,561	29,191

16 Telecommunications licences

	2010 HK$ millions	2009 HK$ millions
Net book value		
At 1 January	**70,750**	72,175
Additions	**146**	–
Non-cash addition (see note 5(f))	**1,489**	–
Relating to subsidiaries disposed of	**–**	(4,810)
Amortisation for the year	**(390)**	(633)
Exchange translation differences	**(3,662)**	4,018
At 31 December	**68,333**	70,750
Cost	**94,743**	97,955
Accumulated amortisation and impairment	**(26,410)**	(27,205)
	68,333	70,750

The carrying amount of the Group's telecommunications licences with indefinite useful life in Italy and the UK is €2,650 million and £3,127 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 2010 and 31 December 2009. 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 2010 and 31 December 2009 indicated no impairment charge was necessary.

17 Goodwill

	2010 HK$ millions	2009 HK$ millions
Cost		
At 1 January	**28,858**	30,436
Relating to subsidiaries acquired	**–**	605
Relating to increase in interests in subsidiaries	**–**	85
Relating to subsidiaries disposed of	**–**	(3,251)
Exchange translation differences	**(1,526)**	983
At 31 December	**27,332**	28,858

The carrying amount of goodwill primarily arises from the acquisition of four retail chains: Marionnaud of €645 million (2009 – €645 million), Kruidvat of €600 million (2009 – €600 million), The Perfume Shop of £140 million (2009 – £140 million), Superdrug of £78 million (2009 – £78 million), **3** Italia of €275 million (2009 – €275 million), Hutchison Telecommunications Hong Kong Holdings of HK$3,754 million (2009 – HK$3,754 million) and Hutchison Asia Telecommunications of HK$1,582 million (2009 – HK$1,527 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 2010 and 31 December 2009. 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 2010 and 31 December 2009 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 2010	**2,093**	**5,258**	**7,351**
Additions	**–**	**461**	**461**
Non-cash addition (see note 5(f))	**–**	**6,010**	**6,010**
Transfer from (to) other assets	**1**	**(33)**	**(32)**
Amortisation for the year	**(12)**	**(525)**	**(537)**
Write off for the year	**–**	**(2)**	**(2)**
Exchange translation differences	**(132)**	**(254)**	**(386)**
At 31 December 2010	**1,950**	**10,915**	**12,865**
Cost	**1,981**	**17,059**	**19,040**
Accumulated amortisation	**(31)**	**(6,144)**	**(6,175)**
	1,950	**10,915**	**12,865**

	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

The brand names as at 31 December 2010 primarily resulted from the acquisitions of Marionnaud and The Perfume Shop 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 2010 and 31 December 2009 and the results of the tests indicated no impairment charge was necessary.

Other rights, which include a right of use of telecommunications network infrastructure sites, customer base relating to subsidiaries acquired, operating and service content rights, are amortised over their finite useful lives.

19 Associated companies

	31 December 2010 HK$ millions	31 December 2009 HK$ millions	1 January 2009 HK$ millions
Unlisted shares	**18,947**	8,665	8,358
Listed shares, Hong Kong	**9,512**	9,512	9,512
Listed shares, outside Hong Kong	**13,021**	10,341	10,341
Share of undistributed post acquisition reserves	**49,649**	46,010	39,192
	91,129	74,528	67,403
Amounts due from associated companies	**14,399**	9,188	8,642
	105,528	83,716	76,045

The market value of the above listed investments at 31 December 2010 was HK$103,714 million (2009 – HK$100,050 million).

Particulars regarding the principal associated companies are set forth on pages 217 to 222.

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

	2010 HK$ millions	2009 HK$ millions
Revenue	**243,878**	207,034
Profit after tax	**15,502**	10,167
Non-current assets	**575,273**	446,048
Current assets	**73,732**	63,779
Total assets	**649,005**	509,827
Non-current liabilities	**268,509**	181,806
Current liabilities	**118,208**	90,482
Total liabilities	**386,717**	272,288

19 Associated companies (continued)

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

	2010 HK$ millions	2009 HK$ millions
Revenue	**62,282**	48,836
Expense	**(42,860)**	(31,663)
EBITDA [(a)]	**19,422**	17,173
Depreciation and amortisation	**(8,507)**	(7,909)
Change in fair value of investment properties	**10**	5
EBIT [(b)]	**10,925**	9,269
Interest and other finance costs	**(2,562)**	(2,484)
Current tax	**(1,296)**	(3,542)
Deferred tax	**(600)**	2,147
Non-controlling interests	**2**	–
Profit after tax	**6,469**	5,390

(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 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

	2010 HK$ millions	2009 HK$ millions
Jointly controlled entities		
Unlisted shares	**43,456**	41,935
Share of undistributed post acquisition reserves	**4,815**	(1,923)
	48,271	40,012
Amounts due from jointly controlled entities	**5,761**	11,556
	54,032	51,568

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save as for those disclosed in note 36.

Particulars regarding the principal jointly controlled entities are set forth on pages 217 to 222.

20 Interests in joint ventures (continued)

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

	2010 HK$ millions	2009 HK$ millions
Revenue	117,704	90,691
Profit after tax	27,989	9,156
Non-current assets	111,363	151,887
Current assets	112,753	71,946
Total assets	224,116	223,833
Non-current liabilities	70,454	69,509
Current liabilities	62,787	71,585
Total liabilities	133,241	141,094

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

	2010 HK$ millions	2009 HK$ millions
Revenue	54,460	42,905
Expense	(40,612)	(34,431)
EBITDA [(a)]	13,848	8,474
Depreciation and amortisation	(3,313)	(2,207)
Change in fair value of investment properties	3,333	541
EBIT [(b)]	13,868	6,808
Interest and other finance costs	(1,268)	(928)
Current tax	(1,719)	(1,323)
Deferred tax	(1,499)	(880)
Profit after tax	9,382	3,677
Capital commitments	248	977

(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 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

	2010 HK$ millions	2009 HK$ millions
Deferred tax assets	**14,105**	14,657
Deferred tax liabilities	**14,290**	13,355
Net deferred tax assets (liabilities)	**(185)**	1,302

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

	2010 HK$ millions	2009 HK$ millions
At 1 January	**1,302**	(368)
Relating to subsidiaries acquired	**–**	(2)
Relating to subsidiaries disposed of	**5**	506
Transfer from (to) current tax	**(236)**	158
Net credit (charge) to other comprehensive income	**(140)**	149
Net credit (charge) to the income statement		
Unused tax losses	**(168)**	246
Accelerated depreciation allowances	**(327)**	(349)
Fair value adjustments arising from acquisitions	**162**	325
Revaluation of investment properties and other investments	**(135)**	(181)
Withholding tax on undistributed earnings	**47**	(152)
Other temporary differences	**(426)**	203
Exchange translation differences	**(269)**	767
At 31 December	**(185)**	1,302

Analysis of net deferred tax assets (liabilities):

	2010 HK$ millions	2009 HK$ millions
Unused tax losses	**15,290**	16,034
Accelerated depreciation allowances	**(4,515)**	(4,121)
Fair value adjustments arising from acquisitions	**(4,708)**	(4,874)
Revaluation of investment properties and other investments	**(4,635)**	(4,486)
Withholding tax on undistributed earnings	**(305)**	(361)
Other temporary differences	**(1,312)**	(890)
	(185)	1,302

During the year, no deferred tax asset has been recognised for the losses of **3** Group (2009 – nil).

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.

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.

21 Deferred tax (continued)

At 31 December 2010, the Group has recognised accumulated deferred tax assets amounting to HK$14,105 million (2009 – HK$14,657 million) of which HK$12,748 million (2009 – HK$13,054 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$33,551 million at 31 December 2010 (2009 – HK$37,033 million). Unrecognised tax losses of HK$85,999 million (2009 – HK$84,004 million) can be carried forward indefinitely. The remaining HK$44,873 million (2009 – HK$62,341 million) expires in the following years:

	2010 **HK$ millions**	2009 HK$ millions
In the first year	**9,221**	21,179
In the second year	**13,562**	8,565
In the third year	**13,598**	11,228
In the fourth year	**2,734**	11,734
In the fifth to tenth years inclusive	**5,758**	9,635
	44,873	62,341

22 Other non-current assets

	2010 **HK$ millions**	2009 HK$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	**990**	1,391
Other receivables	**3,876**	–
	4,866	1,391
Available-for-sale investments		
Unlisted equity securities	**1,175**	1,334
Fair value hedges (see note 28(a))		
Interest rate swaps	**1,776**	2,561
Cross currency interest rate swaps	**1,105**	–
Cash flow hedges (see note 28(a))		
Interest rate swaps	**15**	–
Forward foreign exchange contracts	**194**	–
	9,131	5,286

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 2010 is 2.0% (2009 – 1.9%).

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

	2010 HK$ millions	2009 HK$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	14,505	14,404
Listed / traded debt securities, outside Hong Kong	3,036	2,962
Listed equity securities, Hong Kong	913	407
Listed equity securities, outside Hong Kong	5,262	4,781
	23,716	22,554
Loans and receivables		
Long term deposits	36	54
Financial assets at fair value through profit or loss	833	605
	24,585	23,213

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

	2010 HK$ millions	2009 HK$ millions
Listed debt securities	14,281	14,138
Cash and cash equivalents	224	266
	14,505	14,404

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 2010 was HK$24,549 million (2009 – HK$23,159 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 2010 was 4.1% (2009 – 5.0%).

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

	2010			2009		
	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	4%	–	–	2%	–	–
US dollars	76%	–	79%	79%	–	69%
Others	20%	100%	21%	19%	100%	31%
	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:

	2010 Percentage	2009 Percentage
Credit ratings		
Aaa/AAA	**77%**	78%
Aa1/AA+	**5%**	4%
Aa3/AA-	**–**	1%
Other investment grades	**5%**	5%
Unrated	**13%**	12%
	100%	100%
Sectorial		
Supranational notes	**17%**	38%
Government guaranteed notes	**47%**	32%
Government related entities issued notes	**7%**	12%
US Treasury notes	**12%**	1%
Husky Energy issued notes	**5%**	5%
Others	**12%**	12%
	100%	100%
Weighted average maturity	**1.1 years**	1.3 years
Weighted average effective yield	**1.42%**	2.19%

24 Cash and cash equivalents

	2010 HK$ millions	2009 HK$ millions
Cash at bank and in hand	**29,690**	23,472
Short term bank deposits	**61,962**	69,049
	91,652	92,521

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

25 Trade and other receivables

	2010 HK$ millions	2009 HK$ millions
Trade receivables [a]	30,484	29,081
Less: provision for estimated impairment losses for bad debts [b]	(5,563)	(5,852)
Trade receivables – net	24,921	23,229
Other receivables and prepayments	32,112	24,481
Cash flow hedges (see note 28(a))		
Forward foreign exchange contracts	196	436
	57,229	48,146

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 6% of the Group's turnover for the years ended 31 December 2010 and 2009.

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

	2010 HK$ millions	2009 HK$ millions
Less than 31 days	12,629	11,147
Within 31 to 60 days	2,191	1,982
Within 61 to 90 days	841	826
Over 90 days	14,823	15,126
	30,484	29,081

25 Trade and other receivables (continued)

(b) As at 31 December 2010, out of the trade receivables of HK$30,484 million (2009 – HK$29,081 million), HK$15,593 million (2009 – HK$13,356 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$5,563 million (2009 – HK$5,852 million). The ageing analysis of these trade receivables is as follows:

	2010 HK$ millions	2009 HK$ millions
Not past due	**5,353**	3,096
Past due less than 31 days	**2,000**	1,079
Past due within 31 to 60 days	**468**	655
Past due within 61 to 90 days	**696**	459
Past due over 90 days	**7,076**	8,067
	15,593	13,356

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

	2010 HK$ millions	2009 HK$ millions
At 1 January	**5,852**	5,281
Additions	**842**	1,491
Utilisations	**(729)**	(663)
Write back	**(131)**	(137)
Relating to subsidiaries disposed of	**(12)**	(592)
Exchange translation differences	**(259)**	472
At 31 December	**5,563**	5,852

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

	2010 HK$ millions	2009 HK$ millions
Not past due	**4,685**	6,214
Past due less than 31 days	**2,304**	2,222
Past due within 31 to 60 days	**554**	560
Past due within 61 to 90 days	**354**	89
Past due over 90 days	**6,994**	6,640
	14,891	15,725

26 Trade and other payables

	2010 HK$ millions	2009 HK$ millions
Trade payables	**22,460**	18,409
Other payables and accruals	**54,429**	50,108
Provisions (see note 27)	**1,613**	2,378
Interest free loans from non-controlling shareholders	**2,327**	2,099
Cash flow hedges (see note 28(a))		
Interest rate swaps	**–**	20
Cross currency interest rate swaps	**–**	5
Forward foreign exchange contracts	**60**	10
	80,889	73,029

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

	2010 HK$ millions	2009 HK$ millions
Less than 31 days	**13,842**	8,828
Within 31 to 60 days	**2,145**	2,701
Within 61 to 90 days	**863**	964
Over 90 days	**5,610**	5,916
	22,460	18,409

The Group's five largest suppliers accounted for less than 22% of the Group's cost of purchases for the years ended 31 December 2010 and 2009.

27 Provisions

	Restructuring and closure provision HK$ millions	Assets retirement HK$ millions	Others HK$ millions	Total HK$ millions
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 1 January 2010	**1,527**	**963**	**796**	**3,286**
Additions	**226**	**112**	**255**	**593**
Interest accretion	**31**	**42**	**–**	**73**
Utilisations	**(675)**	**(5)**	**(136)**	**(816)**
Write back	**(23)**	**(168)**	**(28)**	**(219)**
Transfer to other assets/liabilities	**(26)**	**–**	**–**	**(26)**
Exchange translation differences	**(64)**	**(44)**	**(320)**	**(428)**
At 31 December 2010	**996**	**900**	**567**	**2,463**

Provisions are analysed as:

	2010 HK$ millions	2009 HK$ millions
Current portion (see note 26)	**1,613**	2,378
Non-current portion (see note 31)	**850**	908
	2,463	3,286

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:

	2010			2009		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ millions	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions
Bank loans	**14,357**	**83,432**	**97,789**	8,688	88,576	97,264
Other loans	**188**	**441**	**629**	526	426	952
Notes and bonds	**8,580**	**140,364**	**148,944**	8,310	152,563	160,873
Total principal amount of bank and other debts	**23,125**	**224,237**	**247,362**	17,524	241,565	259,089
Unamortised loan facilities fees and premiums or discounts related to debts	**(3)**	**1,016**	**1,013**	65	(793)	(728)
Unrealised gain on bank and other debts pursuant to interest rate swap contracts [(a)]	**–**	**2,881**	**2,881**	–	2,079	2,079
	23,122	**228,134**	**251,256**	17,589	242,851	260,440

28 Bank and other debts (continued)

Analysis of principal amount of bank and other debts:

	2010			2009		
	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	14,355	83,413	97,768	8,686	84,816	93,502
Not wholly repayable within 5 years	2	19	21	2	3,760	3,762
	14,357	83,432	97,789	8,688	88,576	97,264
Other loans						
Repayable within 5 years	169	84	253	493	105	598
Not wholly repayable within 5 years	19	357	376	33	321	354
	188	441	629	526	426	952
Notes and bonds						
US$1,065 million notes, 5.45% due 2010	–	–	–	8,310	–	8,310
US$1,100 million (2009 – US$1,167 million) notes, 7% due 2011	8,580	–	8,580	–	9,104	9,104
US$3,146 million notes, 6.5% due 2013	–	24,542	24,542	–	24,542	24,542
US$1,309 million notes, 6.25% due 2014	–	10,206	10,206	–	10,206	10,206
US$2,189 million notes, 4.625% due 2015	–	17,077	17,077	–	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	–	7,800	7,800
US$1,500 million notes, 7.625% due 2019	–	11,700	11,700	–	11,700	11,700
US$329 million notes-Series C, 7.5% due 2027	–	2,565	2,565	–	2,565	2,565
US$25 million notes-Series D, 6.988% due 2037	–	196	196	–	196	196
US$1,144 million notes, 7.45% due 2033	–	8,926	8,926	–	8,926	8,926
EUR1,000 million notes, 5.875% due 2013	–	10,360	10,360	–	11,080	11,080
EUR603 million notes, 4.125% due 2015	–	6,245	6,245	–	6,679	6,679
EUR669 million notes, 4.625% due 2016	–	6,932	6,932	–	7,414	7,414
EUR1,750 million notes, 4.75% due 2016	–	18,130	18,130	–	19,390	19,390
GBP325 million bonds, 6.75% due 2015	–	3,907	3,907	–	4,046	4,046
GBP113 million (2009 – GBP116 million) bonds, 5.625% due 2017	–	1,359	1,359	–	1,445	1,445
GBP303 million (2009 – GBP309 million) bonds, 5.625% due 2026	–	3,641	3,641	–	3,847	3,847
JPY30,000 million notes, 3.5% due 2032	–	2,878	2,878	–	2,646	2,646
	8,580	140,364	148,944	8,310	152,563	160,873
	23,125	224,237	247,362	17,524	241,565	259,089

28 Bank and other debts (continued)

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

	2010			2009		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ millions	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions
Bank loans						
Current portion	**14,357**	**–**	**14,357**	8,688	–	8,688
After 1 year, but within 2 years	**–**	**21,853**	**21,853**	–	31,992	31,992
After 2 years, but within 5 years	**–**	**61,561**	**61,561**	–	52,826	52,826
After 5 years	**–**	**18**	**18**	–	3,758	3,758
	14,357	**83,432**	**97,789**	8,688	88,576	97,264
Other loans						
Current portion	**188**	**–**	**188**	526	–	526
After 1 year, but within 2 years	**–**	**56**	**56**	–	124	124
After 2 years, but within 5 years	**–**	**135**	**135**	–	128	128
After 5 years	**–**	**250**	**250**	–	174	174
	188	**441**	**629**	526	426	952
Notes and bonds						
Current portion	**8,580**	**–**	**8,580**	8,310	–	8,310
After 1 year, but within 2 years	**–**	**–**	**–**	–	9,104	9,104
After 2 years, but within 5 years	**–**	**72,337**	**72,337**	–	45,828	45,828
After 5 years	**–**	**68,027**	**68,027**	–	97,631	97,631
	8,580	**140,364**	**148,944**	8,310	152,563	160,873
	23,125	**224,237**	**247,362**	17,524	241,565	259,089

The bank and other debts of the Group as at 31 December 2010 are secured to the extent of HK$952 million (2009 - HK$2,285 million), all relating to the established businesses.

Borrowings with principal amount of HK$97,777 million (2009 - HK$97,232 million) bear interest at floating interest rates and borrowings with principal amount of HK$149,585 million (2009 - HK$161,857 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	
	2010	2009	**2010**	2009
	HK$ millions	HK$ millions	**HK$ millions**	HK$ millions
Bank loans	**97,395**	96,930	**97,395**	96,925
Other loans	**571**	952	**568**	949
Notes and bonds	**153,290**	162,558	**161,699**	169,345
	251,256	260,440	**259,662**	267,219

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):

	2010	2009
	Percentage	Percentage
HK dollars	**31%**	30%
US dollars	**29%**	31%
Euro	**28%**	28%
British pounds	**5%**	5%
Other currencies	**7%**	6%
	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 2010, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK$71,300 million (2009 - HK$97,813 million).

In addition, interest rate swap agreements with notional amount of HK$4,270 million (2009 - HK$3,806 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 2010, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$28,593 million (2009 - HK$28,593 million) to Hong Kong 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:

	2010			2009		
	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 note 22)	–	1,776	1,776	–	2,561	2,561
Cross currency interest rate swaps (see note 22)	–	1,105	1,105	–	–	–
	–	2,881	2,881	–	2,561	2,561
Derivative financial liabilities						
Interest rate swaps (see note 31)	–	–	–	–	(152)	(152)
Cross currency interest rate swaps (see note 31)	–	–	–	–	(330)	(330)
	–	–	–	–	(482)	(482)
	–	2,881	2,881	–	2,079	2,079
Cash flow hedges						
Derivative financial assets						
Interest rate swaps (see note 22)	–	15	15	–	–	–
Forward foreign exchange contracts (see notes 22 and 25)	196	194	390	436	–	436
	196	209	405	436	–	436
Derivative financial liabilities						
Interest rate swaps (see notes 26 and 31)	–	(2)	(2)	(20)	–	(20)
Cross currency interest rate swaps (see note 26)	–	–	–	(5)	–	(5)
Forward foreign exchange contracts (see note 26)	(60)	–	(60)	(10)	–	(10)
	(60)	(2)	(62)	(35)	–	(35)
	136	207	343	401	–	401

29 Interest bearing loans from non-controlling shareholders

	2010 HK$ millions	2009 HK$ millions
Interest bearing loans from non-controlling shareholders	13,493	13,424

The carrying amount of the borrowings approximates their fair value.

30 Pension plans

	2010 HK$ millions	2009 HK$ millions
Defined benefit plans		
Pension assets	–	–
Pension obligations	1,702	2,436
	1,702	2,436

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 Towers Watson, qualified actuaries as at 31 December 2010 and 31 December 2009 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:

	2010	2009
Discount rate applied to defined benefit plan obligations	2.20% - 17.00%	2.20% – 6.00%
Expected return on plan assets	3.50% - 14.50%	4.30% – 8.48%
Future salary increases	0.29% - 9.00%	1.28% – 5.50%
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:

	2010 HK$ millions	2009 HK$ millions
Present value of defined benefit obligations	13,635	13,985
Fair value of plan assets	12,375	11,574
	1,260	2,411
Unrecognised past services costs	(32)	(35)
Restrictions on asset recognised	474	60
Net defined benefit plan obligations	1,702	2,436

Fair value of plan assets of HK$12,375 million (2009 - HK$11,574 million) includes investments in the Company's shares with a fair value of HK$56 million (2009 - HK$39 million).

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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

	2010 HK$ millions	2009 HK$ millions
At 1 January	**13,985**	11,452
Current service cost net of employee contributions	**531**	561
Actual employee contributions	**113**	128
Interest cost	**603**	574
Actuarial losses (gains) on obligations	**(373)**	1,454
Gains on curtailments and settlements	**(105)**	(41)
Relating to subsidiaries disposed of	**–**	(330)
Transfer to other liabilities	**(11)**	(13)
Actual benefits paid	**(608)**	(772)
Exchange translation differences	**(500)**	972
At 31 December	**13,635**	13,985

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

	2010 HK$ millions	2009 HK$ millions
At 1 January	**11,574**	8,981
Expected return on plan assets	**718**	635
Actuarial gains on plan assets	**536**	1,426
Actual company contributions	**623**	721
Actual employee contributions	**113**	128
Relating to subsidiaries disposed of	**–**	(233)
Actual benefits paid	**(608)**	(772)
Exchange translation differences	**(581)**	688
At 31 December	**12,375**	11,574

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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

	2010 HK$ millions	2009 HK$ millions
Current service cost	**531**	561
Past service cost	**30**	8
Interest cost	**603**	574
Gains on curtailments and settlements	**(105)**	(41)
Expected return on plan assets	**(718)**	(635)
Total expense	**341**	467
Less: expense capitalised	**(2)**	(1)
Total, included in staff costs	**339**	466

The actual return on plan assets was HK$1,254 million (2009 - HK$2,061 million).

The actuarial gains recognised in other comprehensive income in current year was HK$463 million (2009 - HK$31 million). The cumulative actuarial losses recognised in other comprehensive income amounted to HK$1,421 million (2009 - HK$1,823 million).

Fair value of the plan assets are analysed as follows:

	2010 Percentage	2009 Percentage
Equity instruments	**51%**	47%
Debt instruments	**42%**	46%
Other assets	**7%**	7%
	100%	100%

The experience adjustments are as follows:

	2010 HK$ millions	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions	2006 HK$ millions
Present value of defined benefit obligations	**13,635**	13,985	11,452	13,151	12,659
Fair value of plan assets	**12,375**	11,574	8,981	12,175	10,228
Deficit	**1,260**	2,411	2,471	976	2,431
Experience adjustments on defined benefit obligations	**(249)**	(82)	502	(13)	(18)
Experience adjustments on plan assets	**413**	729	(2,253)	648	561

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 2010. 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% per annum and salary increases of 4% per annum. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Towers Watson Hong Kong Limited (formerly known as 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 2010 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$18 million (2009 - HK$19 million) were used to reduce the current year's level of contributions and HK$1 million was available at 31 December 2010 (2009 - HK$2 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 Towers Watson Limited. A new valuation has been commissioned in January 2010.

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 2010, the combination of the interest rate and a high risk spread result in a relatively low defined benefit obligation. The net assets are temporarily higher than the defined benefit obligation and hence in accordance with applicable accounting standards, a net asset reduction was applied.

The Group operates a defined benefit pension plan for part of its retail operations in the United Kingdom. It was assumed on acquisition of a subsidiary company in 2002. It was not open to new entrants. The latest formal valuation for funding purposes was carried out at 31 March 2009. This allowed for the cessation of accrual of future defined benefits for all active members on 28 February 2010, from which date final salary linkage was also severed. 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 61%. The sponsoring employer made additional cash contributions totalling £2.5 million in 2010 and will make further contributions of £4 million per annum from 1 January 2011 to 30 November 2021 towards the shortfall being corrected by 30 November 2021. The main assumptions in the valuation are an investment return of 4.9% to 6.5% per annum and pensionable salary increases of 3.62% to 4.57% per annum. The valuation was performed by Clare Wilmington, a Fellow of the Institute and Faculty of Actuaries, of Hewitt Associates Limited.

30 Pension plans (continued)

(b) Defined contribution plans

The Group's costs in respect of defined contribution plans for the year amounted to HK$786 million (2009 - HK$792 million). No forfeited contributions (2009 - nil) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2010 (2009 - nil) to reduce future years' contributions.

31 Other non-current liabilities

	2010 HK$ millions	2009 HK$ millions
Fair value hedges (see note 28(a))		
Interest rate swaps	–	152
Cross currency interest rate swaps	–	330
Cash flow hedges (see note 28(a))		
Interest rate swaps	2	–
Obligations for telecommunications licences and other rights	3,093	3,130
Provisions (see note 27)	850	908
	3,945	4,520

32 Share capital and capital management

(a) Share capital

	2010 Number of shares	2009 Number of shares	2010 HK$ millions	2009 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) Perpetual capital securities

In October 2010, the Group issued subordinated guaranteed perpetual capital securities with a nominal amount of US$2,000 million (approximately HK$15,600 million) for cash. These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

(c) 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 2010, total equity amounted to HK$352,702 million (2009 - HK$319,912 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK$131,125 million (2009 - HK$143,355 million). The Group's net debt to net total capital ratio decreased to 26.2% from 29.9% 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 non-controlling 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

	2010	2009
A1 – excluding loans from non-controlling shareholders from debt	**26.2%**	29.9%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**23.5%**	27.6%
B1 – including loans from non-controlling shareholders as debt	**28.9%**	32.7%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**25.9%**	30.2%

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 non-controlling 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

	2010 HK$ millions	2009 HK$ millions
Profit after tax	**25,580**	21,200
Adjustments for:		
Current tax charge	**2,493**	4,588
Deferred tax charge (credit)	**847**	(92)
Interest and other finance costs	**8,476**	9,613
Change in fair value of investment properties	**(855)**	(1,117)
Depreciation and amortisation	**14,932**	16,258
Non-cash items (see note 33(e))	**(3,757)**	(3,641)
Share of associated companies' and jointly controlled entities'		
Non-controlling interests	**(2)**	–
Current tax charge	**3,015**	4,865
Deferred tax charge (credit)	**2,099**	(1,267)
Interest and other finance costs	**3,830**	3,412
Change in fair value of investment properties	**(3,343)**	(546)
Depreciation and amortisation	**11,820**	10,116
EBITDA [a]	**65,135**	63,389
Telecommunications CACs	**16,013**	16,544
Share of jointly controlled entity's telecommunications CACs	**4,327**	2,456
EBITDA before telecommunications CACs	**85,475**	82,389
Share of EBITDA of associated companies and jointly controlled entities	**(37,597)**	(28,103)
Profit on disposal of unlisted investments	**(236)**	(41)
Profit on disposal of fixed assets, leasehold land and investment properties	**(549)**	(592)
Dividends received from associated companies and jointly controlled entities	**9,944**	7,469
Distribution from property jointly controlled entities	**2,198**	208
Profit on disposal of subsidiary companies and jointly controlled entities	**(24)**	(8,166)
Valuation gains on transfer of an available-for-sale investment to investment in associated company (see note 1(b))	**(550)**	–
Other non-cash items	**614**	(103)
	59,275	53,061

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 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

	2010 HK$ millions	2009 HK$ millions
Decrease (increase) in inventories	**(1,901)**	1,619
Decrease (increase) in debtors and prepayments	**(10,793)**	355
Increase (decrease) in creditors	**7,494**	(8,702)
Other non-cash items	**2,185**	2,214
	(3,015)	(4,514)

(c) Purchase of subsidiary companies

	2010 Book / Fair value HK$ millions	2009 Fair value HK$ millions
Aggregate net assets acquired at acquisition date:		
Fixed assets	**–**	94
Inventories	**–**	178
Cash and cash equivalents	**–**	23
Trade and other receivables	**–**	80
Bank and other debts	**–**	(119)
Creditors and current tax liabilities	**–**	(267)
Deferred tax liabilities	**–**	(2)
Non-controlling interests	**–**	1
	–	(12)
Goodwill arising on acquisition	**–**	605
	–	593
Less: Cost of investments just prior to purchase	**–**	(444)
Discharged by cash payment	**–**	149
Net cash outflow (inflow) arising from acquisition:		
Cash payment	**–**	149
Cash and cash equivalents acquired	**–**	(23)
Total net cash consideration	**–**	126

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

	2010 HK$ millions	2009 HK$ millions
Aggregate net assets disposed at date of disposal (excluding cash and cash equivalents):		
Fixed assets	**2**	12,272
Investment properties	**4**	–
Leasehold land	**–**	9
Telecommunications licences	**–**	4,810
Brand name and other rights	**–**	2,866
Goodwill	**–**	3,251
Associated companies	**–**	655
Interests in joint ventures	**–**	5,159
Other non-current assets	**–**	19
Inventories	**–**	704
Trade and other receivables	**12**	6,516
Bank and other debts	**–**	(4,284)
Pension obligations	**–**	(97)
Other non-current liabilities	**–**	(98)
Creditors and current tax liabilities	**(82)**	(3,678)
Deferred tax liabilities	**(5)**	(506)
Non-controlling interests	**(12)**	(4,367)
Loans from non-controlling shareholders	**–**	(9)
Reserves	**(12)**	(1,126)
	(93)	22,096
Profit on disposal	**24**	12,008
	(69)	34,104
Less: Investments retained subsequent to disposal	**–**	(18,212)
	(69)	15,892
Satisfied by:		
Cash and cash equivalents received as consideration	**3**	16,121
Less: Cash and cash equivalents sold	**(72)**	(229)
Total net cash consideration	**(69)**	15,892

The effect on the Group's results from the disposal of subsidiary companies is not material for the year ended 31 December 2010.

(e) Included in the non-cash items in 2010 are a one-time net gain of HK$2,268 million arising from a revised **3** UK network sharing arrangement whereby **3** UK received the right of use of approximately 3,000 cell sites, free of acquisition and future operating costs, for a gain of HK$6,010 million, partially offset by one-time provisions of HK$3,742 million mainly related to the restructuring of **3** UK's network infrastructure, and a one-time HK$1,489 million gain with reference to the assignment of two blocks of 5MHz of 1,800MHz spectrum to **3** Italy. Included in the non-cash items in 2009 is a gain on merger of **3** Australia with Vodafone's Australian operations.

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 2010, assets of the Group totalling HK$963 million (2009 – HK$2,503 million) were pledged as security for bank and other debts.

36 Contingent liabilities

At 31 December 2010, 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$5,805 million (2009 – HK$13,081 million).

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

	2010 HK$ millions	2009 HK$ millions
To associated companies		
Other businesses	**2,258**	1,147
To jointly controlled entities		
Property businesses	**1,556**	1,609
Other businesses	**1,308**	9,771
	2,864	11,380

At 31 December 2010, the Group had provided performance and other guarantees of HK$3,159 million (2009 - HK$5,039 million) primarily for telecommunications businesses.

37 Commitments

Outstanding Group commitments not provided for in the accounts at 31 December 2010 are as follows:

Capital commitments

1. Contracted for:
   i. Ports and related services - HK$7,637 million (2009 - HK$2,210 million)
   ii. Telecommunications - **3** Group - HK$569 million (2009 - HK$1,198 million)
   iii. Telecommunications - HK$643 million (2009 - HK$2,480 million)
   iv. Investment properties, Hong Kong - HK$656 million (2009 - HK$4 million)
   v. Investment in joint ventures outside Hong Kong - nil (2009 - HK$6 million)
   vi. Other fixed assets - HK$133 million (2009 - HK$338 million)

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. Ports and related services, Hong Kong - nil (2009 - HK$61 million)
   ii. Ports and related services, Mainland China - HK$692 million (2009 - HK$791 million)
   iii. Ports and related services, others - HK$1,801 million (2009 - HK$1,898 million)
   iv. Telecommunications - **3** Group - HK$5,693 million (2009 - HK$6,333 million)
   v. Telecommunications - HK$4,302 million (2009 - HK$2,177 million)
   vi. Investment properties, Hong Kong - HK$297 million (2009 - HK$2 million)
   vii. Investment in joint ventures outside Hong Kong - HK$3,296 million (2009 - HK$3 million)
   viii. Other fixed assets - HK$2,850 million (2009 - HK$1,273 million)

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

Established Businesses

1. In the first year - HK$8,096 million (2009 - HK$8,313 million)
2. In the second to fifth years inclusive - HK$18,957 million (2009 - HK$20,506 million)
3. After the fifth year - HK$32,717 million (2009 - HK$43,194 million)

Telecommunications – **3** Group

1. In the first year - HK$1,853 million (2009 - HK$2,526 million)
2. In the second to fifth years inclusive - HK$4,545 million (2009 - HK$6,672 million)
3. After the fifth year - HK$4,089 million (2009 - HK$5,901 million)

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

Established Businesses

1. In the first year - HK$1,248 million (2009 - HK$1,017 million)
2. In the second to fifth years inclusive - HK$4,417 million (2009 - HK$3,176 million)
3. After the fifth year - HK$4,747 million (2009 - HK$4,301 million)

Telecommunications – **3** Group

1. In the first year - HK$203 million (2009 - HK$28 million)
2. In the second to fifth years inclusive - HK$586 million (2009 - HK$12 million)

38 Related parties transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and jointly controlled entities as disclosed in notes 19 and 20 are unsecured. Balances totalling HK$2,325 million (2009 – HK$4,081 million) are interest bearing. In addition, during 2009, 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 2010 and 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 2010, included in associated companies and interests in joint ventures on the statement of financial position is a total amount of HK$27,301 million (2009 – HK$27,042 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$1,653 million (2009 – HK$1,759 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 2010, 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

Subsequent to the year end, the Group completed an Initial Public Offer ("IPO") of units in Hutchison Port Holdings Trust ("HPH Trust") which was listed on the Main Board of the Singapore Stock Exchange on 18 March 2011. HPH Trust holds and operates the Group's interests in deep water container port businesses in the Pearl River Delta in Guangdong Province, including Hong Kong and Yantian ports. The Group currently retains a 27.6% interest in HPH Trust. The market capitalisation of HPH Trust at listing was approximately US$8,800 million (approximately HK$68,500 million) and the Group will report a gain on disposal of approximately US$5,650 million (approximately HK$44,000 million) in its 2011 results.

41 US dollar equivalents

Amounts in these accounts are stated in Hong Kong dollars (HK$), the currency of the place in which the Company is incorporated and is the functional currency of the Company. The translation into US dollars of these accounts as of, and for the year ended, 31 December 2010, 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 126 to 222 were approved by the Board of Directors on 29 March 2011.

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:

	2010 HK$ millions	2009 HK$ millions
Credits:		
Share of profits less losses of associated companies		
Listed	**4,683**	4,337
Unlisted	**1,786**	1,053
	6,469	5,390
Share of gross rental income of associated companies and jointly controlled entities	**635**	614
Gross rental income from investment properties held by:		
Listed subsidiary – HHR	**78**	80
Other subsidiaries (excluding HHR)	**3,314**	3,173
Less: intra group rental income	**(349)**	(346)
	3,043	2,907
Less: related outgoings	**(26)**	(37)
Net rental income of subsidiary companies	**3,017**	2,870
Dividend and interest income from managed funds and other investments		
Listed	**840**	1,049
Unlisted	**75**	149
Charges:		
Depreciation and amortisation		
Fixed assets	**13,093**	13,824
Leasehold land	**912**	898
Telecommunications licences	**390**	633
Brand names and other rights	**537**	903
	14,932	16,258
Inventories write off	**950**	1,221
Operating leases		
Properties	**14,604**	14,780
Hire of plant and machinery	**1,931**	1,624
Auditors' remuneration		
Audit and audit related work – PricewaterhouseCoopers	**177**	195
– other auditors	**15**	13
Non-audit work – PricewaterhouseCoopers	**28**	24
– other auditors	**22**	20

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$116,237 million at 31 December 2010, an increase from HK$115,734 million at the end of 2009, mainly reflecting the higher cash flow from operations of both the established businesses and **3** Group, as well as the proceeds from the issuance of perpetual capital securities in 2010 of US$2,000 million and US$1,000 million by a wholly owned subsidiary of the Group and a listed subsidiary, Cheung Kong Infrastructure respectively, offset by the utilisation of cash for the acquisition of fixed assets, investments in the UK Power Assets businesses and the Group's 34.55% share of Husky Energy's C$1,000 million common share placement, dividend payments and payment of HK$4,199 million to non-controlling interest of Hutchison Telecommunications International ("HTIL") pursuant to the scheme to privatise HTIL. Liquid assets were denominated as to 9% in HK dollars, 46% in US dollars, 21% in Renminbi, 8% in Euro, 5% in British pounds and 11% in other currencies (2009 – 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 79% (2009 – 80%) of the liquid assets, US Treasury notes and listed / traded debt securities 15% (2009 – 15%), listed equity securities 5% (2009 – 4%) and long-term deposits and others 1% (2009 – 1%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of government guaranteed notes (47%) (2009 – 32%), supranational notes (17%) (2009 – 38%), US Treasury notes (12%) (2009 – 1%), government related entities issued notes (7%) (2009 – 12%), notes issued by the Group's associated company, Husky Energy (5%) (2009 – 5%), and others (12%) (2009 - 12%). Of these US Treasury notes and listed / traded debt securities, 77% (2009 – 78%) are rated at Aaa/AAA with an average maturity of 1.1 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 2010, approximately 40% (2009 – approximately 38%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 60% (2009 – approximately 62%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institutions counterparties to swap approximately HK$71,300 million (2009 – approximately HK$97,813 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$4,270 million (2009 – 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 67% (2009 – approximately 74%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 33% (2009 – approximately 26%) were at fixed rates at 31 December 2010.

(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 certain countries, notably the Euro and British pound, where the Group has overseas operations weakened against the Hong Kong dollar. This gave rise to an unrealised loss of HK$2,610 million (2009 – gain of HK$15,813 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of translation gains and losses of associated companies and jointly controlled entities. This unrealised loss is reflected as a movement in the Consolidated Statement of Changes in Equity under the heading of exchange reserve.

At 31 December 2010, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$28,593 million (2009 - 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 swaps, are denominated as follows: 31% in HK dollars, 29% in US dollars, 28% in Euro, 5% in British pounds and 7% in other currencies (2009 - 30% in HK dollars, 31% in US dollars, 28% in Euro, 5% in British pounds and 6% in other currencies).

(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 / traded debt and equity securities described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed / traded debt and equity securities represented approximately 20% (2009 - approximately 19%) 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.

(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 cashflows 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 non-controlling 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$1,366 million (2009 – HK$1,496 million) due to increase in interest expense;
- total equity would decrease by HK$1,366 million (2009 – HK$1,496 million) due to increase in interest expense; and
- total equity would decrease by HK$9 million (2009 – HK$72 million) mainly due to decrease in value of available-for-sale investments.

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward currency contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments, changes in foreign exchange rates affect their fair value. All fair value hedges designed for hedging currency risk are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in 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.

	2010		2009	
	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	**59**	**59**	74	74
GBP	**159**	**224**	105	111
AUD	**265**	**405**	241	364
RMB	**25**	**102**	65	68
USD	**2,168**	**2,174**	3,127	3,130
Japanese Yen	**(290)**	**(295)**	(265)	(265)

(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$83 million (2009 - HK$61 million) due to increase in gains on financial assets at fair value through profit or loss;
- total equity would increase by HK$83 million (2009 – HK$61 million) due to increase in gains on financial assets at fair value through profit or loss; and
- total equity would increase by HK$2,372 million (2009 – HK$2,255 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 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 2010						
Trade payables	22,460	–	–	22,460	–	22,460
Other payables and accruals	54,429	–	–	54,429	–	54,429
Interest free loans from non-controlling shareholders	2,327	–	–	2,327	–	2,327
Bank loans	14,357	83,414	18	97,789	(394)	97,395
Other loans	188	191	250	629	(58)	571
Notes and bonds	8,580	72,337	68,027	148,944	4,346	153,290
Interest bearing loans from non-controlling shareholders	–	10,246	3,247	13,493	–	13,493
Obligations for telecommunications licences and other rights	874	2,782	253	3,909	(816)	3,093
	103,215	168,970	71,795	343,980	3,078	347,058

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$9,756 million in "within 1 year" maturity band, HK$27,910 million in "after 1 year, but within 5 years" maturity band, and HK$24,597 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 2010				
Derivative settled gross:				
Cash flow hedges – interest rate swaps				
– Net outflow	(11)	(34)	–	(45)
Cash flow hedges – forward foreign exchange contracts				
– Inflow	3,075	–	–	3,075
– Outflow	(3,091)	–	–	(3,091)

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 2009						
Trade payables	18,409	–	–	18,409	–	18,409
Other payables and accruals	50,108	–	–	50,108	–	50,108
Interest free loans from non-controlling 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 non-controlling 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 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 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)

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

	2010 HK$ millions	2009 HK$ millions
Change in fair value of financial assets at fair value through profit or loss	**48**	128
Gains (losses) arising on derivatives in a designated fair value hedge	**2,747**	(1,685)
Gains (losses) arising on adjustment for hedged item in a designated fair value hedge	**(2,747)**	1,685
Interest income on available-for-sale financial assets	**666**	845

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 tables provide an analysis of financial instruments that are measured at fair value, 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 2010				
Financial instruments measured at fair value				
Available-for-sale investments				
– Unlisted equity securities (see note 22)	–	–	1,175	1,175
– Managed funds, outside Hong Kong (see note 23)	14,505	–	–	14,505
– Listed / traded debt securities, outside Hong Kong (see note 23)	867	2,169	–	3,036
– Listed equity securities, Hong Kong (see note 23)	913	–	–	913
– Listed equity securities, outside Hong Kong (see note 23)	4,191	–	1,071	5,262
Financial assets at fair value through profit or loss (see note 23)	–	833	–	833
	20,476	3,002	2,246	25,724
Fair value hedges				
– Interest rate swaps (see note 22)	–	1,776	–	1,776
– Cross currency interest rate swaps (see note 22)	–	1,105	–	1,105
	–	2,881	–	2,881
Cash flow hedges				
– Interest rate swaps (see note 22)	–	15	–	15
– Forward foreign exchange contracts (see notes 22 and 25)	–	390	–	390
– Interest rate swaps (see note 31)	–	(2)	–	(2)
– Forward foreign exchange contracts (see note 26)	–	(60)	–	(60)
	–	343	–	343

44 Financial risk management (continued)

(i) Fair value of financial instruments (continued)

	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

44 Financial risk management (continued)

(i) Fair value of financial instruments (continued)

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.

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:

	2010 HK$ millions	2009 HK$ millions
At 1 January	**2,337**	2,543
Total gains (losses) recognised in		
Income statement	**(1)**	(41)
Other comprehensive income	**382**	67
Additions	**264**	4
Disposals	**(736)**	(8)
Transfer to investment in associate	**–**	(228)
At 31 December	**2,246**	2,337
Total losses for the year included in income statement and presented in other operating expenses	**(1)**	(41)
Total losses recognised in income statement relating to those instruments held at the end of the reporting period	**(1)**	(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 2010 is set out as follows:

	2010 HK$ millions	2009 HK$ millions
Assets		
Non-current assets		
Subsidiary companies – Unlisted shares [(a)]	**39,931**	39,931
Current assets		
Amounts due from subsidiary companies [(b)]	**66,906**	66,864
Current liabilities		
Bank overdrafts	**–**	2
Other payables and accruals	**69**	54
	69	56
Net current assets	**66,837**	66,808
Net assets	**106,768**	106,739
Capital and reserves		
Share capital (see note 32(a))	**1,066**	1,066
Reserves [(c)]	**105,702**	105,673
Shareholders' funds	**106,768**	106,739

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 217 to 222.

(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 2009	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**
Profit for the year	**–**	**7,399**	**7,399**
Unclaimed dividend paid write back	**–**	**5**	**5**
Dividends paid relating to 2009	**–**	**(5,201)**	**(5,201)**
Dividends paid relating to 2010	**–**	**(2,174)**	**(2,174)**
At 31 December 2010	**28,359**	**77,343**	**105,702**

(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$251,256 million (2009 – HK$260,440 million), the Company has guaranteed a total of HK$201,429 million (2009 – HK$214,732 million) which has been borrowed in the name of subsidiary companies. The Company has also guaranteed perpetual capital securities of US$2,000 million, approximately HK$15,600 million (2009 – nil) issued by a wholly owned subsidiary company.

(f) The Company has no guarantees provided in respect of the bank and other borrowing facilities utilised by the jointly controlled entities (2009 – HK$8,513 million) and other guarantees (2009 – HK$3,405 million). 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$7,399 million (2009 – HK$7,388 million) and is included in determining the profit attributable to ordinary 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 2010 amounting to HK$77,343 million (2009 – HK$77,314 million).

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2010

	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	31,628,668	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
	Euromax Terminal Rotterdam B.V.	Netherlands	EUR	18,000	75	Stevedoring activities
	ECT Home Terminal B.V.	Netherlands	EUR	18,000	75	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
✡	Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	50	Ship repairing & general engineering
	HPH Finance Limited	British Virgin Islands	USD	1	80	Finance
✡	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) Port Development Limited	Jersey	GBP	30,000,002	80	Port development and property management
	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

	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)					
	Oman International Container Terminal L.L.C.	Oman	OMR	4,000,000	52	Container terminal operating
	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	3,826,770,000	72	Container terminal operating
	SupplyLINE Logistics Limited	Hong Kong	HKD	10,000	41	Logistics services
✡	Taranto Container Terminal S.p.A.	Italy	EUR	1,280,000	40	Container terminal operating
	Talleres Navales del 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	72	Container terminal operating
	Thai Laemchabang Terminal Co., Ltd.	Thailand	THB	800,000,000	70	Container terminal operating
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	1,801,666,000	56	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	64	Container terminal operating
# +	Westports Holdings Sdn. Bhd.	Malaysia	MYR	117,000,000	25	Holding company
✡ ⌘	Xiamen Haicang International Container Terminals Limited	China	RMB	555,515,000	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

	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 International Hotels Limited	British Virgin Islands	USD	1	100	Holding company
	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	81,579,000	50	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Changchun) Limited	China	USD	34,870,000	50	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (ChangSha WangCheng) Limited	China	RMB	149,000,000	50	Property developing
✡ 🕈 +	Hutchison Whampoa Properties (Chengdu) Limited	China	RMB	1,050,000,000	50	Property developing & investment
✡ ⌘ +	Hutchison Whampoa Properties (Chongqing Nanan) Limited	China	RMB	1,460,000,000	48	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited	China	RMB	250,000,000	50	Property developing
✡ 🕈 +	Hutchison Whampoa Properties (Guangzhou Panyu) Limited	China	RMB	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	100,000,000	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 (Xi An) 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 2010

	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					
	A.S. Watson & Company, Limited	Hong Kong	HKD	109,550,965	100	Holding company
	A.S. Watson (Europe) Finance B.V.	Netherlands	EUR	18,000	100	Finance
	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 Investments S.à r.l.	Luxembourg	EUR	125,000	100	Holding company
	A/S Drogas	Latvia	LVL	1,280,000	100	Retailing
	DC Ukraine	Ukraine	UAH	29,300,000	100	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	Holding in perfume retailing business
	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	Perfume retailing
	Marionnaud Switzerland AG	Switzerland	CHF	10,000,000	100	Perfume retailing
✡	Nuance-Watson (HK) Limited	Hong Kong	HKD	20	50	Operation of duty free shops
✡	Nuance-Watson (Singapore) Pte Ltd.	Singapore	SGD	2	50	Operation of duty free shops
	Parfumerie Ici Paris XL N.V.	Belgium	EUR	770,000	100	Perfume retailing
	Park'N Shop Limited	Hong Kong	HKD	1,000,000	100	Supermarket operating
	Savers Health and Beauty Limited	United Kingdom	GBP	1,400,000	100	Retailing
+	Spektr Group Limited Liability Company	Russia	RUB	3,000,000	100	Retailing
	Superdrug Stores plc	United Kingdom	GBP	22,000,000	100	Retailing
	The Perfume Shop Limited	United Kingdom	GBP	100,000	100	Perfume retailing
	Watson's Personal Care Stores (Taiwan) Co., Limited	Taiwan	NT$	711,000,000	100	Retailing
	Watson's Personal Care Stores Pte Ltd.	Singapore	SGD	5,000,000	100	Retailing
	Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR	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
	Energy and infrastructure					
❋ +	Cheung Kong Infrastructure Holdings Limited	Bermuda/Hong Kong	HKD	2,254,209,945	85	Holding Company
❋ # +	Husky Energy Inc.	Canada	C$	4,573,538,990	35	Investment in oil and gas
# +	Northern Gas Networks Holdings Limited	United Kingdom	GBP	571,670,980	40	Gas distribution
❋ # +	Power Assets Holdings Limited	Hong Kong	HKD	2,134,261,654	33	Investment holdings in power and utility-related businesses
# +	UK Power Networks Holdings Limited	United Kingdom	GBP	10,000,000	34	Electricity distribution

	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
	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	1,764,026,875	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 (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
	Hutchison Whampoa International (10) 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
	Telecommunications					
	Hutchison Global Communications Limited	Hong Kong	HKD	20	65	Fixed line communications
❋	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands/ Hong Kong	HKD	1,203,939,052	65	Holding company & mobile and fixed-line telecommunications services
	PT. Hutchison CP Telecommunications	Indonesia	IDR	649,890,000,000	65	Mobile telecommunications services
	Hutchison Telecommunications (Vietnam) S.à r.l.	Luxembourg	USD	20,000	100	Investment holdings in the BCC in Vietnam
	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 2010

	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	896,680,471	71	Holding company of property investment business
❋	Hutchison China MediTech Limited	Cayman Islands/China	USD	51,743,153	71	Holding company of 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.

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 28% and 6% of the Group's respective items.

Schedule of Principal Properties

at 31 December 2010

Description	Lot number	Lease term	Group's interest	Approximate gross 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, 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, 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 Castle Peak Road, Tsuen Wan, New Territories	TWTL 316 (Plot B)	Medium	100%	131,945	C	Existing
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
Food Distribution Depot, Sheung Shui, New Territories	FSSTL 97	Medium	100%	142,394	I	Existing

Schedule of Principal Properties
at 31 December 2010

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Uptown, 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 (60%)
Cement Manufacturing Plant, Tap Shek Kok, Tuen Mun, New Territories	TMTL 201	Medium	85%	1,645,301	I	Existing
Oriental Plaza, East Chang An Avenue, Dong Cheng District, Beijing, China	Dong Cheng District, Beijing	Medium	18%	4,389,768	C	Existing
		Medium	18%	614,333	H	Existing
		Medium	18%	1,162,889	SA	Existing
The Great Wall Sheraton Hotel Beijing, 10 North Dong San Huan Road, Chao Yang District, Beijing, China	Chaoyang District, Beijing	Medium	50%	898,800	H	Existing
The Greenwich, Yao Jia Yuan Dong Li, Chaoyang District, Beijing, China (site area approx 2,882,094 sq ft)	Chaoyang District, Beijing					
	Commercial	Medium	50%	21,732	C	Existing
	Phase 1C	Long	50%	957,752	R	2011 (8%)
	Phase 2	Long	50%	1,618,187	R	2012 (2%)
A residential development at Shisanling Town, Changping District, Beijing, China (site area approx 2,759,106 sq ft)	Changping District, Beijing	Long	50%	861,104	R	2014 (1%)
Metropolitan Plaza, Ba Yi Lu, Yuzhong District, Chongqing, China	Yuzhong District, Chongqing	Medium	50%	1,511,515	C	Existing
Harbour Plaza Chongqing, Zou Rong Lu, Yuzhong District, China	Yuzhong District, Chongqing	Medium	50%	556,972	H	Existing
Cape Coral, Nanan District, Chongqing, China (site area approx 1,380,070 sq ft)	Nanan District, Chongqing					
	Phases 1A & 1B	Medium	48%	498,848	R/C	Existing
	Phase 2	Medium	48%	1,620,716	R/C	2012 (27%)
Noble Hills, Douxi, Chongqing, China (site area approx 4,811,720 sq ft)	Douxi, Chongqing					
	Phase 1A	Medium	50%	26,361	C	Existing
	Phase 2A	Medium	50%	950,314	R	2011 (35%)
	Phases 2B & 2C	Medium	50%	1,888,789	R	2012 (1%)
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%	33,249,776	R/C	2022 (1%)
A residential development at Zhaomushan, Liangjiang New Area, Chongqing, China (site area approx 1,425,891 sq ft)	Liangjiang New Area, Chongqing	Medium	50%	2,961,552	R	2013 (1%)
Le Parc, Chengdu High-Tech Zone, Chengdu, China (site area approx 8,713,404 sq ft)	Chengdu High-Tech Zone					
	Phases 1A, 1B & 2A	Long	50%	381,574	R	Existing
	Phase 2B	Long	50%	1,230,841	R	2011 (90%)
	Phases 3A & 3B	Long	50%	2,450,562	R	2011 (65%)
	Phase 4A	Long	50%	2,271,216	R	2012 (2%)
	Phase 4B	Long	50%	2,408,519	R	2014 (2%)
	Phases 5-8	Long	50%	12,718,464	R/C	2016 (1%)
Regency Oasis, Wenjiang District, Chengdu, China (site area approx 4,018,482 sq ft)	Wenjiang District, Chengdu					
	Phase 1A	Long	50%	35,320	R	Existing
	Phase 1A	Long	50%	1,204,168	R	2011 (72%)
	Phase 1B	Long	50%	107,638	C	2011 (3.5%)
	Phase 1B	Long	50%	1,910,704	R	2013 (3.5%)
	Phase 2	Long	50%	505,005	R	2011 (4.5%)
	Phase 2	Long	50%	1,263,218	R	2012 (4.5%)
The Riverside and Metropolitan Plaza, Huangsha, Guangzhou, China (site area approx 767,265 sq ft)	Huangsha, Guangzhou					
	Phase 2	Long	50%	42,689	R	Existing
	Phase 3	Long	50%	837,682	R	2011 (85%)
	Commercial	Long	50%	936,644	C	2011 (98%)
Cape Coral, Panyu District, Guangzhou, China (site area approx 4,840,136 sq ft)	Panyu District, Guangzhou					
	Phase 2	Long	50%	158,659	R	Existing
	Phase 3A	Long	50%	905,408	R	2012 (30%)
	Phase 3B	Long	50%	906,269	R	2013 (10%)
	Phase 4	Long	50%	1,905,914	R/C	2013 (5%)
	Commercial	Long	50%	21,345	C	Existing

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
A residential development at Zengcheng, Guangzhou, China (site area approx 22,740,374 sq ft)	Zengcheng, Guangzhou	Long	50%	3,621,631	R/C	2013 (1%)
International Toys & Gifts Centre, Nangang Village Head of Lang Bridge, Huang Pu District, Guangzhou, China (site area approx 3,457,989 sq ft)	Huang Pu District, Guangzhou					
	Phase 1	Medium	30%	455,550	C	Existing
	Phase 2A	Medium	30%	673,640	C	2012 (5%)
	Phases 2B & 2C (1)	Medium	30%	1,069,973	C	2013 (1%)
	Phases 2C (2) & 3	Medium	30%	2,353,046	C	2015 (1%)
Yuhu Mingdi, Zhongxin Town, Luogang District, Guangzhou, China (site area approx 2,427,743 sq ft)	Luogang District, Guangzhou					
	Phase 1	Long	40%	472,538	R/C	2012 (19%)
	Phases 2-4	Long	40%	2,023,156	R/C	2013 (1%)
Laguna Verona, Hwang Gang Lake, Dongguan, China (site area approx 35,477,829 sq ft)	Hwang Gang Lake, Dongguan					
	Commercial	Long	49.9%	9,321	C	Existing
	Phase D1a1	Long	49.9%	336,326	R	2011 (6%)
	Phases D1a2, D1b & D1c	Long	49.9%	1,657,840	R	2012 (4%)
	Phase D2	Long	49.9%	2,133,654	R	2017 (3%)
	Phase G1a1	Long	49.9%	209,528	R/C	2011 (6%)
	Phases G1a2, G1b & G1c	Long	49.9%	2,583,452	R	2012 (1%)
	Phases G1d-G1e	Long	49.9%	2,720,228	R	2015 (1%)
	Phases G2-G7	Long	49.9%	7,524,456	R/C	2019 (1%)
	Phases E1 & H1	Long	49.9%	331,417	R	2012 (1%)
	Phases E2, F & H2	Long	49.9%	1,132,793	R	2018 (1%)
Harbour Plaza Golf Club, Hwang Gang Lake, Dongguan, China	Hwang Gang Lake, Dongguan Golf course	Medium	50%	14,257,654	G	Existing
Le Parc, Futian District, Shenzhen, China	Futian District, Shenzhen	Long	50%	102,953	C	Existing
Regency Park, Guanlan, Baoan District, Shenzhen, China	Baoan District, Shenzhen					
	Phases 1, 2 & 3	Long	50%	571,314	R	Existing
Le Sommet, Longgang District, Shenzhen, China (site area approx 2,407,822 sq ft)	Longgang District, Shenzhen					
	Phase 1A	Long	50%	64,357	R/C	Existing
	Phases 1B, 2 & 4A	Long	50%	644,364	R	2012 (1%)
	Phase 3	Long	50%	527,082	R	2011 (70%)
	Phases 4B-C	Long	50%	1,286,231	R/C	2013 (1%)
Century Place, Shennan Road, Huaqiangbei, Futian District, Shenzhen, China (site area approx 184,118 sq ft)	Futian District, Shenzhen					
	Phase 1	Medium	40%	1,319,976	C	2011 (70%)
	Phase 1	Medium	40%	444,653	R	2011 (85%)
	Phase 2	Medium	40%	168,615	C	2011 (70%)
Noble Hills, Guanlan, Baoan District, Shenzhen, China (site area approx 916,911 sq ft)	Baoan District, Shenzhen	Long	50%	1,583,175	R/C	2012 (2%)
A residential development at Aotou, Daya Bay, Huizhou, China (site area approx 861,664 sq ft)	Daya Bay, Huizhou	Long	50%	905,515	R/C	2012 (1%)
A residential development at Qiao Island, Zhuhai, China (site area approx 2,152,760 sq ft)	Qiao Island, Zhuhai					
	Phase 1	Long	50%	1,192,026	R	2013 (1%)
	Phase 2	Long	50%	1,354,301	R	2015 (1%)
A commercial and residential development at Cuilihu, Zhongshan, China (site area approx 1,176,107 sq ft)	Cuilihu, Zhongshan	Long	50%	615,044	R/C	2013 (1%)
A residential development at Yin Hu Wan, Jiangmen, China (site area approx 14,351,730 sq ft)	Yin Hu Wan, Jiangmen					
	Phases 1 & 4	Long	45%	1,195,546	R	2013 (1%)
	Phases 2, 3, 5 & 6	Long	45%	3,095,669	R	2017 (1%)
	Commercial/Hotel	Medium	45%	307,360	C/H	2013 (1%)
Westgate Mall & Tower, Nanjing Xi Lu/Jiang Ning Lu, Jing An District, Shanghai, China	Jing An District, Shanghai	Medium	30%	1,099,361	C	Existing
Seasons Villas, Humau Road, Pudong New District, Shanghai, China	Pudong New District, Shanghai					
	Phases 1-5	Long	50%	553,076	R	Existing

Schedule of Principal Properties
at 31 December 2010

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Regency Park,	Pudong New District, Shanghai					
Humau Road, Pudong New District, Shanghai, China	Phase 2B	Medium	50%	109,705	R/C	2011 (95%)
(site area approx 4,924,375 sq ft)						
Maison des Artistes,	Changning District, Shanghai	Long	50%	71,984	C	Existing
Gubei, Changning District, Shanghai, China						
Century Link,	Pudong New District, Shanghai	Medium	25%	2,351,427	C	2014 (12%)
Lot 2-4 Century Avenue,						
Pudong New District, Shanghai, China						
(site area approx 551,978 sq ft)						
Regency Cove,	Minhang District, Shanghai					
Qian Kun Road, Maqiao Town, Minhang District,	Phases 1A & 1B	Long	43%	94,256	R	Existing
Shanghai, China	Phase 2	Long	43%	262,077	R	2011 (25%)
(site area approx 2,804,626 sq ft)						
A commercial development at	Jing An District, Shanghai	Long	30%	624,150	C	2013 (1%)
Xin Zha Road, Jing An District, Shanghai, China						
(site area approx 156,376 sq ft)						
A commercial and residential development at	Putuo District, Shanghai	Long	30%	1,549,987	R	2017 (1%)
Zhen Ru Fu Zhong Xin, Putuo District,		Medium	30%	6,199,949	C/H	2018 (5%)
Shanghai, China						
(site area approx 1,903,620 sq ft)						
A commercial development at	Pudong New District, Shanghai	Medium	50%	861,104	C	2012 (13%)
Lujiazui, Pudong New District,						
Shanghai, China						
(site area approx 100,082 sq ft)						
A commercial and residential development at	Jiading District, Shanghai	Long	50%	3,103,752	R	2013 (2%)
Nanxiang Town, Jiading District, Shanghai, China		Medium	50%	447,634	C	2013 (2%)
(site area approx 2,277,843 sq ft)						
A commercial and residential development at	Pudong New District, Shanghai					
Hu Nan Road/Fang Rong Road, Zhoupu Town,	Phase 1	Long	43%	351,191	R	2012 (20%)
Pudong New District, Shanghai, China	Phase 2	Long	43%	1,418,561	R	2013 (5%)
(site area approx 2,835,368 sq ft)	Phase 3	Long	43%	268,008	R	2012 (10%)
	Phase 4	Long	43%	255,716	R/C	2012 (10%)
	Phase 5	Long	43%	1,371,620	R	2014 (5%)
A residential development at	Qing Pu District, Shanghai	Long	50%	808,071	R	2013 (1%)
Zhao Xiang Town, Qing Pu District, Shanghai, China						
(site area approx 797,501 sq ft)						
Regency Park,	Tianning District, Changzhou					
Tianning District, Changzhou, China	Phase 1	Long	50%	31,420	R	2011 (95%)
(site area approx 867,562 sq ft)	Phase 2	Long	50%	323,441	R	2011 (50%)
	Phase 3A	Long	50%	176,806	R	2012 (1%)
	Phase 3B	Long	50%	1,844,302	R	2013 (1%)
A commercial and residential development at	Jianye District, Nanjing	Long	50%	3,866,712	R/C	2014 (1%)
Yingtiandajie, Jianye District, Nanjing, China						
(site area approx 1,286,296 sq ft)						
The Greenwich,	Xian Hi-Tech Industries					
Xian Hi-Tech Industries Development Zone,	Development Zone					
Xian, China	Phase 2A	Medium	50%	1,391,770	R/C	2011 (60%)
(site area approx 5,176,674 sq ft)	Phase 2B	Medium	50%	1,295,122	R/C	2011 (40%)
	Phases 3A & 3B	Medium	50%	2,800,289	R/C	2011 (50%)
	Phases 4A & 4B	Long	50%	3,063,012	R/C	2013 (1%)
Noble Hills,	Wangcheng County, Changsha					
Wangcheng County, Changsha, China	Phase 1	Long	50%	50,611	R/C	Existing
(site area approx 5,989,301 sq ft)	Phase 2	Long	50%	782,130	R	2011 (70%)
	Phases 3-5	Long	50%	5,110,760	R/C	2014 (2%)

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Regency Park, Jingyue Economic Development Zone, Changchun, China (site area approx 9,910,123 sq ft)	Jingyue Economic Development Zone, Changchun					
	Phases 2A & 2D	Medium	50%	601,621	R	2011 (50%)
	Phases 2B & 2C	Medium	50%	590,943	R	2011 (30%)
	Phases 3-4	Medium	50%	2,565,186	R/C	2013 (1%)
Regency Residence, Nanguan District, Changchun, China (site area approx 2,214,114 sq ft)	Nanguan District, Changchun					
	Phase 1	Medium	50%	49,010	R/C	2011 (70%)
	Phase 2A (2)	Medium	50%	193,652	R	2011 (40%)
	Phase 2B	Medium	50%	1,412,749	R/C	2012 (40%)
A commercial & residential development at Xiaogangwan, Shibei District, Qingdao, China (site area approx 3,355,938 sq ft)	Shibei District, Qingdao					
	Phase 1	Long	45%	2,261,087	R/C	2012 (10%)
	Phases 2-7	Long	45%	8,109,296	R/C	2016 (1%)
A commercial & residential development at Hualou Jie, Jianghan District, Wuhan, China (site area approx 1,140,274 sq ft)	Jianghan District, Wuhan	Long	50%	3,946,773	R/C	2015 (5%)
A commercial & residential development at Laopupian, Jianghan District, Wuhan, China (site area approx 379,036 sq ft)	Jianghan District, Wuhan	Long	50%	1,770,785	R/C	2014 (1%)
Regency Cove, Caidian District, Wuhan, China (site area approx 8,294,627 sq ft)	Caidian District, Wuhan					
	Phase 1A	Long	50%	644,439	R	2011 (80%)
	Phases 1B-8	Long	50%	15,484,792	R/C/H	2018 (1%)
Tianjin Metropolitan, Yingkoudao, Heping District, Tianjin, China (site area approx 211,153 sq ft)	Heping District, Tianjin					
	Phase 1	Medium	40%	699,970	C	2011 (80%)
	Phase 2	Medium	40%	1,086,110	C	2012 (30%)
	Phase 2	Long	40%	1,019,030	R	2011 (30%)
A commercial and residential development at Wolong Bay, Jinzhou New Area, Dalian, China (site area approx 933,189 sq ft)	Jinzhou New Area, Dalian	Medium	50%	1,629,316	R/C	2015 (1%)
A commercial and residential development at Wolong Bay, Jinzhou New Area, Dalian, China (site area approx 2,504,327 sq ft)	Jinzhou New Area, Dalian	Medium	50%	2,707,559	R/C	2016 (1%)
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%	849,506*	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%	3,123,655*	R/C	2021 (1%)
Marina Bay, Marina Boulevard/Central Boulevard, Singapore (site area approx 574,045 sq ft)	Land Parcel 662, Singapore					
	Phase 2	Long	17%	2,088,177	R/C	2014 (28%)
The Vision, 727 West Coast Crescent, Singapore (site area approx 129,168 sq ft)	Lot 8341X Mukum 5, Singapore	Long	50%	361,670	R	2013 (2%)
Radisson and Reef Village at Our Lucaya Beach and Golf Resort in Freeport, Grand Bahama, Bahamas	Lucaya, Freeport,	Freehold	100%	1,027,494	H	Existing
	Grand Bahama Island	Freehold	100%	320 acres	G	Existing
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

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal No 9, Tsing Yi, New Territories, Hong Kong	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, Hong Kong	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 (89%)
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 (Phase 1)	Dayabay, Huizhou, Guangdong	Medium	27%	5,597,417	CT	Existing
Container Terminal at Dayabay, Huizhou, Guangdong, China (Phase 2)	Dayabay, Huizhou, Guangdong	Medium	64%	6,458,558	CT	2013 (16%)
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	2011 (90%)
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
Container Terminals at Beilun, Ningbo, Zhejiang, China	Beilun, Ningbo, Zhejiang	Medium	39%	8,162,221	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	Existing

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT 1 & CT2 Tanjung Priok, Jakarta	Medium	41%	246 acres	CT	2012 (84%)
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	Existing
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
Container Terminal at 1379, Hwanggil-dong, Gwangyang-si, Jeollanam-do, South Korea	Gwangyang, Gwangyang-si Phase 2-2	Medium	71%	5,737,351	CT	Existing
Container Terminal at Felixstowe, United Kingdom	Felixstowe, County of Suffolk	Long Freehold	80% 80%	478.5 acres 250 acres	CT CT	Existing Existing
Container Terminal at Thamesport, United Kingdom	Isle of Grain County of Kent	Long	64%	240 acres	CT	Existing
Container Terminal No 11 at Port of Brisbane, Queensland, Australia	Port of Brisbane, Queensland, Australia	Medium	100%	1,506,947	CT	2012 (1%)
Container Terminal No 12 at Port of Brisbane, Queensland, Australia	Port of Brisbane, Queensland, Australia	Medium	100%	1,356,253	CT	2014 (1%)
Container Terminal at Port Botany, New South Wales, Australia	Port Botany, New South Wales, Australia	Medium	100%	4,951,399	CT	2012 (1%)
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 Long	75% 71% 75%	161 acres 655 acres 208 acres	CT CT CT	Existing Existing Existing
Inland Container Terminal at Venlo, The Netherlands	TCT Venlo Terminal (Rail) TCT Venlo Terminal (Barge)	Freehold Medium	75% 75%	16 acres 4 acres	CT CT	Existing Existing
Inland Container Terminal at Moerdijk, The Netherlands	Moerdijk Container Terminal	Long	40%	58 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	72%	4,537,417	CT	Existing
Container Terminal at Muelle Prat, Barcelona, Spain	Terminal de Catalunya Barcelona, Spain	Medium	72%	5,909,993	CT	2017 (1%)
Container Terminal at Gdynia, Poland	Port of Gdynia Poland	Long	79%	48 acres	CT	2017 (57%)
Container Terminal at Sohar, Sultanate of Oman	Plot 2B, Sohar Industrial Port	Medium	52%	69 acres	CT	Existing
Container Terminal at Alexandria, Egypt	Alexandria El Dekheila	Medium Medium	40% 40%	1,162,512 2,023,632	CT CT	Existing Existing

Schedule of Principal Properties

at 31 December 2010

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
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%	1,522,508	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	41%	168 acres	CT	Existing

Lease term: Long = lease not less than 50 years; Medium = lease less than 50 years but not less than 10 years; Short = lease less than 10 years.

* Total net floor area for UK projects

A = Airport C = Commercial CT = Container Terminal D = Depot G = Golf Course H = Hotel I = Industrial
P = Cruise Port SA = Serviced Apartment R = Residential W = Warehouse

Ten Year Summary

	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
CONSOLIDATED INCOME STATEMENT										
HK$ millions										
Revenue	61,460	75,235	104,912	134,592	182,526	183,790	218,678	235,478	208,808	**209,180**
Profit attributable to ordinary shareholders of the Company	9,547	11,944	6,494	10,186	12,040	16,763	33,045	12,449	13,631	**20,038**
Dividends	7,375	7,375	7,375	7,375	7,375	7,375	7,375	7,375	7,375	**8,185**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
HK$ millions										
ASSETS										
Non-current assets										
Fixed assets	56,841	96,900	129,350	153,273	129,467	145,280	186,342	178,143	176,192	**167,851**
Investment properties	27,138	27,155	25,892	31,741	38,557	41,657	43,680	41,282	42,323	**43,240**
Leasehold land	23,054	24,076	25,185	25,367	27,150	30,194	31,272	29,848	29,191	**27,561**
Telecommunications licences	78,152	89,581	98,943	103,060	84,624	89,077	91,897	72,175	70,750	**68,333**
Goodwill	333	7,838	8,583	10,577	17,959	21,840	31,573	30,436	28,858	**27,332**
Brand names and other rights	1,807	2,034	1,929	1,559	3,579	7,582	10,901	10,486	7,351	**12,865**
Associated companies	36,899	45,055	50,662	54,887	65,249	74,844	75,299	76,045	83,716	**105,528**
Interests in joint ventures	37,146	33,598	37,233	35,756	37,284	38,507	39,725	45,865	51,568	**54,032**
Deferred tax assets	974	1,725	5,372	12,259	15,635	17,159	17,619	13,248	14,657	**14,105**
Other non-current assets	7,851	6,550	7,682	8,230	4,426	3,762	5,082	8,904	5,286	**9,131**
Liquid funds and other listed investments	71,204	75,597	63,929	66,503	60,669	66,251	69,192	30,735	23,213	**24,585**
	341,399	410,109	454,760	503,212	484,599	536,153	602,582	537,167	533,105	**554,563**
Current assets	94,111	88,288	161,404	137,160	106,208	130,721	187,680	130,581	157,260	**166,614**
Total assets	435,510	498,397	616,164	640,372	590,807	666,874	790,262	667,748	690,365	**721,177**
Current liabilities	52,306	90,101	96,199	91,267	84,202	90,291	142,732	107,818	93,867	**106,911**
Non-current liabilities										
Bank and other debts	129,018	141,569	230,182	254,779	233,454	260,970	260,086	234,141	242,851	**228,134**
Interest bearing loans from non-controlling shareholders	575	1,099	5,885	5,096	5,429	12,030	12,508	13,348	13,424	**13,493**
Deferred tax liabilities	10,259	10,237	10,357	11,674	13,750	15,019	17,957	13,616	13,355	**14,290**
Pension obligations	131	2,105	1,943	2,424	2,323	2,378	1,468	2,541	2,436	**1,702**
Other non-current liabilities	1,541	2,522	2,408	2,167	4,354	6,368	5,929	4,586	4,520	**3,945**
	141,524	157,532	250,775	276,140	259,310	296,765	297,948	268,232	276,586	**261,564**
Net assets	241,680	250,764	269,190	272,965	247,295	279,818	349,582	291,698	319,912	**352,702**
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**
Perpetual capital securities	–	–	–	–	–	–	–	–	–	**15,600**
Reserves	210,055	216,202	235,381	245,215	236,319	262,363	300,557	258,820	281,433	**292,831**
Total ordinary shareholders' funds and perpetual capital securities	211,121	217,268	236,447	246,281	237,385	263,429	301,623	259,886	282,499	**309,497**
Non-controlling interests	30,559	33,496	32,743	26,684	9,910	16,389	47,959	31,812	37,413	**43,205**
Total equity	241,680	250,764	269,190	272,965	247,295	279,818	349,582	291,698	319,912	**352,702**

Ten Year Summary

	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
PERFORMANCE DATA										
Earnings per share for profit attributable to ordinary shareholders of the Company – (HK$)	2.24	2.80	1.52	2.39	2.82	3.93	7.75	2.92	3.20	**4.70**
Dividends per share – (HK$)	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	**1.92**
Dividend cover	1.3	1.6	0.9	1.4	1.6	2.3	4.5	1.7	1.8	**2.4**
Return on average ordinary shareholders' funds (%)	4.2%	5.6%	2.9%	4.2%	5.0%	6.7%	11.7%	4.4%	5.0%	**7.0%**
Current ratio	1.8	1.0	1.7	1.5	1.3	1.4	1.3	1.2	1.7	**1.6**
Net debt – (HK$ millions)	1,081	49,130	81,717	137,596	153,187	157,111	130,780	165,863	143,355	**131,125**
Net debt / Net total capital (%) (1)	0.4%	16.0%	22.5%	32.9%	37.4%	34.8%	26.4%	35.0%	29.9%	**26.2%**
Net assets attributable to ordinary shareholders of the Company per share – book value (HK$)	49.5	51.0	55.5	57.8	55.7	61.8	70.7	61.0	66.3	**68.9**
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 non-controlling shareholders net of total cash, liquid funds and other listed investments as shown on the Consolidated Statement of Cash Flows.

(2) The comparatives have been restated to reflect the effect of adoption of new and revised accounting policies in 2010 (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	13
PUBLIC FLOAT CAPITALISATION	Approximately HK$160,599 million (approximately 47% of the issued share capital of the Company) as at 31 December 2010

FINANCIAL CALENDAR

Payment of 2010 Interim Dividend:	17 September 2010
2010 Final Results Announcement:	29 March 2011
Closure of Register of Members:	13 May 2011 – 20 May 2011
Annual General Meeting:	20 May 2011
Payment of 2010 Final Dividend:	23 May 2011
2011 Interim Results Announcement:	August 2011

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INVESTOR INFORMATION

Corporate press releases, financial reports and other investor information on the Group are available on the website of the Company

INVESTOR RELATIONS CONTACT

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