Hutchison Whampoa Limited

stock code: 013

annual report 2007

Vision + Pione

+ Prudence

+ Diversity

Ingredients for Growth

tion + Synergy

+ Global Presence

+ Impact

Corporate Information

Hutchison Whampoa Limited

Board of Directors

Chairman

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

Deputy Chairman

LI Tzar Kuoi, Victor, BSc, MSc

Group Managing Director

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

Executive Directors

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

Frank John SIXT, MA, LLL
Group Finance Director

LAI Kai Ming, Dominic, BSc, MBA

KAM Hing Lam, BSc, MBA

Non-executive Directors

George Colin MAGNUS, OBE, BBS, MA

William SHURNIAK, LLD (Hon)

Independent Non-executive Directors

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

Holger KLUGE, BCom, MBA

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

OR Ching Fai, Raymond, JP

WONG Chung Hin, CBE, JP

Audit Committee

WONG Chung Hin *(Chairman)*

Holger KLUGE

William SHURNIAK

Remuneration Committee

LI Ka-shing *(Chairman)*

Holger KLUGE

WONG Chung Hin

Company Secretary

Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCS, FCIS

Qualified Accountant

Donald Jeffrey ROBERTS, BCom, CA, CPA

Auditor

PricewaterhouseCoopers

Bankers

The Hongkong and Shanghai Banking Corporation Limited

ABN AMRO Bank N.V.

Standard Chartered Bank (Hong Kong) Limited

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Corporate Profile

Hutchison Whampoa Limited ("HWL") is a renowned multi-national conglomerate committed to innovation and technology. We operate a variety of businesses in 56 countries over the world, employing a total workforce of approximately 230,000. We have a strong commitment to the highest standards of corporate governance, transparency and accountability, which have been recognised by the receipt of numerous awards and commendations. Our operations consist of five core businesses – ports and related services; property and hotels; retail; energy, infrastructure, finance & investments and others; and telecommunications.

Ports and Related Services

We are one of the world's largest privately owned container terminal operators, holding interests in 47 ports comprising 292 berths in 24 countries, including container terminals operating in five of the eight busiest container ports in the world. In 2007, our ports handled a total throughput of 66.3 million twenty-foot equivalent units ("TEUs"). We also engage in mid-stream operations, river trade, cruise terminals operations, and ports-related logistics services.

Property and Hotels

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

Retail

A S Watson, the Group's retail arm, is the world's largest health and beauty retailer in terms of store number with over 7,900 retail stores in 36 markets worldwide. Its diverse retail operations range from personal care, health and beauty chains, luxury perfumeries and cosmetics retailing to supermarkets, electronic goods retail chains and airport retail concessions. It also manufactures and distributes bottled water and beverage products in Hong Kong and the Mainland.

Energy, Infrastructure, Finance & Investments and Others

The Group's investments in energy and infrastructure are principally in Hong Kong, the Mainland, Australia, Canada and the United Kingdom. In particular, Cheung Kong Infrastructure 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 is a listed Canadian-based integrated energy and energy-related company. The results of the Group's treasury operations, Hutchison Whampoa (China), Hutchison China MediTech, Hutchison Harbour Ring and TOM Group are also reported under this division.

Telecommunications

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


Watsons
屈臣氏


Service
www.three.com.au

Business Highlights

January

Telecommunications

Hutchison Telecommunications International Limited ("HTIL") launches HT Mobile to provide nation-wide mobile communications services in Vietnam.

February

Ports and Related Services

Hutchison Port Holdings ("HPH") enters into agreements with Saigon Investment Construction & Commerce Company Limited to jointly construct, develop and operate a new container terminal in Ba Ria Vung Tau Province, Vietnam, for a concession period of 50 years.

March

Telecommunications

HTIL launches its Indonesian mobile operation PT Hutchison CP Telecommunications.

April

Property and Hotels

Hutchison Whampoa Properties acquires the land use rights to a site of over one million square metres in Chongqing Yangjiashan District for residential and commercial development.

May

Telecommunications

Vodafone Group acquires CGP Investments (Holdings) Limited, which indirectly holds HTIL group's entire interest in its mobile business in India, for a total cash consideration (before costs, expenses and interests) of approximately US$11.1 billion or HK$87 billion.

Retail

Marionnaud Parfumeries unveils its new store concept in France and Switzerland. It conceptualises beauty, well-being, elegance and pleasures with a new logo and modern colour codes. In Hong Kong, Watsons introduces its first health concept store at Festival Walk, Kowloon Tong, focusing on all-round health.

June

Energy, Infrastructure, Finance & Investment and Others

Husky Energy ("Husky") is awarded an 87.5% interest in the exploration licences on Block 5 (2007-22) and Block 7 (2007-24) from the West Disko 2006 Licencing Round, offshore Greenland.

July

Energy, Infrastructure, Finance & Investment and Others

Husky completes its acquisition of a refinery in Lima, Ohio, in the United States from Valero Energy Corporation.

August

Energy, Infrastructure, Finance & Investment and Others

Hutchison MediPharma R&D Limited ("HMPL") enters into a drug discovery and development agreement with Eli Lilly and Company ("Lilly"). Under the agreement, Lilly and HMPL will initially collaborate on the discovery and development of pharmaceutical agents focused on targets in oncology and inflammation.

September

Ports and Related Services

Alexandria International Container Terminals celebrates the official opening of its two new container terminals at Alexandria Port and El Dekheila Port in Egypt.

Retail

Watsons China reaches a new milestone by opening its 300th store in the Mainland.

October

Energy, Infrastructure, Finance & Investment and Others

Cheung Kong Infrastructure ("CKI") acquires all of the issued and outstanding trust units of TransAlta Power, L P ("TransAlta Power"), an energy entity with stakes in six power generation plants in Canada. Following the announcement of the offer, CKI and Hongkong Electric Holdings ("HEH") enter into an agreement for HEH to acquire from CKI, 50% of the units of TransAlta Power.

Telecommunications

HTIL announces the launch of 3G services by its Macau mobile operation, Hutchison Telephone (Macau) Limited.

November

Ports and Related Services

HPH signs an agreement with Karachi Port Trust to build and manage a new container terminal in Keamari Groyne, Pakistan, for a concession period of 25 years, extendible for another 25 years.

December

Telecommunications

3 UK signs an agreement with T-Mobile (UK) to combine their 3G access networks in a ground-breaking collaboration that will lead to almost complete population coverage for 3G services across the United Kingdom by the end of 2008.

Energy, Infrastructure, Finance & Investment and Others

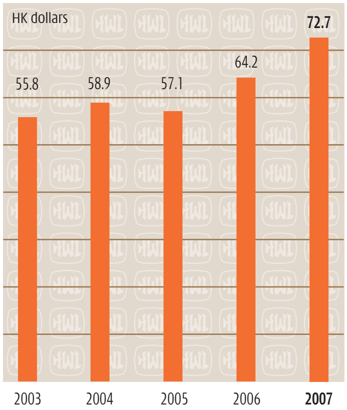
Husky enters into an agreement with BP to create an integrated North American oil sands business consisting of pre-eminent upstream and downstream assets.

Property and Hotels

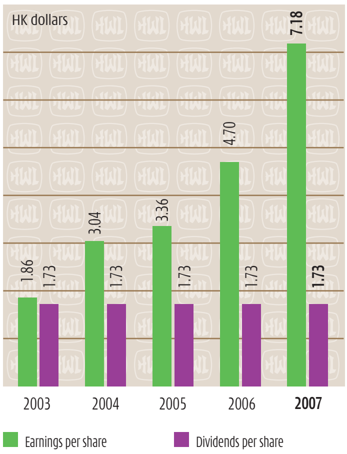
Hutchison Whampoa Properties acquires land with a gross area of approximately 914,000 square metres in Wuhan Caidian District.

Financial Highlights

Net Assets Attributable to Shareholders of the Company per Share



Earnings and Dividends per Share



	2007 HK$ millions	2006 HK$ millions	Change
Profit and loss account highlights			
Total revenue [1]	**308,775**	267,664	+ 15%
Earnings before interest expense and tax ("EBIT") [2]	**64,260**	50,887	+ 26%
Profit attributable to shareholders of the Company	**30,600**	20,030	+ 53%
Balance sheet highlights			
Fixed assets, investment properties, leasehold land and telecommunications licences	**353,191**	306,208	+ 15%
Total cash, liquid funds and other listed investments	**180,499**	130,402	+ 38%
Bank and other debts	**310,341**	283,040	+ 10%
Net debt [3]	**129,842**	152,638	- 15%
Total assets	**799,226**	677,516	+ 18%
Total shareholders' funds	**310,014**	273,794	+ 13%
Cash flow statement highlights			
Earnings before interest and other finance costs, tax, depreciation and amortisation ("EBITDA") [4] and before **3** Group telecommunications expensed customer acquisition costs ("CACs")[5]	**129,305**	96,853	+ 34%
EBITDA after **3** Group telecommunications expensed CACs	**123,573**	91,359	+ 35%
Funds from operations before capital expenditures, telecommunications expensed and postpaid CACs and working capital changes	**65,290**	31,096	+ 110%
Capital expenditures	**29,614**	25,771	+ 15%
Additions to telecommunications postpaid CACs, including HTIL	**11,825**	15,223	- 22%
Key ratios and other information			
Net debt to net total capital ratio [3]	**26%**	33%	- 7%
EBITDA before **3** Group telecommunications expensed CACs net interest coverage ratio	**9.8 times**	7.9 times	+ 1.9 times
Earnings per share for profit attributable to shareholders of the Company (HK$)	**7.18**	4.70	+ 53%
Dividends per share (HK$)	**1.73**	1.73	-

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

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

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

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

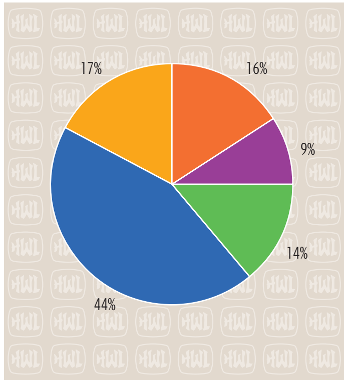
(5) CACs represents customer acquisition costs and contract customer retention costs.

Analyses by Core Business of Total Revenue and EBIT

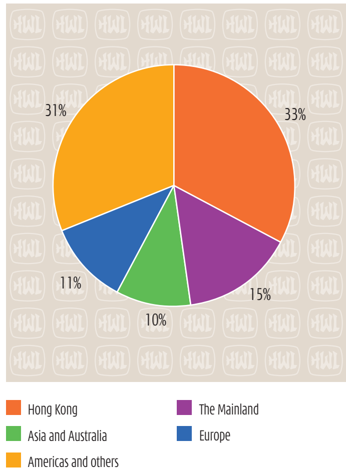
	2007 HK$ millions	2006 HK$ millions	Change
Total revenue (including share of associates and JCE)			
ESTABLISHED BUSINESSES			
Ports and related services	**37,891**	33,041	+ 15%
Property and hotels	**9,551**	10,717	- 11%
Retail	**110,007**	99,149	+ 11%
Cheung Kong Infrastructure	**17,251**	14,822	+ 16%
Husky Energy	**39,781**	29,981	+ 33%
Finance & investments and others	**13,606**	12,614	+ 8%
Hutchison Telecommunications International	**20,779**	16,672	+ 25%
Subtotal - Established businesses	**248,866**	216,996	+ 15%
TELECOMMUNICATIONS - 3 Group	**59,909**	50,668	+ 18%
Total	**308,775**	267,664	+ 15%
EBIT (including share of associates and JCE)			
ESTABLISHED BUSINESSES			
Ports and related services	**12,849**	11,395	+ 13%
Property and hotels	**4,060**	5,667	- 28%
Retail	**3,711**	2,720	+ 36%
Cheung Kong Infrastructure	**7,353**	6,136	+ 20%
Husky Energy	**10,523**	8,305	+ 27%
Finance & investments and others	**13,851**	6,920	+ 100%
Hutchison Telecommunications International	**3,218**	2,648	+ 22%
EBIT - Established businesses	**55,565**	43,791	+ 27%
TELECOMMUNICATIONS - 3 Group			
EBIT before depreciation, amortisation and telecommunications expensed CACs	**18,406**	13,223	+ 39%
Telecommunications expensed CACs	**(5,732)**	(5,494)	- 4%
EBIT before depreciation and amortisation and after telecommunications expensed CACs	**12,674**	7,729	+ 64%
Depreciation	**(11,199)**	(9,501)	- 18%
Amortisation of licence fees and other rights	**(6,143)**	(6,503)	+ 6%
Amortisation of telecommunications postpaid CACs	**(13,270)**	(11,721)	- 13%
LBIT - Telecommunications - **3** Group	**(17,938)**	(19,996)	+ 10%
Change in fair value of investment properties	**1,995**	3,802	- 48%
Profit on disposal of investments and others	**24,638**	23,290	+ 6%
Total	**64,260**	50,887	+ 26%
Profit attributable to shareholders of the Company			
EBIT	**64,260**	50,887	+ 26%
Interest and other finance costs	**(22,500)**	(20,346)	- 11%
Profit before tax	**41,760**	30,541	+ 37%
Current tax	**(5,300)**	(4,833)	- 10%
Deferred tax	**(3,230)**	(2,318)	- 39%
Profit attributable to minority interests	**(2,630)**	(3,360)	+ 22%
Profit attributable to shareholders of the Company	**30,600**	20,030	+ 53%

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

Total Revenue
by Geographical Location 2007



EBIT – Established Businesses
by Geographical Location 2007



Chairman's Statement

Both the Group's established businesses and the **3** Group recorded healthy growth and improved results in 2007. The Group's total revenue grew 15% to HK$308,775 million. Revenue and recurring earnings before interest expense and other finance costs, taxation and minority interests ("EBIT") from the Group's established businesses grew 15% and 27% respectively to HK$248,866 million and HK$55,565 million. All of the Group's established businesses achieved double digit percentage earnings growth compared to last year except the property and hotels division due to the timing of completion of development projects. The **3** Group reported an 18% increase in revenue to HK$59,909 million and achieved its cashflow target, reporting positive EBITDA after all CACs[1] for the second half of the year of HK$2,800 million and as a result, also for the full year of HK$1,195 million, a 116% turnaround from the comparable loss last year.

"The Group's total revenue grew 15% to HK$308,775 million."

Results

The Group's audited profit attributable to shareholders for the year amounted to HK$30,600 million, a 53% increase compared to last year's profit of HK$20,030 million. Earnings per share amounted to HK$7.18 (2006 - HK$4.70), an increase of 53%. These results include a profit on revaluation of investment properties of HK$1,995 million and a net profit on disposal of investments and provisions totalling HK$24,638 million, comprised of the following:

	HK$ millions
Group's share of Hutchison Telecommunications International's ("HTIL") gain on disposal of the mobile business in India	35,820
HTIL's full provision for its investment in the mobile business in Thailand	(3,854)
Profit on disposal of **3** UK's wholesale fixed line business	1,119
Deemed dilution profit arising from Hutchison Telecommunications Australia's ("HTAL") restructuring with a minority shareholder	955
Write off of certain **3** Group capitalised customer acquisition costs and intangible content and other rights	(4,608)
Provisions for **3** UK's and **3** Italia's regulatory and carrier interconnection disputed receivables	(3,281)
Gain of HK$19,788 million arising from a network sharing arrangement whereby **3** UK obtains a right to share another UK operator's mobile network offset by a one-time provision of HK$19,788 million for related costs to restructure its network infrastructure	-
Provisions for two Cheung Kong Infrastructure ("CKI") transportation infrastructure projects, in Australia and Mainland China	(1,513)

[1] EBITDA after all CACs represents earnings before interest expense and other finance costs, taxation, depreciation and amortisation ("EBITDA") and after deducting all customer acquisition and retention costs ("CACs") and LBITDA after all CACs represents losses on the same basis.

Dividends

The Board recommends the payment of a final dividend of HK$1.22 per share in respect of 2007 (2006 - HK$1.22 per share), to those persons registered as shareholders on 22 May 2008. This, together with the interim dividend of HK$0.51 per share paid on 5 October 2007, gives a total dividend of HK$1.73 per share for the year (2006 - HK$1.73 per share). The proposed final dividend will be paid on 23 May 2008 following approval at the Annual General Meeting. The register of members will be closed from 15 May 2008 to 22 May 2008, both days inclusive.

Established Businesses

Ports and Related Services

The ports and related services division continued to expand and recorded another year of steady growth. Total throughput increased 12% to 66.3 million twenty-foot equivalent units ("TEUs") and total revenue grew 15% to HK$37,891 million. Major contributors to throughput growth and their respective growth rates were:

- Yantian port in the Mainland, 13%;
- Panama ports container terminal ("PPC") in Panama, 59%;
- Kwai Tsing terminals in Hong Kong, 9%;
- Europe Container Terminal ("ECT") in Rotterdam, the Netherlands, 13%;
- Westports in Klang, Malaysia, 18%;
- the Shanghai area ports in the Mainland, 6%;
- Laemchabang ports in Thailand, 78%;
- Jakarta ports in Indonesia, 15%;

together with the first full year contribution from Terminal Catalunya ("TERCAT") in Barcelona, Spain, which was acquired in the third quarter of 2006.

The division's EBIT increased 13% to HK$12,849 million. Major contributors to EBIT growth and their respective growth rates were:

- Yantian port, 11%;
- ECT, 44%;
- Hutchison Ports (UK), 33%;
- the Shanghai area ports, 14%;
- Laemchabang ports, 422%;
- PPC, 19%;
- Westports, 37%;

together with the first full year EBIT contribution from TERCAT.

The division's EBIT growth was partially offset by 5% lower EBIT from Kwai Tsing terminals in Hong Kong. This division contributed 15% and 23% respectively to the total revenue and EBIT of the Group's established businesses for the year.

During the year, the division expanded and enhanced its existing facilities in Yantian, Gaolan in Zhuhai, Rotterdam in the Netherlands, and the ports in Panama. During the year, operations commenced at the Port of Sohar in Oman in January, at Alexandria and El Dekheila Ports in Egypt in March and June respectively, and phase I at the Port of Lazaro Cardenas in Mexico in November. Construction of new facilities in Ecuador, Vietnam and Huizhou in the Mainland are all progressing satisfactorily. In November, the Group was chosen as the winning bidder by Karachi Port Trust to build and manage a new container terminal at Keamari Groyne in Pakistan over a concession period of 25 years, extendible for a further 25 years. This new terminal is expected to be operational in 2011. In January this year, the Group entered into an agreement with the Port of Brisbane Corporation in Australia to lease two new container berths (Berth 11 and Berth 12) for a lease period of 42 years. Berth 11 and Berth 12 are expected to be operational in 2012 and 2014 respectively. Currently, this division operates in five of the eight busiest container ports in the world, with interests in a total of 47 ports comprising 292 berths in 24 countries. The division will continue to seek investment and expansion opportunities that meet its investment criteria in strategic locations around the world.

Property and Hotels

The property and hotels division reported total revenue of HK$9,551 million and EBIT of HK$4,060 million, 11% and 28% lower than last year respectively. This division contributed 4% and 7% respectively to the total revenue and EBIT of the Group's established businesses. Gross rental income of HK$3,029 million was 8% higher than last year, primarily due to increased rental income from investment properties in Hong Kong, reflecting continued strong demand for office premises which has resulted in higher lease renewal rates. The rental properties portfolio is 97% let. Development profits for the year, arose mainly from the sale of residential units of Shanghai Regency Park. These profits were 43% less than last year mainly due to lower sales activities from the development projects in the Mainland as the completion and sale of a number of projects has been deferred. This division is focused on the development of its existing substantial landbank interests in the Mainland and is also continuing to selectively seek additional development opportunities primarily in the Mainland. The Group's current attributable landbank (including interests held directly and its share of interests held by joint ventures, associates and jointly controlled entities) can be developed into 105 million square feet of mainly residential property, of which 96% is situated in the Mainland, 3% in the UK and overseas and 1% in Hong Kong.

The Group's hotel operations reported another year of EBIT growth, 12% better than last year, primarily due to increased demand in Hong Kong.

Retail

The Group's retail division reported total revenue of HK$110,007 million, an 11% increase, mainly due to:

- growth of certain health and beauty operations, including Rossmann in Germany and Poland as well as Kruidvat in the Benelux countries;
- the full year contribution from the business in the Ukraine, which was acquired in November last year; and
- increased sales reported by the European luxury perfumeries and cosmetics division.

EBIT from this division totalled HK$3,711 million, a 36% improvement compared to last year. Following a management restructuring, the retail division focused in 2007 on integration and streamlining of its operations, and on reducing excess inventory levels. Despite the resulting adverse effect on margins in the first half of the year, the financial performance of the division continued to improve throughout 2007. Major contributors to EBIT growth were:

- health and beauty operations in Asia and the Benelux countries;
- retail operations in Hong Kong; and
- luxury perfumeries and cosmetics operations in the UK and the Benelux countries.

The improvement also reflects the first full year contribution from the health and beauty business in the Ukraine. The improved results were partially offset by lower results from the health and beauty businesses in the UK. The retail division contributed 44% and 7% respectively to the total revenue and EBIT of the Group's established businesses for the year.

During the year, expansion was limited mainly to organic growth in the Mainland and Eastern Europe and this is expected to continue in 2008. The number of retail outlets increased marginally in 2007 and currently totals over 7,900 outlets in 36 markets worldwide.

Energy, Infrastructure, Finance and Investments

Cheung Kong Infrastructure, a listed subsidiary, announced its group turnover and its share of jointly controlled entities' turnover, of HK$5,889 million, 23% above last year, and profit attributable to shareholders of HK$4,772 million, 30% above last year's profit. CKI contributed 7% and 13% respectively to the total revenue and EBIT of the Group's established businesses for the year. CKI acquired and subsequently privatised TransAlta Power, L P ("TransAlta Power"), which was previously listed on the Toronto Stock Exchange, for a total cost of C$630 million (HK$4,850 million). TransAlta Power has interests in six Canadian power plants with a total generating capacity of 1,362 megawatts. CKI subsequently divested 50% of its interest to Hongkong Electric Holdings ("HEH") in December 2007. Also in December, CKI acquired a 4.75% interest in Southern Water Group ("Southern Water"). Southern Water is a regulated water and sewage company in the UK. CKI continues to seek infrastructure investment opportunities globally. In January 2008, HEH announced it had entered into a new Scheme of Control Agreement ("SCA") with the Hong Kong SAR Government for a further term of ten years, commencing 1 January 2009 with a Government option to extend the SCA for a further term of five years. The agreement provides for a 9.99% permitted rate of return on average net fixed assets other than for renewable energy fixed assets for which the permitted return is 11%. The new SCA also contains provisions which encourage emission reduction, energy efficiency, operational performance, service quality and the use of renewable energy.

Husky Energy ("Husky"), an associated company listed in Canada, announced total revenue of C$15,518 million and net earnings of C$3,214 million, 23% and 18% above last year respectively reflecting higher oil prices. In addition, net earnings in 2006 and 2007 included benefits due to tax rate reductions of C$328 million and C$365 million respectively. Average total production increased 5% from 360,000 barrels of oil equivalent per day ("BOEs per day") in 2006 to 377,000 BOEs per day in 2007. Husky contributed 16% and 19% respectively to the total revenue and EBIT from the Group's established businesses for the year. Husky increased its quarterly dividend payment by 32% to C$0.33 per share commencing in the third quarter of 2007.

In addition to the development and expansion projects mentioned in the Group's interim results announcement, in October, Husky and Esso Exploration Greenland were awarded a joint interest in an exploration licence in West Disko, Block 6, covering an area of 13,213 square kilometres located approximately 30 kilometres off the west coast of Disko Island, Greenland. This exploration licence area borders on Husky's interest in Blocks 5 and 7. Also in October, Husky announced the completion of the gas sales and purchase agreements for future production from its Madura BD Field, offshore of Indonesia. In December, Husky announced:

- the completion of construction and commencement of production at the ethanol plant in Minnedosa, Manitoba with an annual capacity of 130 million litres;
- an agreement to purchase 110,000 contiguous acres of oil sands leases at McMullen, in the Athabasca oil sands deposit. This land is adjacent to currently held oil sands leases; and
- a 50:50 joint venture agreement with BP to create an integrated oil sands joint venture business. Under the terms of the agreement, Husky will contribute its Sunrise assets located in the Athabasca oil sands in northeast Alberta, Canada and BP will contribute its Toledo refinery located in Ohio, USA. The transaction, which is subject to the execution of final agreements and regulatory approval, is expected to close shortly.

The Group's EBIT from its finance and investments operations mainly represents returns earned on the Group's holdings of cash and liquid investments together with the Group's share of the results of Hutchison Whampoa (China), listed subsidiary Hutchison Harbour Ring and listed associate TOM Group. EBIT for these operations amounted to HK$13,851 million, an increase of 100%, mainly due to the one-time profits on disposal of certain listed equity investments of HK$9,754 million. Finance and investments operations contributed 25% of the Group's EBIT from established businesses. The Group's consolidated cash and liquid investments increased by 38% to total HK$180,499 million as at 31 December 2007. Gross consolidated debt totalled HK$310,341 million. Consolidated debt, net of cash and liquid investments, amounted to HK$129,842 million, a 15% reduction compared to last year.

Hutchison Telecommunications International

Hutchison Telecommunications International, a listed subsidiary company, announced full year 2007 turnover from continued operations of HK$20,401 million (excluding turnover of Indian operations disposed of during the year), a 14% increase over last year, and a full year 2007 profit attributable to shareholders of HK$66,884 million (including gain on disposal of Indian operations of HK$69,343 million). This result compares to a profit of HK$201 million in 2006. At 31 December 2007, HTIL had a consolidated mobile customer base of over 9.8 million, a 57% increase over the comparable base last year (excluding Indian operations). The Group's share of HTIL's turnover and EBIT amounted to 8% and 6% of the total revenue and EBIT of the Group's established businesses respectively.

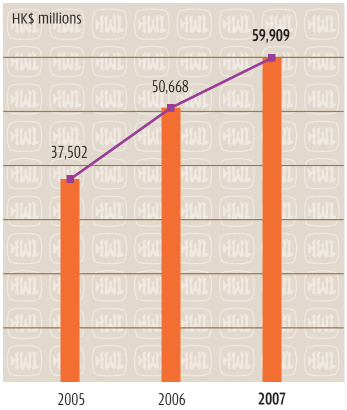
The Group announced on 14 June 2007 that it had increased its shareholding in HTIL from approximately 49.75% to over 50%. The Group purchased additional shares and further increased its holding in HTIL to 59.33% on 4 January 2008. From 14 June 2007, HTIL has been accounted for as a subsidiary of the Group. Its balance sheet and results from that date have been included in the consolidated results of the Group for the year.

Telecommunications – 3 Group

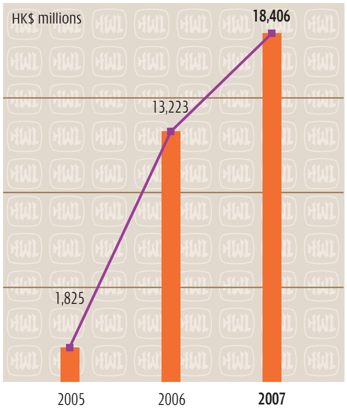
During the year, the **3** Group continued to grow its customer base, increased revenues, and achieved its cashflow target reporting positive EBITDA after all CACs for the second half of the year of HK$2,800 million. As a result, EBITDA after all CACs was also positive for the full year in 2007 totalling HK$1,195 million, which represents a 116% turnaround from the LBITDA after all CACs of HK$7,494 million in 2006. The overall improved results of the **3** Group are summarised below and the charts show the continued positive growth trend of the **3** Group's revenue and EBITDA before and after all CACs.

	For the year ended 31 December		
	2007	2006	
	HK$ millions	HK$ millions	**Change**
Revenue	**59,909**	50,668	**+ 18%**
EBITDA before all CACs	**18,406**	13,223	**+ 39%**
Total CACs	**(17,211)**	(20,717)	**+ 17%**
EBITDA (LBITDA) after all CACs	**1,195**	(7,494)	**+ 116%**
Capitalised contract CACs	**11,479**	15,223	**- 25%**
Reported EBITDA	**12,674**	7,729	**+ 64%**

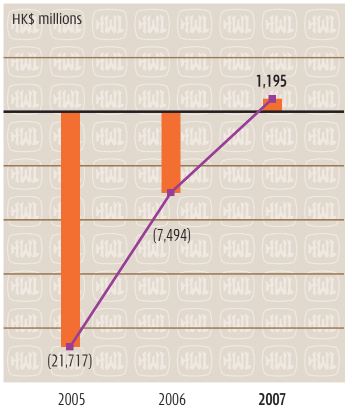
3 Group's Total Revenue



3 Group's EBITDA before all CACs



3 Group's EBITDA (LBITDA) after all CACs



"The Group's profit attributable to shareholders increased 53% to HK$30,600 million."

As a result of the continuing focus on acquiring quality customers and improving churn, total revenue increased 18% to HK$59,909 million in 2007. The Group's registered 3G customer base increased 20% during the year and currently stands at over 17.6 million customers. Contract customers as a percentage of the registered customer base improved to 47% of the **3** Group's base at 31 December 2007, compared to 45% at 31 December 2006. In addition, despite continued intense competition in all markets, the **3** Group's average monthly customer churn also improved to 2.6% from 2.9% in 2006. Active customers represented 79% of the **3** Group's total registered customer base and 98% of the contract customer base at 31 December 2007, in line with last year. Average revenue per active user on a 12-month trailing average active customer basis ("ARPU") overall declined by 9% to €41.74 compared to €45.63 for the full year of 2006. This decline reflects among other things, the increased number of mobile broadband access customers added during the year, which characteristically generate lower ARPU on a per customer calculation, but higher percentage margins than voice services. **3** Group's non-voice revenue as a percentage of total ARPU, on a 12-month trailing average basis, was 31% of total ARPU, in line with 2006. During 2007, promotional discount tariffs amounted to approximately 4% of ARPU, in line with 2006. These discount offerings were discontinued by most of the **3** Group's operations during the year and are not expected to affect ARPU going forward.

With the growth in revenue and continued strong cost controls, the **3** Group achieved a 39% increase in EBITDA before all CACs, totalling HK$18,406 million. CACs, which include the costs incurred to acquire new customers and to retain existing contract customers, continued to reduce during the year, totalling HK$17,211 million, a 17% reduction compared to last year. This improvement reflects the continuing downward trend in handset and mobile broadband access product costs and the benefits from the restructuring of distribution arrangements in the UK and Italy during the year. As a result, the **3** Group's weighted average per customer acquisition cost, on a 12-month trailing basis, continued to trend lower, reducing 32% from €250 for the full year 2006 to €170 for the full year 2007, and on a six-month trailing basis a further reduction to average €148 for the second half of 2007.

Depreciation and amortisation expense, which includes the depreciation of networks, amortisation of licence fees, content and other rights and amortisation of capitalised contract CACs, totalled HK$30,612 million, 10% higher than last year. Total depreciation and amortisation expense in 2007 also reflected a non-cash, exchange rate translation increase of HK$2,721 million as a result of the strengthening of the Euro and the British pound against the Hong Kong dollar. Excluding the exchange translation differential, total depreciation and amortisation expense was 1% above last year.

LBIT improved 10% compared to last year, to total HK$17,938 million. This improvement was also adversely affected by exchange rate movements on translation to Hong Kong dollars. Although these non-cash movements on translation do not affect the underlying operating performance, they increased the reported LBIT by HK$1,626 million. Excluding the effect of these movements, LBIT reduced 18%.

The **3** Group businesses are continuing to focus on delivering a convergence of communications, entertainment and information services to customers on the move through mobile phones, handsets, laptops and other devices. During the year, the **3** Group operations introduced mobile broadband tariffs for USB broadband modems and cards with flat monthly fees and generous data allowances allowing customers high-speed access to the internet through laptops and other portable devices with full mobility. Currently, over 823,000 customers have a mobile broadband USB modem or card. In the fourth quarter, **3** Group launched the 3 Skypephone, one of the first free Voice over Internet Protocol ("VoIP") services on a mobile handset, tailor made for free calling over the internet. These new affordable mobile handsets allow customers to make free calls and send instant messages to Skype's 276 million registered users no matter where they are in the world. The take-up of this new service has been encouraging.

In light of the **3** Group's operating and financial performance in 2007, management continues to target achieving positive monthly EBIT on a sustainable basis in the second half of 2008 and a full year positive EBIT in 2009.

Key Business Indicators

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

	Customer Base					
	Registered Customers at 26 March 2008 ('000)			Registered Customer Growth (%) from 31 December 2006 to 31 December 2007		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
Italy	5,969	2,215	**8,184**	13%	23%	**16%**
UK & Ireland	1,658	2,787	**4,445**	5%	12%	**9%**
Australia(1)	174	1,497	**1,671**	17%	28%	**27%**
Sweden & Denmark	92	853	**945**	8%	38%	**34%**
Austria	158	384	**542**	29%	25%	**26%**
3 Group Total	8,051	7,736	**15,787**	12%	21%	**16%**
Hong Kong and Macau(2)	61	1,082	**1,143**	336%	39%	**45%**
Israel(2)	-	738	**738**	-	130%	**130%**
Total	8,112	9,556	**17,668**	12%	27%	**20%**

	Customer Revenue Base					
	Revenue for the twelve months ended 31 December 2007 ('000)			Revenue Growth (%) compared to the twelve months ended 31 December 2006		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
Italy	€814,177	€1,204,055	**€2,018,232**	-29%	30%	**-3%**
UK & Ireland	£155,406	£1,435,480	**£1,590,886**	6%	5%	**5%**
Australia	A$73,102	A$1,083,293	**A$1,156,395**	12%	38%	**36%**
Sweden & Denmark	SEK77,167	SEK3,816,178	**SEK3,893,345**	39%	48%	**48%**
Austria	€5,796	€184,636	**€190,432**	-15%	12%	**11%**
3 Group Total	€1,100,274	€4,561,618	**€5,661,892**	-22%	18%	**7%**

	12-month Trailing Average Revenue per Active User ("ARPU")(3) to 31 December 2007					
	Total				Non-voice	
	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2006	ARPU	ARPU %
Italy	€17.65	€52.88	**€29.30**	-14%	€8.82	**30%**
UK & Ireland	£17.89	£51.33	**£43.40**	-7%	£14.38	**33%**
Australia	A$39.11	A$72.29	**A$68.61**	-3%	A$18.31	**27%**
Sweden & Denmark	SEK111.64	SEK457.23	**SEK430.80**	7%	SEK114.71	**27%**
Austria	€17.53	€47.70	**€45.33**	-12%	€11.61	**26%**
3 Group Average	€19.07	€58.53	**€41.74**	-9%	€12.73	**31%**

Note 1: Active customers as at 31 December 2007 announced by listed subsidiary HTAL updated for net additions to 26 March 2008.

Note 2: Customers as announced by listed subsidiary HTIL as at 18 March 2008.

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

Highlights for the **3** Group are as follows:

Italy

3 Italia's registered customer base increased 16% during the year to total 8.1 million at 31 December 2007 and currently stands at 8.2 million. Contract customers represented 26% of the registered customer base, up from 24% at the 2006 year-end. The monthly churn rate increased from 2.2% in 2006 to 2.4% in 2007. Active customers represented 75% of the total registered customer base and 97% of the contract customer base at 31 December 2007, in line with last year. **3** Italia was adversely affected by the industry wide effect of regulation in the first half of the year, which eliminated the fees charged by all operators to prepaid customers upon top up of their prepaid cards ("Bersani Decree"). As a result, ARPU declined reducing revenues and EBITDA. Although ARPU, on a 12-month trailing average basis, declined from €33.99 in 2006 to €29.30, it remained above the market average. The usage of non-voice services represented 30% of total ARPU, on a 12-month trailing average basis. Despite a decline in revenue in local currency by 3% compared to last year due to the Bersani Decree and strong competition, **3** Italia achieved its target to report positive EBITDA after all CACs in the second half of the year. As a result, **3** Italia achieved a breakeven EBITDA after all CACs for the full year 2007, before including non-recurring foreign exchange gains. In the last quarter of the year, the Group refinanced certain non-Euro borrowings with Euro bank loans to create a natural currency hedge against the **3** Italia's assets denominated in Euros and recorded a foreign exchange gain of HK$775 million. The High Speed Downlink Packet Access ("HSDPA") network upgrade in Italy is continuing and currently covers 86% of the network. **3** Italia is currently assessing a cell site sharing joint venture opportunity and will also review other infrastructure outsourcing and joint venture opportunities to further reduce its costs and exploit synergies.

UK & Ireland

The new management team at **3** UK made good progress during the year rationalising the business, exploiting cost saving opportunities and, at the same time, launching new products into its market. **3** UK is continuing to target higher-value contract customers and to limit its activity in the prepaid market. **3** Ireland has also made steady progress building its network and business. The combined registered customer base increased 9% during the year to total 4.3 million at 31 December 2007 and currently stands at 4.4 million. Contract customers represented 62% of the registered customer base, up from 60% at the end of last year. Monthly churn, which for prudence takes into account the potential disconnection of inactive prepaid customers on the registered customer base, has continued to improve. Combined prepaid and contract customer churn fell from 4.9% in 2006 to 3.6% in 2007. Encouragingly, the churn rate of contract customers, who represent 90% of the revenue base, stabilised at 2.6% in 2007. Active customers represented 76% of the registered customer base and 97% of the contract customer base at 31 December 2007, in line with last year. Combined ARPU, on a 12-month trailing average basis, declined 7% to £43.40, primarily due to the adverse impact of interconnection rates and international roaming fee reductions regulated in the first half of the year. Non-voice revenue, on a 12-month trailing average basis, improved from 29% of total ARPU to 33%, or £14.38 versus £13.44 in 2006. Despite the adverse effects of the new regulations on ARPU, combined revenue, in British pounds, increased 5% compared to 2006. **3** UK also achieved positive EBITDA after all CACs, in local currency, in the second half of the year and for the full year, before including non-recurring foreign exchange gains. This is a 108% turnaround from the comparable LBITDA reported last year. During the year, the Group refinanced certain non-Sterling borrowings with Sterling bank loans to create a natural currency hedge against the **3** UK's assets denominated in Sterling and recorded a foreign exchange gain of HK$1,123 million. The network upgrade to roll out HSDPA is progressing well with current UK population coverage at approximately 89%. In December, **3** UK announced a network sharing agreement to form a 50:50 joint venture with another mobile network operator to supervise the creation and operation of their shared 3G access networks (mobile masts and infrastructure that connects to each operator's separate core networks). Combining the infrastructure over the next two years, the joint venture is expected to result in significant savings in operating costs, together with lower future capital expenditures. By the end of 2008, the combined network is expected to provide 98% UK population coverage for voice and simple data as well as 3G high-speed mobile broadband services, better than any competitive network in the UK.

Australia

In Australia, the active customer base of listed subsidiary, Hutchison Telecommunications Australia, grew 27% during the year to total 1.6 million at 31 December 2007 and currently stands at 1.7 million. Contract customers represented 89% of the active customer base at 31 December 2007 and contributed approximately 94% of the revenue. The monthly contract customer churn rate for 2007 remained steady at 1.1%. ARPU was adversely affected by regulated interconnection rate reductions introduced on 1 July 2007. ARPU, on a 12-month trailing average basis, declined 3% to A$68.61. The proportion of non-voice revenue increased to 27% in 2007 from 24% in 2006. Despite the adverse effect of regulations, revenue, in local currency, increased 36% compared to last year and EBITDA after all CACs increased 464%, a second successive year of positive EBITDA results. The network upgrade to roll out HSDPA was completed in the first half of the year.

"The Group's registered 3G customer base increased 20% during the year and currently stands at over 17.6 million customers."

Other **3** Group operations

In the other 3G operations, the operating and financial performance continues to progress:

- The combined operations in Sweden and Denmark reported a strong improvement for the year. The registered customer base grew 34% during the year to total 899,500 at 31 December 2007 and currently stands at 945,000. Contract customers at 31 December 2007 represented 90% of the registered customer base. Monthly churn has reduced in 2007 and averaged 2.4% compared to 2.7% in 2006. Active customers represented 97% of the registered customer base and 100% of the contract customer base at 31 December 2007, in line with last year. Combined ARPU increased 7% to SEK430.80. The proportion of non-voice ARPU increased from 21% in 2006 to 27% in 2007 reflecting an increase in mobile broadband access customers. Combined revenue, in Swedish Kronas, grew 48% compared to last year. The combined operations achieved positive EBITDA before all CACs, in Swedish Kronas, for the year, a 539% turnaround from a LBITDA position last year. LBITDA after all CACs of the combined operations, in Swedish Kronas, reduced by 75% from last year and the combined operations are targeting to achieve positive EBITDA after all CACs this year. The HSDPA network upgrade in Sweden and Denmark has been completed.
- **3** Austria also reported improvement. The registered customer base grew 26% during the year to total 513,000 at 31 December 2007 and currently stands at 542,000. The proportion of contract customers at 31 December 2007 represented 72% of the registered customer base. Monthly churn improved from an average of 2.0% in 2006 to 1.1% in 2007. Active customers represented 77% of the registered customer base and 99% of the contract customer base at 31 December 2007, in line with last year. Although ARPU, on a 12-month trailing average basis, declined 12% to €45.33, the proportion of non-voice revenue increased from 18% in 2006 to 26% during the year. Revenue, in local currency, grew 11% compared to last year. As a result, **3** Austria achieved full year positive EBITDA before all CACs in 2007, representing, in local currency, a 481% turnaround from the LBITDA last year. LBITDA after all CACs, in local currency, reduced by 60% from last year and **3** Austria is targeting to achieve positive EBITDA after all CACs in 2008. The HSDPA upgrade to the existing network has been completed. Extension of the network into the rural areas of Austria continues to progress well.

Outlook

Looking ahead to 2008, the US economy is likely to continue to be adversely affected by the continuing impact of the subprime credit crisis, the continuing slump in housing markets and resulting recessionary pressures in the US. This adverse trend in the US economy, the weaker US dollar and high energy prices will affect other economies around the world to varying degrees. Although the tightening economic measures in the Mainland have slowed its growth, these measures will be beneficial in many respects to its long term economic development and will help to maintain its long term growth potential. Hong Kong and the Asia region will continue to benefit from the Mainland's growth and development. The Group's diversified businesses around the world are all solid, financially sound and well positioned to continue to progress.

The results of 2007 reflect another year of strong results from our established businesses and the continuing steady improvement of the **3** Group. In addition, the Group's financial position was significantly enhanced by strong cash generation during the year and the reduction in the Group's net debt position. Looking ahead, the Group's established businesses are expected to continue to report growth. Barring any further unfavourable regulatory or market developments, **3** Group will turn a new page in 2008 on a path targeting to achieve positive monthly EBIT on a sustainable basis in the second half of 2008 and full year positive EBIT in 2009.

I would like to thank the Board of Directors and all employees around the world for their hard work, dedication and contributions over the past year.

Li Ka-shing
Chairman

Hong Kong, 27 March 2008

Consolidated Operating Results

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

Ports and Related Services

Property and Hotels

Retail

Energy, Infrastructure, Finance & Investments and Others

Telecommunications

The Group reported total revenue, including the Group's share of associated companies' and jointly controlled entities' revenue, of HK$308,775 million, a 15% increase over 2006. The Group's EBIT for the year, excluding investment properties revaluation profit and profit on disposal of investments and others, totalled HK$37,627 million, a 58% increase over the 2006 comparable EBIT of HK$23,795 million. This EBIT is comprised of EBIT of the established businesses of HK$55,565 million, which increased 27% compared to last year, and LBIT of the **3** Group of HK$17,938 million, a 10% improvement compared to last year. Investment properties revaluation profit amounted to HK$1,995 million (2006 – HK$3,802 million) and the profit on disposal of investments and others totalled HK$24,638 million (2006 – HK$23,290 million). Including these exceptional items, the Group's consolidated EBIT totalled HK$64,260 million, a 26% increase compared to last year.

The profit attributable to shareholders for the year was HK$30,600 million, which was 53% ahead of last year's amount of HK$20,030 million.

Financial Performance Summary

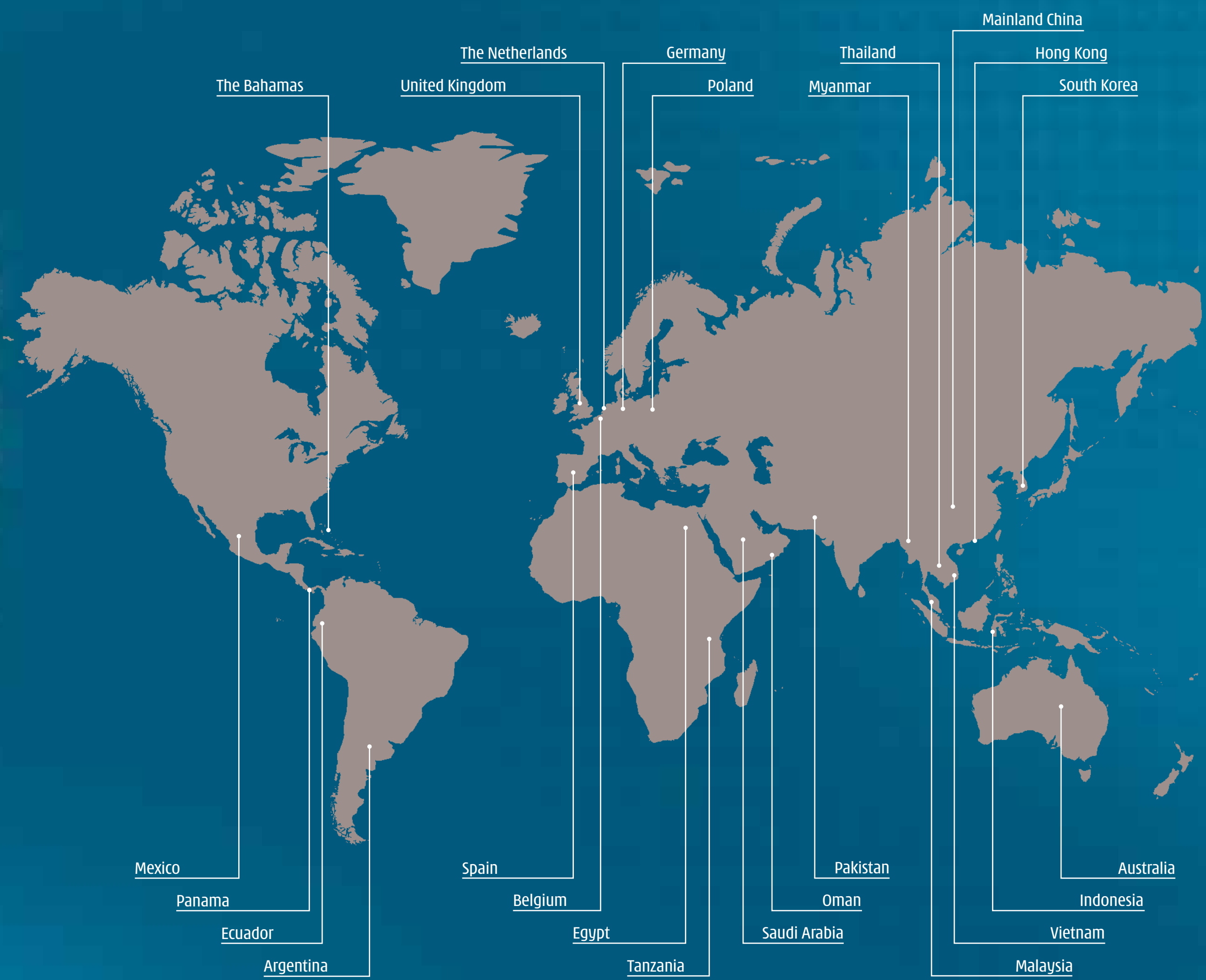
	2007 HK$ millions	2006 HK$ millions	Change
Total revenue[1]			
Ports and related services	**37,891**	33,041	**+ 15%**
Property and hotels	**9,551**	10,717	**– 11%**
Retail	**110,007**	99,149	**+ 11%**
Cheung Kong Infrastructure	**17,251**	14,822	**+ 16%**
Husky Energy	**39,781**	29,981	**+ 33%**
Finance & investments and others	**13,606**	12,614	**+ 8%**
Hutchison Telecommunications International	**20,779**	16,672	**+ 25%**
3 Group	**59,909**	50,668	**+ 18%**
Total	**308,775**	267,664	**+ 15%**
EBIT[1]			
Established businesses			
Ports and related services	**12,849**	11,395	**+ 13%**
Property and hotels	**4,060**	5,667	**– 28%**
Retail	**3,711**	2,720	**+ 36%**
Cheung Kong Infrastructure	**7,353**	6,136	**+ 20%**
Husky Energy	**10,523**	8,305	**+ 27%**
Finance & investments and others	**13,851**	6,920	**+ 100%**
Hutchison Telecommunications International	**3,218**	2,648	**+ 22%**
EBIT of established businesses	**55,565**	43,791	**+ 27%**
3 Group			
EBITDA before all CACs	**18,406**	13,223	**+ 39%**
Prepaid CACs	**(5,732)**	(5,494)	**– 4%**
Reported EBITDA	**12,674**	7,729	**+ 64%**
Depreciation and amortisation	**(30,612)**	(27,725)	**– 11%**
LBIT of 3 Group	**(17,938)**	(19,996)	**+ 10%**
TOTAL EBIT BEFORE THE FOLLOWING	**37,627**	23,795	**+ 58%**
Change in fair value of investment properties	**1,995**	3,802	**– 48%**
Profit on disposal of investments and others	**24,638**	23,290	**+ 6%**
TOTAL EBIT	**64,260**	50,887	**+ 26%**
Interest expense and other finance costs	**(22,500)**	(20,346)	**– 11%**
Profit before tax	**41,760**	30,541	**+ 37%**
Tax			
Current tax	**(5,300)**	(4,833)	**– 10%**
Deferred tax	**(3,230)**	(2,318)	**– 39%**
Profit after tax	**33,230**	23,390	**+ 42%**
Minority interests	**(2,630)**	(3,360)	**+ 22%**
Profit attributable to shareholders	**30,600**	20,030	**+ 53%**

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

Ports and Related Services

The Group is one of the world's leading port investors, developers and operators with interests in a total of 47 ports comprising 292 berths in 24 countries. The Group operates container terminals in five of the eight busiest container ports in the world.

Strength + Global Presence

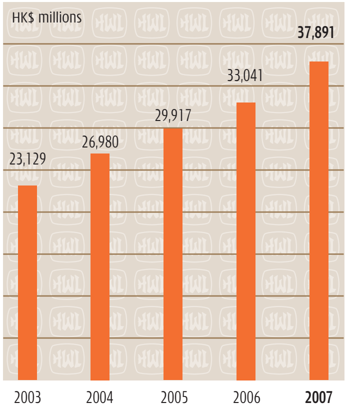


The ports and related services division reported total revenue of HK$37,891 million, a growth of 15%, reflecting a 12% increase in annual throughput to reach 66.3 million TEUs. The throughput increase arose mainly from the existing ports in Yantian and the Shanghai area in the Mainland; PPC in Panama; Kwai Tsing terminals in Hong Kong; ECT in Rotterdam, the Netherlands; Westports in Klang, Malaysia; Laemchabang ports in Thailand; Jakarta ports in Indonesia, and also from the first full year contribution from TERCAT in Barcelona, Spain, which was acquired in the third quarter of 2006. EBIT from this division increased 13% to HK$12,849 million, mainly due to increased throughput. This division continues to provide the Group with a growing income stream, contributing 15% and 23% respectively to the Group's total revenue and EBIT from its established businesses.

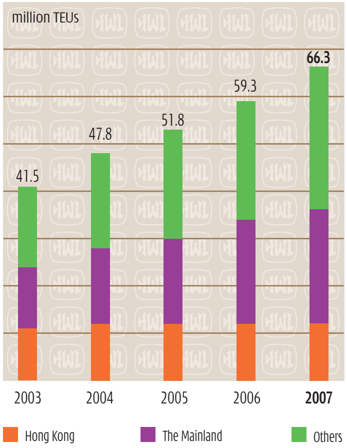
	2007 HK$ millions	2006 HK$ millions	**Change**
Total Revenue	**37,891**	33,041	**+15%**
EBIT	**12,849**	11,395	**+13%**

• Quayside operations at Hongkong International Terminals.

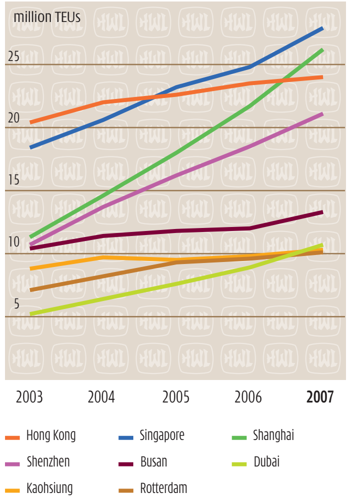
Total Revenue



Total Container Throughput



Comparison of Throughput at World's Busiest Container Ports



Hong Kong and Yantian

The Group's Hong Kong and Yantian deep-water port operations serve the Shenzhen and Southern China manufacturing basin. Combined throughput in these operations increased 11% and EBIT was 4% better than last year, reflecting increased export volumes.

Yantian ports, including Yantian International Container Terminals Phases I to III and Shenzhen Yantian West Port Terminals, recorded throughput and EBIT growth of 13% and 11% respectively. The Yantian Port Phase III expansion project, which comprises six deep-water container berths adjacent to the Group's existing facilities, is progressing well. The first four berths have commenced operations and the remaining two berths are expected to be completed in stages by 2009. In October, this division raised its equity stake in Shenzhen Yantian West Port Terminals from 27.4% to 42.74%.

In Hong Kong, Hongkong International Terminals ("HIT") operates Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing and COSCO-HIT Terminals ("COSCO-HIT"), a joint venture company, operates Terminal 8 East. Combined throughput at HIT and COSCO-HIT increased 9%, mainly due to an increase in transshipment activities. EBIT was 5% below last year, mainly due to tariff pressure from increased capacity in the region.

Other operations in Hong Kong include the midstream and river trade businesses. River Trade Terminal ("RTT"), a 50% owned joint venture that principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, increased its throughput by 7%, although it continues to be affected by keen competition.

Name	Location	Ports division's Interest	2007 Throughput
			(thousand TEUs)
Yantian International Container Terminals / Yantian International Container Terminals (Phase III) / Shenzhen Yantian West Port Terminals	Yantian, PRC	48% / 42.74% / 42.74%	10,016
Hongkong International Terminals / COSCO-HIT Terminals	Kwai Tsing, Hong Kong	66.5% / 33.25%	8,973
River Trade Terminal	Tuen Mun, Hong Kong	50%	2,198

Europe

The European port operations include ECT in the Netherlands, the UK ports, TERCAT in Spain and Gdynia Container Terminal ("GCT") in Poland.

ECT in the Netherlands reported throughput growth of 13%. EBIT increased by 44% from last year, mainly driven by increased throughput and a strict cost rationalisation programme, and also due to favourable foreign currency translation into the Group's reporting currency. Excluding the exchange impact, EBIT increased by 31%. The expansion of ECT's facilities is continuing to meet increasing trade volumes in the area.

The Group's UK port operations, consisting of Felixstowe, Thamesport and Harwich, reported a combined throughput increase of 6% compared to last year. EBIT was 33% higher, due to higher throughput and tariffs and also due to favourable foreign currency translation into the Group's reporting currency. Excluding the exchange impact, EBIT increased by 23%.

The division recorded its first full year EBIT contribution from TERCAT, a four-berth container terminal in Barcelona acquired in the third quarter of 2006.

Following the commencement of stage one of the container handling operation in June 2006, GCT at the Port of Gdynia in Poland continues to perform satisfactorily, reporting throughput and EBIT increases of 108% and 8% respectively compared to last year.

In May, the Group announced that a consortium, in which the ports division has a 25% interest, was awarded a 49-year concession right to operate a new terminal at the Port of Izmir, Turkey. The initial phase is expected to commence operation in 2008.

• Construction of the new Delta Barge Feeder Terminal is underway at the tip of the ECT Delta Terminal.

Name	Location	Ports division's Interest	2007 Throughput
			(thousand TEUs)
Europe Container Terminals	The Netherlands	98%	6,194
Hutchison Ports (UK) – Felixstowe, Thamesport and Harwich	UK	100%	3,834
Terminal Catalunya	Spain	70%	1,081
Gdynia Container Terminal	Poland	99.15%	116

The Mainland

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

In Shanghai, the combined throughput and EBIT increased 6% and 14% compared to last year respectively. In 2007, Shanghai became the second busiest port in the world in terms of throughput handling. The ports division is finalising the terms of a joint venture investment in the Yangshan deep-water port to maintain its presence in Shanghai.

In Ningbo, Ningbo Beilun International Container Terminals reported a 1% increase in throughput and an EBIT increase of 11%.

Hutchison Delta Ports' operations include six joint venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Xiamen and Shantou. Combined container throughput and general cargo handling throughput increased 6% and 26% respectively. The combined EBIT increased 12% compared to last year. In May, the division obtained a 49% interest in a new joint venture to operate Berth 1 at Haicang, Xiamen, which is expected to be fully operational later this year. The construction of the two container berths in Gaolan, Zhuhai is in the final stage and the new facilities are expected to commence operations in 2009.

In Huizhou, a joint venture agreement was signed with Huizhou Port Affairs Group Company Limited to expand the current facilities with the construction of two container berths.

Name	Ports division's Interest	2007 Throughput
		(thousand TEUs)
Shanghai Container Terminals / Shanghai Mingdong Container Terminals (Waigaoqiao Phase V) / Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	37% / 50% / 30%	9,686
Ningbo Beilun International Container Terminals	49%	1,973
Xiamen International Container Terminals / Xiamen Haicang International Terminals	49%	1,160
Pearl River Delta Ports in Southern China - Jiuzhou, Nanhai, Gaolan and Jiangmen / Shantou International Container Terminal	50% / 70%	1,183
Huizhou Port Industrial Corporation	33.59%	64

• Xiamen International Container Terminals celebrates the milestone of handling its five millionth TEU.

"Annual throughput grew 12% to reach 66.3 million TEUs."

North & South Asia and Australia

These operations comprise container terminals in Westports in Klang, Malaysia; Busan and Gwangyang in South Korea; Jakarta in Indonesia; Laemchabang in Thailand; Karachi in Pakistan and the Group's recently acquired interests in Pakistan, Vietnam and Australia.

In Malaysia, Westports in Klang reported throughput growth of 18% and EBIT increased 37% compared to last year mainly due to higher throughput and tariffs.

In South Korea, the Group's operations in Busan and Gwangyang faced strong competition and increased capacity in the region. Although combined throughput increased 2%, EBIT was 15% lower than last year.

In Indonesia, Jakarta International Container Terminal and the adjacent Koja Container Terminal experienced some improvement, a turnaround from previous years. The Group's operations in Indonesia reported a combined throughput increase of 15% and an increased EBIT.

In Thailand, the Laemchabang terminals reported a combined throughput 78% higher than last year and EBIT increased 422%, including the new contribution from the roll-on/roll-off facility which commenced operation in February 2007.

In Pakistan, Karachi International Container Terminal reported throughput in line with last year and EBIT increased 24% compared to last year, mainly due to improvements in operating efficiency. In November, the Group was chosen as the winning bidder by Karachi Port Trust to build and manage a new container terminal in Keamari Groyne, held by a newly established joint venture company, Karachi New Port Container Terminals. The concession period is 25 years and extendible for another 25 years. The new terminal is designed to have four berths with a total quay length of 1,500 metres, a yard area of 85 hectares and a depth alongside of up to 18 metres upon completion of all phases. The new container terminal is expected to be operational in 2011.

• An aerial view of Jakarta International Container Terminal.

Name	Location	Ports division's Interest	2007 Throughput
			(thousand TEUs)
Westports Malaysia	Malaysia	31.5%	4,003
Hutchison Korea Terminals (two terminals in Busan and one terminal in Gwangyang)	South Korea	100%	3,023
Jakarta International Container Terminal / Koja Container Terminal	Indonesia	51% / 44.7%	2,526
Hutchison Laemchabang Terminal / Thai Laemchabang Terminal / Laemchabang International Ro-Ro Terminal	Thailand	80% / 87.5% / 80%	1,141
Karachi International Container Terminal	Pakistan	100%	566
Karachi New Port Container Terminals	Pakistan	90%	N/A
Korea International Terminals	South Korea	88.9%	394
Saigon International Terminals Vietnam	Vietnam	70%	N/A
Brisbane Container Terminals	Australia	100%	N/A

In December, construction commenced on the three-berth container terminal in Ba Ria Vung Tau Province, Vietnam. Upon completion, this container-handling facility will have a total quay length of 730 metres, a total yard area of 33 hectares, and a depth alongside of 14 metres. The initial phase is expected to come on stream in 2010.

In January this year, the Group entered into an agreement with the Port of Brisbane Corporation to lease two new container berths (Berth 11 and Berth 12) for a lease period of 42 years. The new two-berth container facility is designed to have a quay length of 660 metres, a total yard area of 26 hectares, and a depth alongside of up to 14 metres upon completion. Berth 11 and Berth 12 are expected to be operational in 2012 and 2014 respectively.

"EBIT increased 13% to HK$12,849 million."

Panama Ports Company is working on the Phase IV development of Balboa Mega Port at the Port of Balboa.

The Americas and The Caribbean

These operations comprise Balboa and Cristobal in Panama; Freeport in the Bahamas; Veracruz, Lazaro Cardenas and Ensenada in Mexico; Buenos Aires in Argentina and the newly acquired Terminales Internacionales de Ecuador in Ecuador.

In Panama, the Group operates the ports of Balboa and Cristobal located near both ends of the Panama Canal. The combined throughput increased 59% and EBIT was 19% above last year. Further capacity expansion at Balboa and Cristobal is underway to meet additional demand.

Freeport Container Port ("FCP"), on Grand Bahama Island, reported throughput growth of 12% although EBIT decreased by 10%. An expansion project to ease congestion at peak times and to handle additional demand commenced this year. In February this year, the Group reduced its shareholding in FCP with the sale of a further 9% interest to its strategic minority shareholder, and the ports division now holds a 51% interest.

The Group's port operations in Mexico reported an overall improved result; combined throughput and EBIT increased 17% and 12% above last year respectively. The phase I expansion at the Port of Lazaro Cardenas will be completed in stages from 2008.

The initial phase of the new container terminal at the Terminales Internacionales de Ecuador, Ecuador commenced operation in February 2007.

Name	Location	Ports division's Interest	2007 Throughput
			(thousand TEUs)
Panama Ports Company	Panama	90%	2,000
Freeport Container Port	The Bahamas	51%	1,636
Internacional de Contenedores Asociados de Veracruz	Mexico	100%	921
Buenos Aires Container Terminal Services	Argentina	100%	330
Lazaro Cardenas Terminal Portuaria de Contenedores	Mexico	100%	276
Ensenada International Terminal	Mexico	100%	114
Terminales Internacionales de Ecuador	Ecuador	100%	4

Middle East and Africa

These operations comprise container terminals in Dammam in Saudi Arabia, Dar es Salaam in Tanzania, newly converted terminals in Alexandria and El Dekheila ports in Egypt and a new facility in Oman.

In Saudi Arabia, International Ports Services reported throughput growth of 15% although EBIT decreased 3%, mainly due to higher depreciation charges from new equipment.

In Tanzania, Tanzania International Container Terminal Services reported throughput growth of 12%. EBIT was 5% lower than last year mainly due to higher port authority charges as a result of higher throughput.

In Egypt, the conversion of the two existing general cargo facilities at Alexandria and El Dekheila ports to container terminals was completed in 2007. The container handling operations at Alexandria and El Dekheila terminals commenced in March and June 2007 respectively.

In Oman, the Oman International Container Terminal is being developed on a greenfield site in the Port of Sohar. The first berth of this 10-berth facility commenced operation in January 2007.

Name	**Location**	**Ports division's Interest**	**2007 Throughput**
			(thousand TEUs)
International Ports Services	Saudi Arabia	51%	1,085
Tanzania International Container Terminal Services	Tanzania	70%	344
Alexandria International Container Terminals	Egypt	38%	154
Oman International Container Terminal	Oman	65%	18

• Alexandria International Container Terminals is the latest addition to the Group's presence in Africa.

Property and Hotels

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

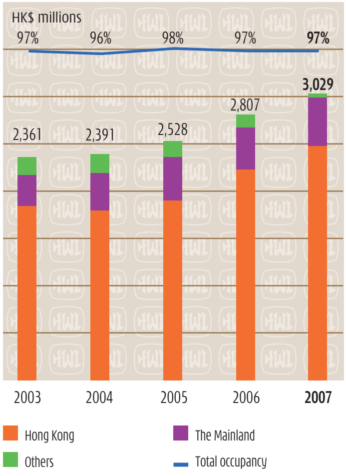
Insight + Prudence

Total revenue of the property and hotels division for 2007 was HK$9,551 million, a decrease of 11%, and EBIT was HK$4,060 million, 28% below 2006. The decrease is mainly due to the HK$1,428 million profit recognised in 2006 from its 45% share of a joint venture's profit on the sale of its office tower in Japan. Excluding the rental income and the disposal profit from this office tower, the division reported a 10% and a 2% decline in total revenue and EBIT respectively, mainly due to the deferred completion and sale of various development projects in the Mainland in 2007. This division contributed 4% and 7% to the Group's total revenue and EBIT from its established businesses respectively. In addition to the EBIT above, the Group recorded a gain on the change in fair value of investment properties of HK$1,995 million (2006 – HK$3,802 million).

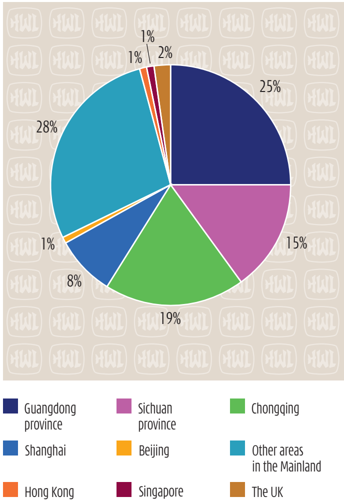
	2007 HK$ millions	2006 HK$ millions	**Change**
Total Revenue	**9,551**	10,717	**-11%**
EBIT	**4,060**	5,667	**-28%**

• Dongguan Harbour Plaza Golf Club offers one of the Mainland's premier championship golf courses with 27 holes and a 26-bay driving range.

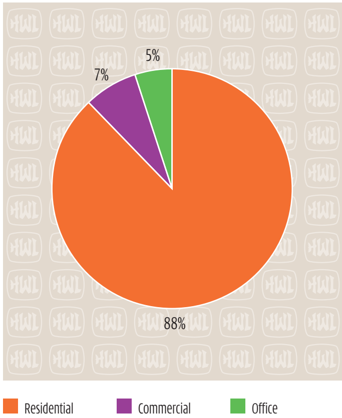
Total Gross Rental Income by Geographical Location and Occupancy Rate



Gross Floor Area of Development Projects by Geographical Location



Gross Floor Area of Development Projects by Property Types



Hong Kong

Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent	Group's Interest	% Leased
		(thousand sq ft)		
Cheung Kong Center	Office	1,263	100%	100%
Harbourfront Office Towers I and II	Office	863	100%	97%
Hutchison House	Office	504	100%	100%
Aon China Building	Office	259	100%	100%
Whampoa Garden	Commercial	1,714	100%	100%
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 12.7 million square feet (2006 - 12.8 million square feet) of office (27%), commercial (24%), industrial (48%) and residential (1%) properties, continues to provide a steady flow of recurrent income. Gross rental income of HK$2,477 million, including the Group's share of associated companies' rental income, was 11% above last year, reflecting higher lease renewal rates, particularly for office premises. All of the Group's premises remain substantially let. Growth in gross rental income is expected to continue, reflecting continued strong demand for office premises.

"The Group's property portfolio comprises 15.5 million sq ft of office, commercial, industrial and residential premises."

The Mainland and Overseas

Major rental properties in the Mainland

Name	Location	Property Type	Total Gross Floor Area for Rent	Group's Interest	% Leased
			(thousand sq ft)		
Oriental Plaza	Beijing	Office, serviced apartments & commercial	5,553	18%	93%
Metropolitan Plaza	Chongqing	Office & commercial	1,512	50%	99%
Seasons Villas	Shanghai	Residential	1,151	50%	81%
Westgate Mall & Tower	Shanghai	Office & commercial	1,099	30%	98%

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 9.6 million square feet, of which the Group's share is 2.8 million square feet, in line with last year. The Group's share of gross rental income of HK$552 million was 4% below last year, mainly due to the disposal of the office portion of Pacific Century Place Marunouchi, an office and hotel tower in Tokyo, Japan, in the second half of 2006.

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 the Regency Park development in Shanghai. The profit in 2007 was 43% less than 2006, mainly due to the deferral of sales activities for projects in the Mainland to 2008, partially to take advantage of lower taxation rates that became effective from 1 January this year.

In 2007 and the first few months of this year, the Group increased its landbank in the Mainland and Singapore by entering into joint ventures to develop mainly residential property with a total developed gross floor area of approximately 59 million square feet, of which the Group's share is 28 million square feet. Including these recent additions, the Group's current joint venture share of landbank totals approximately 105 million square feet, of which 96% is in the Mainland, 3% in the UK and overseas, and 1% in Hong Kong. These projects are scheduled for completion in phases from 2008 to 2019 and are expected to provide satisfactory returns and steady development profits to the Group.

Close to the Changchun Jingyuetan Development Zone, the Changchun Regency Park will be developed into a high quality residential property.

Hong Kong

Major Hong Kong properties under development

Name	Location	Property Type	Total Gross Floor Area	Group's Interest	Completion Date
			(thousand sq ft)		
Caribbean Coast - Phase V	Tung Chung	Residential	113	50%	2008
Hung Shui Kiu	Yuen Long	Residential	537	50%	2010

In 2007, all 824 units of Crystal Cove, Phase IV of the Caribbean Coast residential development in Tung Chung, were sold. Phase V is expected to be completed during 2008. Planning for a residential development in Hung Shui Kiu continues to progress, with completion scheduled for 2010.

With a gross floor area of approximately 25.6 million square feet, Le Parc will be developed into a large-scale high class residential district in Chengdu, consisting of a grand club house and a wide range of commercial and community amenities.

The Mainland

Major properties in the Mainland under development

Name	Location	Property Type	Total Gross Floor Area	Group's Interest	Completion Date
			(thousand sq ft)		
Maison des Artistes	Shanghai	Residential & commercial	1,679	50%	2008
Horizon Cove	Zhuhai	Residential	1,083	50%	2008
Cape Coral, Nanan	Chongqing	Residential & commercial	4,085	48%	2009
The Riverside and Metropolitan Plaza	Guangzhou	Residential & commercial	3,689	50%	2009
Maqiao	Shanghai	Residential	477	43%	2009
Regency Park (mainly Phases VII to VIII)	Shanghai	Residential, commercial & serviced apartments	495	50%	2009
Regency Park	Shenzhen	Residential	1,694	50%	2009
Shisanling	Beijing	Residential	861	50%	2010
The Greenwich	Beijing	Residential & commercial	2,593	50%	2010
Regency Oasis	Chengdu	Residential & commercial	5,274	50%	2010

The Mainland (continued)

Major properties in the Mainland under development (continued)

Name	Location	Property Type	Total Gross Floor Area	Group's Interest	Completion Date
			(thousand sq ft)		
Cape Coral, Panyu Dashi	Guangzhou	Residential & commercial	3,152	50%	2010
International Toys and Gifts Center	Guangzhou	Commercial	1,844	30%	2010
Jinkeng Village, Luogang District	Guangzhou	Residential & commercial	2,496	40%	2010
Century Avenue	Shanghai	Commercial	2,332	25%	2010
Xin Zha Road	Shanghai	Commercial	623	30%	2010
Heng Keng Reservoir, Guanlan	Shenzhen	Residential & commercial	1,603	50%	2010
Le Sommet	Shenzhen	Residential & commercial	3,131	50%	2010
Yingkoudao	Tianjin	Residential & commercial	2,745	40%	2010
Jingyuetan	Changchun	Residential & commercial	4,325	50%	2011
Nanguan District	Changchun	Residential & commercial	2,883	50%	2011
Douxi	Chongqing	Residential & commercial	4,416	50%	2011
Changsha Wangcheng	Hunan	Residential & commercial	6,970	50%	2011
Lujiazui	Shanghai	Commercial	861	50%	2011
Huaqiangbei	Shenzhen	Residential & commercial	1,933	40%	2011
Hualou Jie	Wuhan	Residential & commercial	3,947	50%	2011
Laopu Pian	Wuhan	Residential & commercial	1,752	50%	2011
The Greenwich	Xian	Residential & commercial	11,225	50%	2011
Zengcheng	Guangzhou	Residential & commercial	3,602	50%	2012
Qiao Island	Zhuhai	Residential	2,557	50%	2012
Daya Bay, Aotou	Huizhou	Residential & commercial	2,558	50%	2013
Xiao Gang Wan	Qingdao	Residential & commercial	9,900	45%	2013
Laguna Verona	Dongguan	Residential & commercial	20,926	50%	2014
Yin Hu Wan	Jiangmen	Residential, commercial & hotel	4,565	45%	2014
Le Parc	Chengdu	Residential & commercial	25,629	50%	2016
Putuo	Shanghai	Residential, commercial & hotel	7,750	50%	2016
Yangjiashan	Chongqing	Residential & commercial	33,241	48%	2019

In the Mainland, Phase VI of Shanghai Regency Park, an upscale residential property, was completed during the year with 97% of the units sold. Sales activities for the residential units in Phase I of Chengdu Le Parc and Phase IA of Xian The Greenwich have commenced with 98% and 99% of the units presold respectively. The other properties under development in the Mainland are progressing.

Overseas

Major overseas properties under development

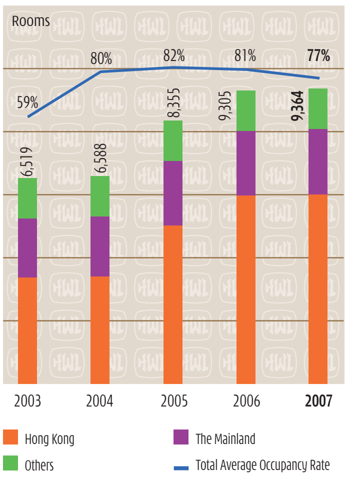
Name	Location	Property Type	Total Gross Floor Area	Group's Interest	Completion Date
			(thousand sq ft)		
Singapore					
Marina Bay	Singapore	Residential & commercial	4,715	17%	2012
UK					
Lots Road and Chelsea Harbour Phase II	London	Residential & commercial	856	48%	2013
Convoys Wharf	London	Residential & commercial	3,334	50%	2018
Bahamas					
Silver Point	Grand Bahama Island	Residential	295	90%	2011

The property development projects in Singapore, the UK and the Bahamas are progressing well.

Hotels

The Group has ownership interests in 12 hotels in Hong Kong, the Mainland and the Bahamas, of which seven are managed through its 50% owned hotel management joint venture. In 2007, the hotels division continued to benefit from a healthy tourism and travel industry, and reported revenue and EBIT growth of 8 % and 12% respectively compared to 2006.

Average Actual Room Inventory by Geographical Location and Occupancy Rate



• The Patio at Harbour Plaza Metropolis receives the "Best Unique Venue" award presented by *Travel Weekly Asia*, an authoritative travel magazine.

"The Group has ownership interests in 12 hotels in Hong Kong, the Mainland and the Bahamas."

Retail

The retail division consists of the A S Watson group of companies, the world's largest health and beauty retailer in terms of store number. A S Watson currently operates 12 retail chains in Europe and five retail chains in Asia, with more than 7,900 stores in 36 markets worldwide, providing high quality personal care, health and beauty products; luxury perfumery and cosmetic products; food, fine wine and general merchandise; 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.

Diversity + Dynamism

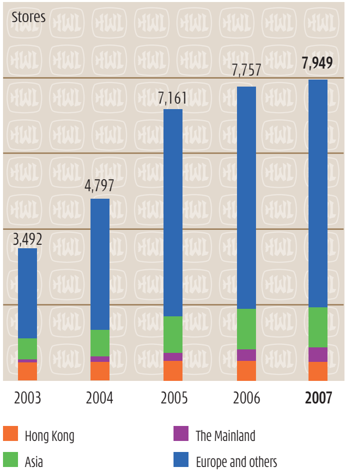
The Group's retail businesses are managed under four principal operating divisions: Health and Beauty; Luxury Perfumeries and Cosmetics; Retail Hong Kong; and Manufacturing.

Total revenue for the retail division was HK$110,007 million, an increase of 11% compared to last year, mainly due to the growth of health and beauty operations, including Rossmann in Germany and Poland, Kruidvat in the Benelux countries, the full year contribution from the business in the Ukraine which was acquired in November 2006, and the increased sales of the European luxury perfumeries and cosmetics division. EBIT of HK$3,711 million was 36% above last year. Following a management restructuring last year, this division focused on the integration and streamlining of its operations to improve efficiency and profitability, and also on reducing inventory levels, which had a one-time adverse effect on the margins in the first half of the year. Despite the one-time adverse effect, improved results were achieved by the health and beauty operations in Asia and the Benelux countries, the retail operations in Hong Kong, and the luxury perfumeries and cosmetics operations in the UK and Europe. EBIT also benefited from a full year contribution from the health and beauty business in the Ukraine. These improved results were partially offset by lower results from the UK health and beauty businesses. The retail division contributed 44% and 7% to the Group's total revenue and EBIT from its established businesses respectively.

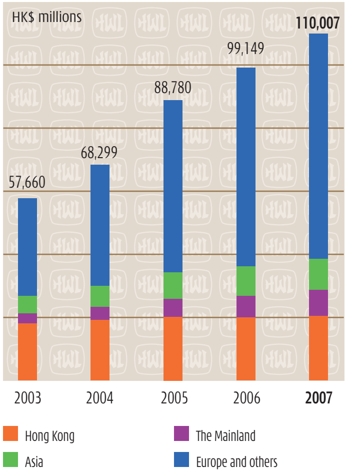
	2007 HK$ millions	2006 HK$ millions	**Change**
Total Revenue	**110,007**	99,149	**+11%**
EBIT	**3,711**	2,720	**+36%**

Kruidvat celebrates the inauguration of its first Next Generation Store in the Netherlands.

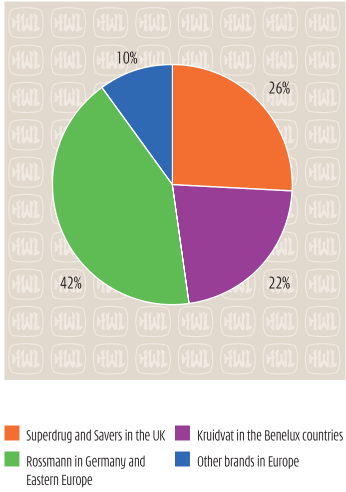
Total Number of Retail Stores by Geographical Location



Total Revenue by Geographical Location



Number of Retail Stores by Brands of Health and Beauty Europe Division at the end of December 2007



Health and Beauty

The health and beauty retail chain stores consist of Superdrug and Savers in the UK; Kruidvat and Trekpleister in the Benelux countries; Rossmann in Poland, Hungary, Czech Republic and Germany; Drogas in the Baltic States; Watsons in Asia and certain Eastern European countries; and Nuance-Watson in the Hong Kong and Singapore international airports. The health and beauty division's total revenue and EBIT increased 15% and 18% respectively.

The health and beauty businesses in the UK and Europe reported a combined revenue that is 14% above last year, mainly due to the continued revenue growth of Superdrug in the UK and Kruidvat in the Benelux countries; increased revenue from the joint ventures with Rossmann, in particular in Germany and Poland; and also the full year contribution from the health and beauty business in the Ukraine. EBIT was higher than last year, mainly due to improved results from the Benelux countries and Eastern Europe, partially offset by a profit reduction in the UK. In the UK, the Superdrug and Savers operations were restructured and merged during the year amid continuing weak consumer spending sentiment and intense price competition. Although Superdrug achieved a 16% increase in revenue, EBIT declined and Savers reported lower revenue and results. In the Benelux countries, Kruidvat maintained its market leading position in the health and beauty retail sector and the Benelux business reported overall revenue growth of 11% and strong EBIT growth. The division's joint ventures with Rossmann in Germany and Eastern Europe overall performed well and reported double-digit growth in revenue, and an increased EBIT. The health and beauty Europe division currently has more than 4,300 retail outlets in 14 markets.

"A S Watson currently operates more than 7,900 stores in 36 markets worldwide."

In Asia, the Watsons health and beauty business continues to be the leading retail chain with strong brand name recognition and extensive geographical coverage, particularly in the Mainland and Taiwan. All operations reported revenue growth from last year except Taiwan. Combined revenue grew 17% over last year and EBIT increased, mainly due to increased contributions from the Mainland and the Philippines partially offset by the decreased contributions from Taiwan and Malaysia. Retail concessions at the Hong Kong International Airport and the Singapore Changi Airport, operated by Nuance-Watson, a 50% owned joint venture, reported strong growth in revenue and combined EBIT and continued to provide a steady contribution to the division. There are currently more than 1,300 Watsons stores operating in eight markets in Asia, excluding Hong Kong and Macau.

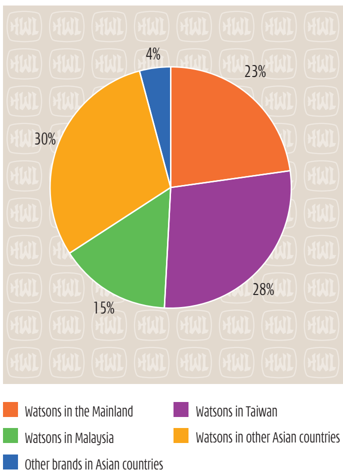
• Trekpleister adopts a refreshing new brand identity and store designs that incorporate the elements of knowledge, pleasure, relaxation and enjoyment.

Luxury Perfumeries and Cosmetics

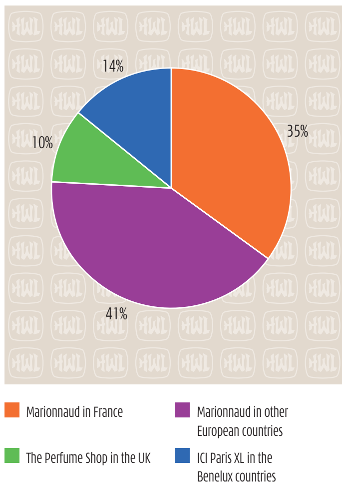
The luxury perfumeries and cosmetics division comprises the three Europe-based luxury perfumery and cosmetics retail chains, Marionnaud, The Perfume Shop and ICI Paris XL. Combined revenue and EBIT increased 13% and 59% respectively over last year.

In Europe, Marionnaud reported a combined revenue growth of 10%. EBIT increased mainly due to improved results from Marionnaud Austria and central cost rationalisation. In the UK, The Perfume Shop, a specialty perfumery store concept, achieved revenue growth of 19% and healthy EBIT growth through its extensive retail network and comprehensive product range. In the Benelux countries, ICI Paris XL reported a combined revenue growth of 19%, and a strong EBIT growth. There are currently over 1,600 stores in 18 markets in this division.

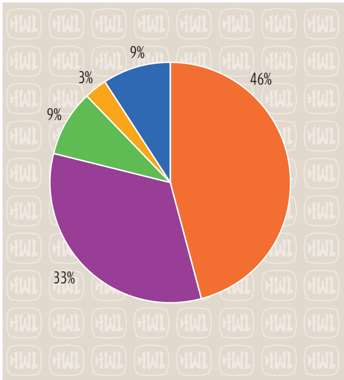
Number of Retail Stores by Brands of Health and Beauty Asia Division at the end of December 2007



Number of Retail Stores by Brands of Luxury Perfumeries and Cosmetics Division at the end of December 2007



Number of Retail Stores by Brands of Retail Hong Kong Division at the end of December 2007



Retail Hong Kong

The Retail Hong Kong division consists of the retail concepts in Hong Kong, being PARKnSHOP supermarkets, Watsons health and beauty personal care stores, Fortress consumer electronic and electrical appliances retail chain and Watson's Wine Cellar stores. PARKnSHOP in the Mainland and the European fine wine trading businesses are also reported in this division. This division, which currently operates 500 retail outlets, reported a total revenue growth of 3% and an improved EBIT.

While the economy of Hong Kong was healthy and growing in 2007, market competition remained intense and retailers faced rising pressure from increasing rental rates and operating costs. The PARKnSHOP supermarket chain in Hong Kong continued to maintain a leading market share in the supermarket sector and through the introduction of new store concepts and cost controls, PARKnSHOP reported growth in both revenue and EBIT during the year. Watsons reported slightly higher revenue and better EBIT than last year, through tighter cost control and operation rationalisation. Fortress, one of the leading consumer electronic and electrical appliance retail chains in Hong Kong, also reported increased revenue and an increased EBIT with its wide range of product offerings. Watson's Wine Cellar, the specialist wine store chain in Hong Kong, reported growth in both revenue and EBIT.

In the Mainland, PARKnSHOP operations reported revenue growth but margin pressure led to a reduction in EBIT. This was mainly due to keen competition from both local supermarkets as well as foreign hypermarket retailers.

Manufacturing

The manufacturing division manufactures and distributes well-known brands of bottled waters, fruit juices and soft drinks in Hong Kong and the Mainland. The division reported a 6% revenue growth and a 20% increase in EBIT compared to last year.

• Fortress unveils a new concept store, providing a comfortable and spacious shopping environment stocked with trendy electronic and electrical products for customers to select.

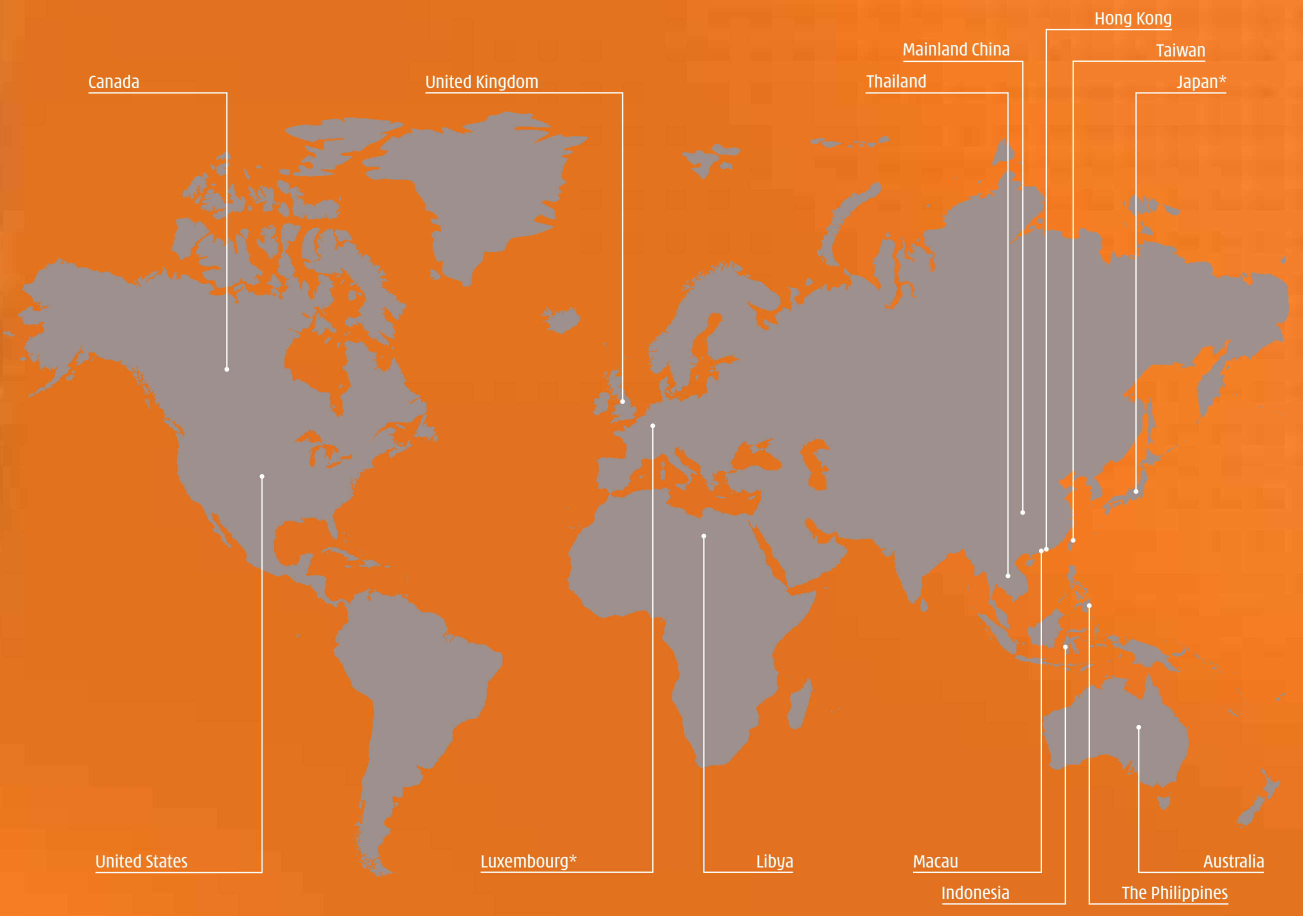
"Total revenue was HK$110,007 million, an increase of 11% compared to last year."

Energy, Infrastructure, Finance & Investments and Others

The energy, infrastructure, finance & investments and others division includes the Group's 84.58% interest in CKI, a leading investor in the infrastructure sectors in Hong Kong, the Mainland, Australia, the UK and Canada, and the Group's 34.59% interest in Husky, one of Canada's largest integrated energy and energy-related companies. Also reported in this division are the results from the finance & investments treasury operations and certain other businesses.

vision

+ synergy



* Finance & Investments and others

Total combined revenue for the energy, infrastructure, finance & investments and others division for 2007 totalled HK$70,638 million, a 23% increase mainly due to the increase in the Group's share of revenue from Husky and higher revenue from both CKI and the Group's finance & investments operations. EBIT totalled HK$31,727 million, a 49% increase, mainly due to improved results from both Husky and CKI as well as higher profits from the Group's treasury function.

	2007 HK$ millions	2006 HK$ millions	**Change**
Total Revenue	**70,638**	57,417	**+23%**
EBIT	**31,727**	21,361	**+49%**

● The Lamma Power Station extension of Hongkong Electric uses natural gas as the primary fuel, which is more environmentally friendly.

Cheung Kong Infrastructure

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

CKI announced turnover, including its share of jointly controlled entities' turnover, of HK$5,889 million, 23% above last year and profit attributable to shareholders of HK$4,772 million, an increase of 30% compared to the HK$3,670 million reported last year. Included in CKI's current year's result is a one-time gain of HK$815 million arising from the disposal of its interest in the Guangzhou East-South-West Ring Road, which after considering the Group's asset valuation consolidation adjustments amounted to a loss of HK$890 million in the Group's consolidated results. CKI's results also included a full provision of HK$623 million for the carrying value of the remaining 19% interest in Lane Cove Tunnel in Australia. CKI, after adjusting for the Group's asset valuation consolidation adjustments, contributed 7% and 13% to the Group's total revenue and EBIT from its established businesses respectively.

CKI holds a 38.87% interest in HEH, which is the largest contributor to CKI's results. HEH, which is also listed on the Stock Exchange of Hong Kong, is the sole provider of electricity to Hong Kong Island and Lamma Island through its wholly-owned subsidiary, The Hongkong Electric Co., Ltd. ("HEC"). HEH announced a profit attributable to shareholders for 2007 of HK$7,448 million, an increase of 9% compared to the HK$6,842 million reported for 2006.

HEC's emission reduction programme at its Lamma Power Station progressed well during 2007. Civil construction work commenced for the flue gas desulphurization ("FGD") plant and low nitrogen oxide system retrofit works for the coal fired units 4 and 5. By the end of 2010, it is expected that over 95% of electricity generated at the Lamma Power Station will be generated by gas and by coal fired units fitted with FGD's and low nitrogen oxide burners resulting in lower emission levels. Internationally, HEH will continue to look for investment opportunities.

CKI's other businesses have all performed well in 2007. Zhuhai Power Plant continued to be a strong performer in the Mainland and in October, CKI signed an agreement to invest in two new power plant units. Northern Gas Networks in the UK, which was acquired in June 2005, continued to provide solid results. In addition, CKI's investments in ESTA Utilities and CHEDHA Holdings in Australia continued to deliver good operating results.

CKI acquired and subsequently privatised TransAlta Power, which was previously listed on the Toronto Stock Exchange, for a total cost of C$630 million (HK$4,850 million). TransAlta Power has interests in six Canadian power plants with a total generating capacity of 1,362 megawatts. CKI subsequently divested 50% of its interest to HEH in December. The acquisition represents a springboard for CKI into the Canadian electricity market and provides an immediate cashflow stream and profit contribution to the Group in 2008.

CKI's portfolio of investments in the UK was extended with the acquisition of a stake in Southern Water Group ("Southern Water") in the fourth quarter of 2007. Southern Water is a regulated water and sewage company in the UK, with an enterprise value of approximately £4.2 billion (HK$66 billion). The 4.75% stake in Southern Water provides immediate earnings accretion and good returns. CKI continues to apply financial discipline as it explores investment opportunities around the world to facilitate future earnings growth.

• Powercor Australia is Victoria's largest electricity distributor, supplying electricity to regional and rural centres in central and western Victoria, and Melbourne's outer western suburbs.

"CKI announced turnover of HK$5,889 million, 23% above last year."

• The SeaRose FPSO (floating production, storage and offloading) vessel produces oil from the White Rose field offshore the Canadian province of Newfoundland and Labrador.

Husky Energy

The Group has a 34.59% interest in Husky, a listed Canadian-based integrated energy and energy-related company. Husky announced total revenue in 2007 of C$15,518 million, 23% above last year and net earnings of C$3,214 million, 18% above last year, mainly reflecting higher crude oil prices and increased production volumes. Cashflow from operations in 2007 was C$5,426 million, a 21% increase from last year. Quarterly dividend payments were increased to C$0.33 per share, commencing in the third quarter of 2007, giving a total dividend of C$1.33 per share in 2007, providing strong cash returns of HK$2,651 million to the Group. Husky contributed 16% and 19% to the Group's total revenue and EBIT from its established businesses respectively.

In 2007, Husky's gross production volume averaged approximately 377,000 BOEs per day compared to 360,000 BOEs per day during 2006, a 5% increase. The performance of the East Coast White Rose oil field continued to exceed expectation. Regulatory and government approval was received in 2007 to increase production at the field to 50 million barrels annually, with a maximum daily rate of 140,000 BOEs per day. In addition, Husky is evaluating the results for the West White Rose area and at North Amethyst is awaiting approvals for its development plan. At the end of 2007, Husky's total proved plus probable oil and gas reserves amounted to 3,218 million barrels of oil equivalent, a 32% increase. The additions to proved plus probable reserves of crude oil were primarily from the Sunrise oil sands project. The natural gas additions to proved plus probable reserves in 2007 were mainly due to natural gas properties in the foothills and deep basin areas of Western Canada as well as the recognition of additional natural gas reserves at the Madura BD field in the Madura Strait of Indonesia.

The acquisition of a refinery in Lima, Ohio, USA was completed and will provide a throughput capacity of 160,000 barrels per day of crude oil feedstock. The debottleneck project of the heavy oil upgrading facility at Lloydminster, Saskatchewan in Canada has also been completed and increased the daily throughput to 82,000 BOEs per day.

Husky continued to develop its oil sands and other projects during the year. The Tucker oil sands project, located 30 kilometres northwest of Cold Lake, Alberta, completed at the end of 2006 has not yet reached optimal production. Optimisation strategies are continuing on the original 32 well pairs, and additional well pairs are planned. In December, an agreement was executed to purchase 110,000 contiguous acres of oil sands leases at McMullen, located in the west central Athabasca oil sands deposit. Husky has a 100% working interest in these oil sands leases which lies adjacent to oil sands leases currently held by Husky.

Husky's joint venture with Esso Exploration Greenland Limited were awarded an exploration licence in West Disko Block 6, covering an area of 13,213 square kilometres and located approximately 30 kilometres offshore of the west coast of Disko Island, Greenland. This exploration licence area borders on Husky's 87.5% interest in Blocks 5 and 7, covering an area of 21,067 square kilometres.

The new ethanol production facility in Minnedosa, Manitoba with annual capacity of 130 million litres of ethanol replaces the existing plant which produced 10 million litres of ethanol per year. In December, Husky announced a 50:50 joint venture agreement with BP to create an integrated oil sands joint venture business. Under the terms of the agreement, Husky will contribute its Sunrise assets located in the Athabasca oil sands in northeast Alberta, Canada and BP will contribute its Toledo refinery located in Ohio, USA. The transaction, which is subject to the execution of final agreement and regulatory approval, is expected to close shortly.

Internationally, Husky continued with its exploration and development programme in the South China Sea with the acquisition of 2,600 square kilometres of 3-D seismic data and plans to evaluate exploration leads for future drilling locations. Husky further expanded its offshore businesses with the completion of the gas sales agreements with three separate Indonesian companies for the sale of future natural gas production from the Madura BD Field, offshore of Indonesia.

Finance & Investments and Others

Finance & investments and others mainly represents returns earned on the Group's substantial holdings of cash and liquid investments, which totalled HK$180,499 million at 31 December 2007. The Group's share of the results of Hutchison Whampoa (China), listed subsidiary Hutchison China MediTech, listed subsidiary Hutchison Harbour Ring and listed associate TOM Group are also reported under this division. These operations reported combined EBIT of HK$13,851 million, an overall 100% increase, primarily due to profits on disposal of certain equity investments of HK$9,754 million in 2007. This division contributed 25% to the Group's EBIT from its 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 Whampoa (China)

Hutchison Whampoa (China) operates various manufacturing, service and distribution joint ventures in the Mainland, Hong Kong and the UK and also has investments in a number of healthcare projects.

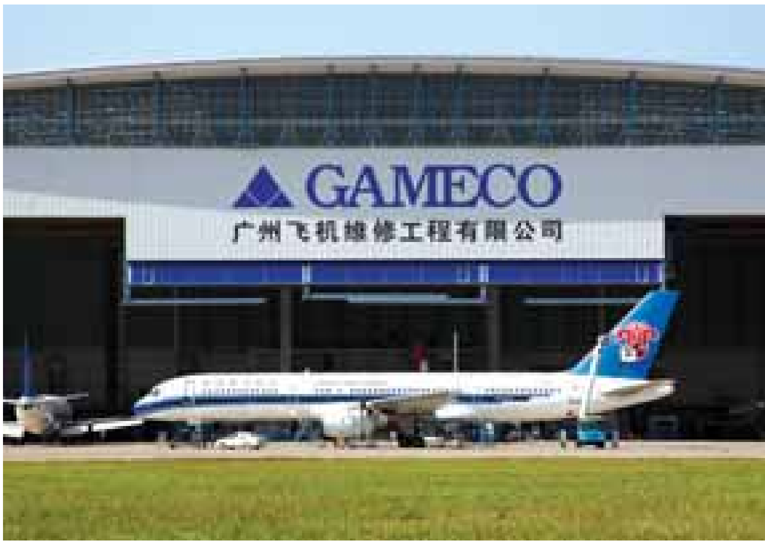
Hutchison Harbour Ring

Hutchison Harbour Ring ("HHR"), a 71.51% owned subsidiary listed on the Stock Exchange of Hong Kong, is a supplier and manufacturer of consumer electronic products, a toy manufacturer, and a licensing and sourcing service provider. The company also holds investment properties in the Mainland. HHR announced revenue of HK$2,710 million, an increase of 5% as compared to last year, and profit attributable to shareholders of HK$312 million, an increase of 522%, mainly due to the improved results from its technology and property divisions and a release of deferred tax liabilities reflecting the announced reduction of the Mainland's corporate income tax rate with effect from 2008.

"Husky announced total revenue of C$15,518 million, 23% above last year."

TOM Group

TOM Group ("TOM"), a 24.5% associate, is listed on the Stock Exchange of Hong Kong and its businesses include internet, publishing, outdoor media, and television and entertainment. TOM announced turnover of HK$2,683 million, compared to HK$2,799 million last year, and a loss attributable to shareholders of HK$297 million, compared to a profit of HK$32 million last year. The privatisation plan of TOM Online Inc, a principal subsidiary of TOM, became effective on 31 August 2007 resulting in the withdrawal of its listing on the Growth Enterprise Market in Hong Kong and the NASDAQ in the USA in September.

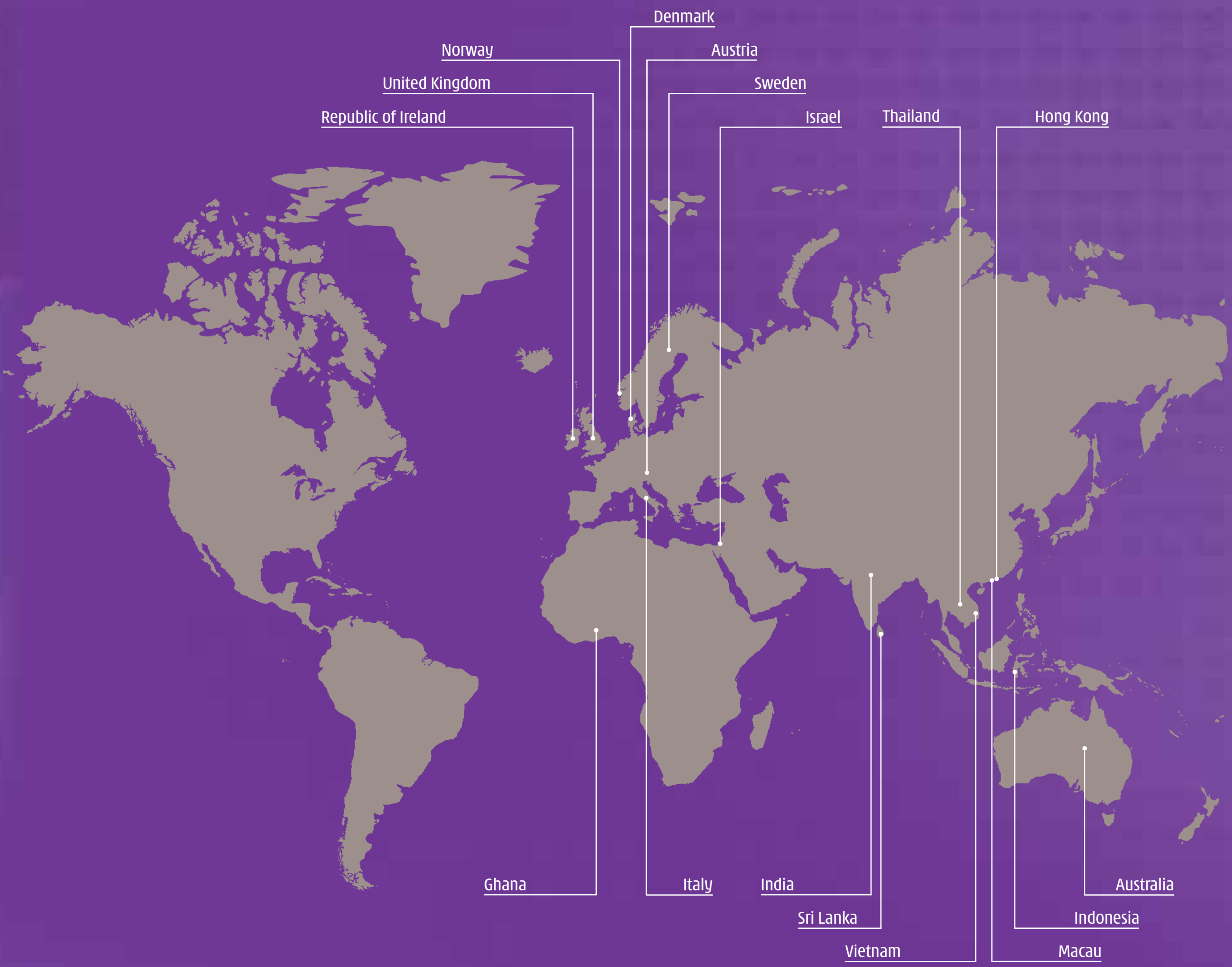


• Guangzhou Aircraft Maintenance Engineering Company Limited ("GAMECO") is an aircraft and airborne component maintenance joint venture company formed by China Southern Airlines Company Limited and Hutchison Whampoa (China) Limited.

Telecommunications

The Group's telecommunications division includes a 59.33% interest in HTIL, which is listed on the Stock Exchange of Hong Kong and the New York Stock Exchange, and the **3** Group businesses in Europe and Australia.

Pioneer + Innovation



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

• **3** Hong Kong continues to pioneer market developments through the launch of unparalleled products and service innovations.

Hutchison Telecommunications International

Hutchison Telecommunications International, a listed subsidiary, announced full year 2007 turnover from continued operations of HK$20,401 million (excluding turnover of Indian operations disposed of during the year), a 14% increase over last year, and a full year 2007 profit attributable to shareholders of HK$66,884 million. This result compares to a profit of HK$201 million in 2006.

Profit for the year includes a gain on disposal of HK$69,343 million from the sale of CGP Investments (Holdings) Limited ("CGP"), which indirectly held the Group's entire interest in its mobile business in India, for a cash consideration of approximately HK$86,600 million

"HTIL announced a full year 2007 profit of HK$66,884 million."

and a one-time full provision of HK$3,854 million for its investment in the mobile business in Thailand. HTIL declared a special dividend of HK$6.75 per share which was paid on 29 June 2007 and the Group's share of the cash dividend was HK$16,037 million. At 31 December 2007, HTIL had a consolidated mobile customer base of over 9.8 million, representing a 57% increase over the beginning of the year (excluding Indian operation). The Group's share of HTIL's turnover and EBIT amounted to 8% and 6% of the total revenue and EBIT of the Group's established businesses respectively.

The Group announced on 14 June 2007 that it had increased its shareholding in HTIL from approximately 49.75% to over 50%. The Group purchased additional shares and further increased its holding in HTIL to 59.33% on 4 January 2008. From 14 June 2007, HTIL has been accounted for as a subsidiary of the Group. Its balance sheet and results from that date have been included in the consolidated results of the Group for the year.

In Israel, HTIL holds a 50.2% interest in Partner Communications ("Partner"), which is the largest contributor to HTIL's results and is listed on the Tel Aviv Stock Exchange and on the NASDAQ. Partner announced revenues of US$1,590 million, a 9% increase, and profit attributable to shareholders of US$244 million, a 38% increase, primarily due to growth in the customer base, an increased proportion of postpaid subscribers, as well as an increase in content and data revenues. At 31 December 2007, Partner had over 2.8 million 2G and 3G customers, including a 3G customer base which increased by 130% during the year to approximately 633,000 customers.

HTIL announced that its mobile operations in Hong Kong and Macau achieved a combined turnover increase of 14% to HK$4,775 million and its EBITDA increased to HK$1,572 million, a 17% growth on last

● Partner launches a unique marketing campaign tailored to its business customers.

● **3** Indonesia, leveraging the Group's strong '**3**' brand, captures significant recognition in the Indonesian market.

year. The combined customer base totalled 2.4 million as at 31 December 2007, compared to 2.1 million at the beginning of the year. The mobile business in Hong Kong continues to be the leading 3G operator and with the launch of 3G services in Macau, the combined closing 3G customer base reached 1.1 million.

In Hong Kong, the fixed-line telecommunications business continued to grow, particularly in the corporate and business market. Turnover was HK$2,436 million in 2007, and excluding the reclassification of intra-group service revenue, like for like turnover growth was 12%. EBITDA was HK$904 million, a 3% increase from last year.

In Thailand, HTIL signed a non-binding memorandum of understanding ("MOU") with CAT Telecom Public Company ("CAT") to combine the Thailand operations network with that of CAT to create a nationwide CDMA network. Implementation of the MOU is subject to execution of formal contracts, regulatory and government approvals, and is seen as a key step by both parties to move the business to sustainable levels of profitability. In view of the continuing difficulties faced by the operation, HTIL announced it had made a one-time full provision for its entire investment in Thailand. In 2007, turnover was HK$973 million

(2006 – HK$1,017 million) and LBITDA after deducting all CACs was HK$14 million in 2007 compared to EBITDA after all CACs of HK$57 million in 2006.

In Sri Lanka, Hutchison Telecom Lanka performed well in 2007, doubling its customer base to over 1.1 million customers. Turnover increased 52% to HK$189 million and EBITDA after all CACs increased 57% to HK$93 million.

In Ghana, on 17 January 2008, HTIL signed an agreement and received a deposit to sell its entire direct and indirect equity, loan and other interests to EGH International, for a cash consideration of approximately HK$584 million before costs and expenses. The transaction is currently pending regulatory approval.

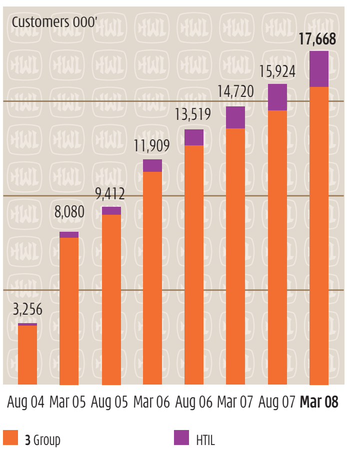
In Indonesia, HTIL has a 60% interest in PT Hutchison CP Telecommunications, which owns a nationwide licence to provide 2G and 3G services. Commercial services were launched in the first half of 2007 and at the year end, network coverage extended to all major cities in Java and Sumatra. The customer base at the end of 2007 exceeded two million. Turnover since the launch amounted to HK$117 million and LBITDA after all CACs amounted to HK$475 million.

In Vietnam, HTIL has received an amended Investment Certificate to engage in business cooperation with Hanoi Telecommunication Joint Stock Company to operate a nationwide GSM mobile telecommunications network. HTIL launched operations in Vietnam during 2007 using a specially designed "HT Mobile" brand. Vietnam is one of the most vibrant and high growth economies in the region. It has a large young population with mobile service penetration well below the regional average making it an attractive market. HT Mobile launched using CDMA-2000 technology. The vast majority of the customers in the market, however, use GSM technology which is not compatible with CDMA. Reflecting the difficulty of competing with GSM, HT Mobile and its partners have received approval to change HT Mobile to a GSM network. In view of the intention to convert to a GSM operation, HT Mobile moderated its promotional activity in the second half of 2007. As a result, the closing 2007 customer base of 152,000 was little changed from the half year. Turnover for the year was HK$40 million and LBITDA after all CACs was HK$228 million in 2007.

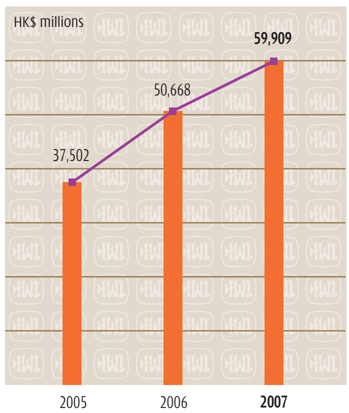
3 Group

	2007 HK$ millions	2006 HK$ millions	**Change**
Total Revenue	**59,909**	50,668	**+18%**
EBIT	**(17,938)**	(19,996)	**+10%**

Total Registered 3G Customers

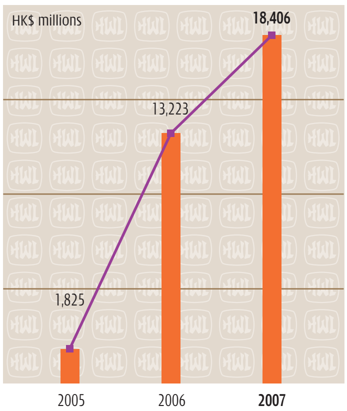


3 Group's Total Revenue

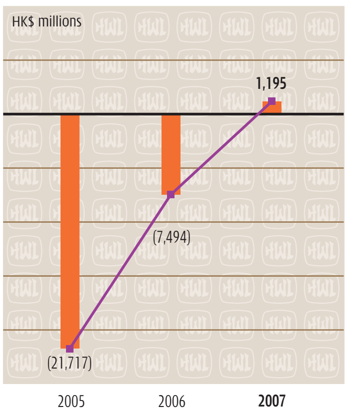


"The 3 Group has achieved a major cashflow milestone of positive EBITDA after all CACs for the second half of the year of HK$2,800 million."

3 Group's EBITDA before all CACs



3 Group's EBITDA (LBITDA) after all CACs



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

During the year, the **3** Group businesses continued to grow their customer and revenue bases and reduce operating losses and cash outflows by focusing on effective cost reduction measures, acquiring and retaining higher-value contract customers, reducing churn and offering new higher-margin services to maintain their 3G market leading positions. As a result, the **3** Group has achieved a major cashflow milestone of positive EBITDA after all CACs for the second half of the year of HK$2,800 million. In addition, EBITDA after all CACs was therefore also positive for the full year totalling HK$1,195 million, a 116% turnaround from the comparable LBITDA last year.

The Group's registered 3G customer base (including the 3G customers of Hong Kong and Israel) grew 20% during the year to 17.2 million at 31 December 2007 and currently total over 17.6 million. The proportion of active customers in the **3** Group's registered customer base was approximately 79% and 98% of the contract customer base at the end of the year. Most of the 3G mobile operations within the **3** Group increased their respective market shares in 2007, measured by customer numbers, particularly in Ireland, Austria, Sweden and Australia which have achieved strong customer growth. ARPU, on a 12-month trailing average basis, decreased 9% in 2007 to €41.74, mainly due to the increased focus on mobile broadband access customers, which characteristically generate lower ARPU on a per customer calculation, but higher percentage margins than voice services. ARPU was also adversely affected by competition and regulatory imposed reductions in mobile termination rates in some of the countries where the **3** Group operates. During 2007, promotional discount tariffs amounted to approximately 4% of ARPU, in line with 2006. These discount offerings were discontinued by most of the **3** Group's operations during the year and are not expected to affect ARPU going forward. As a result of the growth in the customer base partially offset by lower ARPU, the **3** Group reported total revenue of HK$59,909 million, an 18% increase from 2006.

Growth of higher-margin non-voice revenues continued to be a key focus of the **3** Group in 2007. Average non-voice revenue per active user as a percentage of ARPU for 2007, remained relatively stable at around 31% in line with 2006. In order to meet the increasing demand of mobile broadband services and further enhancing its mobile services to customers in various **3** Group operations, the networks have been upgraded for the HSDPA mobile broadband capability standard, which supports data downlink transmission speeds of up to 3.6 megabits per second or in some regions, up to 7.2 megabits per second, and also with High-Speed Uplink Packet Access ("HSUPA") capabilities. Competitively priced high-speed HSDPA handsets, datacards and other mobile broadband access devices, including the recently launched 3 Skypephone which offers customers an affordable mobile handset allowing free VoIP calls and instant messaging, are becoming increasingly popular and the take up of these services has been encouraging. Currently, over 823,000 customers have a mobile broadband USB modem or card.

Despite intensifying competition in all markets, the **3** Group reduced average monthly customer churn from 2.9% in 2006 to 2.6% in 2007. Management continues to focus on reducing churn through changing marketing strategies according to the various markets' needs, retaining and acquiring high quality customers by heightening controls over distribution channels and increasing use of directly owned retail stores, enhancing customer satisfaction with the quality of our networks, developing new service offerings and offering a full range of leading-edge handsets and other mobile devices.

Margins also continued to improve due to the economies of scale from a larger customer base, stringent controls over operating costs and outsourcing the operational management of the network infrastructure. The **3** Group continues to explore opportunities to reduce operating costs and maximise the benefits from its investments in the mobile networks through cell site and network sharing arrangements.

With the continued focus in acquiring and retaining lower risk, higher-value contract customers during the year, the proportion of contract customers as a percentage of the registered customer base has increased from 45% last year to 47% at the end of 2007. Although the acquisition and retention costs for contract customers are typically higher on a per customer basis than for prepaid customers, total CACs reduced by 17% in 2007 to total HK$17,211 million, primarily due

• The 3 Skypephone offers customers an affordable mobile handset allowing free VoIP calls and instant messaging.

• **3** Ireland shows its support at a rugby match in Dublin.

to the lower unit cost to acquire a customer that averaged €170 per customer, on a 12-month trailing basis, in 2007, compared to €250 for 2006. In the second half of 2007, the average cost reduced further to €148 on a six-month trailing basis. This favourable declining trend of average acquisition cost reflects the lower cost of handsets and mobile broadband access product costs and the benefits from the restructuring of the distribution arrangements in the UK and Italy during the year.

Depreciation and amortisation expense, which includes the depreciation of networks, amortisation of licence fees, content and other rights and amortisation of capitalised contract CACs, increased 10% to HK$30,612 million in 2007, primarily due to the effect of a non-cash exchange rate translation increase of HK$2,721 million as a result of the strengthening of the Euro and the British pound against the Hong Kong dollar. Excluding the exchange translation effect, total depreciation and amortisation expense was 1% above last year.

LBIT improved 10% compared to last year, to total HK$17,938 million. This improvement was also adversely affected by exchange rate movements on translation to Hong Kong dollars. Although these non-cash movements on translation do not affect the underlying operating performance, they increased the reported LBIT by HK$1,626 million. Excluding the effect of these movements, LBIT reduced 18%.

The **3** Group's capital expenditure, which was approximately HK$14,591 million in 2007, increased 11% compared to the HK$13,137 million in 2006, mainly due to the network expansion and enhancement and also the effect of a non-cash exchange rate translation to Hong Kong dollars of HK$882 million. Excluding the exchange translation effect, capital expenditures increased 4% compared to last year.

Key Business Indicators

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

	Customer Base					
	Registered Customers at 26 March 2008 ('000)			Registered Customer Growth (%) from 31 December 2006 to 31 December 2007		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
Italy	5,969	2,215	**8,184**	13%	23%	**16%**
UK & Ireland	1,658	2,787	**4,445**	5%	12%	**9%**
Australia(1)	174	1,497	**1,671**	17%	28%	**27%**
Sweden & Denmark	92	853	**945**	8%	38%	**34%**
Austria	158	384	**542**	29%	25%	**26%**
3 Group Total	8,051	7,736	**15,787**	12%	21%	**16%**
Hong Kong and Macau(2)	61	1,082	**1,143**	336%	39%	**45%**
Israel(2)	-	738	**738**	-	130%	**130%**
Total	8,112	9,556	**17,668**	12%	27%	**20%**

	Customer Revenue Base					
	Revenue for the twelve months ended 31 December 2007 ('000)			Revenue Growth (%) compared to the twelve months ended 31 December 2006		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
Italy	€814,177	€1,204,055	**€2,018,232**	-29%	30%	**-3%**
UK & Ireland	£155,406	£1,435,480	**£1,590,886**	6%	5%	**5%**
Australia	A$73,102	A$1,083,293	**A$1,156,395**	12%	38%	**36%**
Sweden & Denmark	SEK77,167	SEK3,816,178	**SEK3,893,345**	39%	48%	**48%**
Austria	€5,796	€184,636	**€190,432**	-15%	12%	**11%**
3 Group Total	€1,100,274	€4,561,618	**€5,661,892**	-22%	18%	**7%**

	12-month Trailing Average Revenue per Active User ("ARPU")(3) to 31 December 2007					
	Total				Non-voice	
	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2006	ARPU	ARPU %
Italy	€17.65	€52.88	**€29.30**	-14%	€8.82	**30%**
UK & Ireland	£17.89	£51.33	**£43.40**	-7%	£14.38	**33%**
Australia	A$39.11	A$72.29	**A$68.61**	-3%	A$18.31	**27%**
Sweden & Denmark	SEK111.64	SEK457.23	**SEK430.80**	7%	SEK114.71	**27%**
Austria	€17.53	€47.70	**€45.33**	-12%	€11.61	**26%**
3 Group Average	€19.07	€58.53	**€41.74**	-9%	€12.73	**31%**

Note 1: Active customers as at 31 December 2007 announced by listed subsidiary HTAL updated for net additions to 26 March 2008.

Note 2: Customers as announced by listed subsidiary HTIL as at 18 March 2008.

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

Italy

The Group has a 97.16% interest in **3** Italia at 31 December 2007. The registered customer base increased by 16% in 2007 to total 8.1 million at 31 December 2007 and currently stands at 8.2 million. Active customers as a proportion of the total registered customer base was 75% and 97% of the contract customer base at the end of 2007. Due to the impact of the Bersani Decree, an industry-wide regulation eliminating the fees charged by all operators to prepaid customers upon top-up of their prepaid cards, and intense market competition, ARPU per month declined from €33.99 to €29.30 in 2007. ARPU remains at a premium to the Italy mobile market average due to higher than market average spend on non-voice services, which was 30% of ARPU. As a result revenue, in local currency, declined 3% during the year.

Despite the impact of the Bersani Decree, **3** Italia achieved its target to report positive EBITDA after deducting all CACs and before including non-recurring foreign exchange gains, in local currency, in the second half of the year. As a result **3** Italia achieved a breakeven EBITDA position for the full year 2007. In addition, **3** Italia reported a HK$775 million foreign exchange gain arising from the partial repayment of non-Euro denominated intercompany borrowings which were refinanced by bank loans of €400 million, which provide a natural currency hedge against **3** Italia's revenue stream and underlying assets.

To further grow its customer base, **3** Italia continued to enhance its network capabilities and has been upgrading its network with HSDPA capabilities which currently extends to approximately 86% of the network. **3** Italia is currently assessing a cell site sharing arrangement and will also review other infrastructure outsourcing and joint venture opportunities to further reduce its costs and explore synergies.

UK and Ireland

The new management team at **3** UK has made good progress during the year. The combined registered customer base of wholly-owned subsidiaries, **3** UK and **3** Ireland, where its 3G business is still at a relatively early stage of development, has grown by 9% from 31 December 2006 to 4.3 million at 31 December 2007 and currently the base is approximately 4.4 million. The moderate growth in the overall combined customer base is attributable to a continuation of the strategy to focus on higher-value contract customers, which represented 62% of the registered base (2006 – 60%), while continuing to limit activity in the prepaid customer market. Active customers as a proportion of the combined registered base was 76% at 31 December 2007. Of the contract customers, 97% are active and they contribute 90% of the revenue base. Although the combined ARPU per month declined from £46.57 in 2006 to £43.40, this is on account of the adverse impact of the new regulated UK interconnection and roaming fee reductions introduced in the first half of the year. Although reduced, **3** UK's ARPU continued to be above the UK mobile market average. Another encouraging trend from the improvement in the quality of the combined customer base is the increase in higher-margin non-voice revenue which rose to 33% of combined ARPU compared to 29% in 2006. Combined revenue, in British pounds, grew 5% during the year, reflecting increased revenue from the enlarged customer base, partially offset by the adverse impact on the new UK regulations as mentioned above.

During the year, **3** UK has significantly reduced its customer acquisition costs through various initiatives resulting in lower distribution costs and lower average handset costs. As a result, **3** UK achieved positive EBITDA after all CACs and before including non-recurring foreign exchange gains, in British pounds, for the full year. This represents a 108% improvement compared to the comparable LBITDA last year. In addition, **3** UK also reported a HK$1,123 million foreign exchange gain arising from the partial repayment of non-Sterling denominated intercompany borrowings which were refinanced by Sterling borrowings of £550 million to provide a natural currency hedge against **3** UK's revenue stream and underlying assets.

3 UK is making significant progress in operational areas of the business. In October, the business announced that over one billion internet protocol based instant messages had been sent across its network since the launch of the product. Consistent with strengthening its position in retail distribution, **3** UK announced the opening of its 250th retail store in November.

The network upgrade to roll out HSDPA is progressing well with current UK population coverage at approximately 89%. In December, **3** UK announced a network sharing agreement to form a 50:50 joint venture with another mobile network operator to supervise the creation and operation of their shared 3G access network (mobile masts and infrastructure that connects to each operator's separate core networks). Combining the infrastructure over the next two years, the joint venture is expected to result in significant savings in operating costs, together with lower future capital expenditures as well as a step-change improvement in the quality of the 3G network. By the end of 2008, the combined network is expected to provide 98% UK population coverage for voice and simple data as well as 3G high-speed mobile broadband services, better than any competitive network in the UK.

Australia

The Group's 52.03% owned, listed subsidiary in Australia, HTAL, announced 27% growth of its active customer base from

31 December 2006 to total 1.6 million at 31 December 2007 and the base currently stands at approximately 1.7 million active customers. Contract customers represented 89% of the active customer base at 31 December 2007 and contributed approximately 94% of the revenue. HTAL announced revenue from its 3G operations of A$1,156 million, 36% better than 2006. ARPU was adversely affected by Australian regulated interconnection fee reductions introduced on 1 July 2007. ARPU per month declined 3% to A$68.61 in 2007. The proportion of higher-margin non-voice ARPU increased to 27% in 2007 from 24% in 2006. EBITDA after all CACs increased 464%, for a second year of positive EBITDA results. The network upgrade to roll out HSDPA was completed in the first half of 2007.

Other **3** Group Operations in Europe

In Sweden and Denmark, in which the Group has 60% interest, the combined registered customer base grew 34% to total 899,500 at 31 December 2007 and currently totals 945,000. Contract customers at 31 December 2007 represented 90% of the registered customer base. Active customers represented 97% of the registered customer base and 100% of the contract customer base at 31 December 2007, in line with last year. ARPU per month increased 7% from SEK404.33 to SEK430.80 (HK$500). The proportion of revenue from the higher-margin non-voice services increased from 21% of ARPU in 2006 to 27% in 2007. Combined revenue, in Swedish Kronas, increased by 48% compared to 2006 and LBITDA after all CACs reduced by 75% as compared to 2006. The HSDPA upgrade of the networks has been completed.

The registered customer base of **3** Austria increased by 26% during 2007 to 513,000 at 31 December 2007 and currently totals 542,000. The proportion of contract customers at 31 December 2007 represented 72% of the registered customer base. Active customers represented 77% of the registered customer base and 99% of the contract customer base at 31 December 2007, in line with last year. Although ARPU per month declined 12% from €51.22 in 2006 to €45.33, the proportion of revenue from the higher-margin non-voice services increased from 18% of ARPU in 2006 to 26% in 2007. Revenue, in local currency, increased by 11% compared to 2006 mainly from the increased customer base together with a focus on higher-margin mobile broadband access customers. **3** Austria achieved its first full year positive EBITDA before all CACs in 2007. LBITDA after all CACs also improved 60% compared to 2006. The HSDPA upgrade of the existing network has been completed and **3** Austria is currently expanding its network coverage to rural areas of the country.

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, amounted to HK$22,500 million, an increase of 11%, mainly due to higher effective market interest rates and also a higher average total loan balance during the year. 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$8,530 million for the year, an increase of 19%, mainly due to higher assessable profits of certain established businesses.

The 3Store and Coffeeshop in Innsbruck, Austria, represents a completely new store concept, allowing customers to get all the latest information on **3** products and services while enjoying coffee in a comfortable atmosphere.

Summary

The 2007 results reflect the overall growth in the Group's established businesses, the improved financial performance of the **3** Group, the profit on strategic transactions, prudent provisions against the carrying value of certain assets, and the conservative financial profile of the Group. In 2008, the established businesses will continue to invest in expansion opportunities, mainly through organic growth, to sustain steady growth. The **3** Group will continue to improve its financial performance and turn a new page in 2008 on a path targeting to achieve positive monthly EBIT on a sustainable basis in the second half of 2008 and full year positive EBIT in 2009.

The 2007 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, 27 March 2008

Group Capital Resources and Liquidity

Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures approved by the Executive Directors, which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of 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 a combination of interest rate swaps and forward rate agreements to manage its long-term interest rate exposure and exposure to short-term interest rate volatility respectively. The Group's main interest rate exposures relate to US dollar, British pound, Euro and HK dollar borrowings.

At 31 December 2007, approximately 56% of the Group's principal amount of borrowings were at floating rates and the remaining 44% were at fixed rates. The Group has entered into various interest rate agreements with major creditworthy financial institutions to swap approximately HK$84,630 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$3,845 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 82% of the Group's principal amount of borrowings were at floating rates and the remaining 18% were at fixed rates at 31 December 2007.

Foreign Currency Exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not attractive, the Group may not borrow in the local currency and instead monitor the development of the businesses' cashflow and the debt markets with a view to refinancing these businesses with local currency borrowings in the future when conditions are appropriate. Exposure to movements in exchange rates for individual transactions directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. During the year, the HK dollar weakened against the currencies of most of those countries where the Group has overseas operations. This gave rise to an unrealised gain of HK$6,788 million (2006 – HK$15,416 million) on translation of these operations' net assets to the Group's HK dollar reporting currency, which was reflected as a movement in the Group's reserves.

At 31 December 2007, the Group had currency swap arrangements and foreign exchange forward contracts with banks to swap US dollar principal amount of borrowings equivalent to HK$97 million to non-US dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's borrowings, excluding loans from minority shareholders and after taking into consideration these currency swaps, are denominated as follows: 12% in HK dollars, 30% in US dollars, 11% in British pounds, 35% in Euro and 12% in others currencies. During 2007, HTIL provided intercompany loans to its Thailand operations in US dollar totalling HK$9,327 million to fully repay six outstanding commercial loan facilities with international lenders. In December 2006 the Bank of Thailand imposed unremunerated reserve requirements on the conversion of foreign currency to Thai baht, subsequently removed on 3 March 2008. This affected HTIL's ability to freely convert the US dollar proceeds into

Thai baht. To receive exemption from the unremunerated reserve requirement, HTIL entered into foreign exchange swap contracts with various banks in Thailand. As at 31 December 2007, HTIL had US$1,095 million outstanding under these foreign exchange swap contracts where HTIL has commitments to sell Thai baht and buy US dollar at pre-agreed rates.

Credit Exposure

The Group's holdings of cash, managed funds and other liquid investments expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their credit ratings and setting approved counterparty credit limits that are regularly reviewed.

Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment gradings 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 2007, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch and all ratings are with a stable outlook.

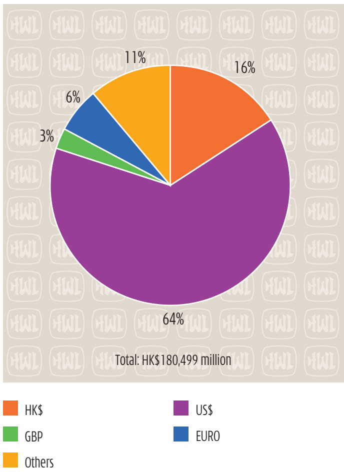
Liquid Assets

The Group continues to have a strong financial position benefiting from both the steady and growing cash flow from its established businesses and improving cash flow from the **3** Group businesses. Cash, liquid funds and other investments ("liquid assets") on hand amounted to HK$180,499 million at 31 December 2007, 38% higher than the balance at 31 December 2006 of HK$130,402 million, mainly attributed to the receipt of a US$2,052 million (HK$16,037 million) dividend from HTIL following the disposal of CGP Investments (Holdings) Limited ("CGP"), which indirectly held HTIL group's entire interest in its mobile business in India and the consolidation of HTIL as a subsidiary effective from 14 June 2007. Of the liquid assets, 16% were denominated in HK dollars, 64% in US dollars, 3% in British pounds, 6% in Euro and 11% in other currencies.

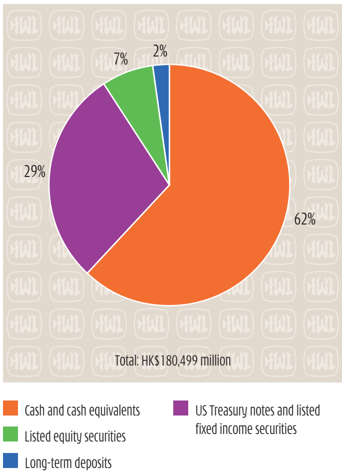
Cash and cash equivalents represented 62% (2006 – 50%) of the liquid assets, US Treasury notes and listed fixed income securities 29% (2006 – 37%), listed equity securities 7% (2006 – 10%) and long-term deposits 2% (2006 – 3%).

The US Treasury notes and listed fixed income securities, including those held under managed funds, comprise US treasury notes (42%), government issued guaranteed notes (24%), supranational notes (19%) and others (15%). Of these US Treasury notes and listed fixed income securities, 81% are rated at Aaa/AAA with an average maturity of approximately 1.2 years on the overall portfolio. The Group currently has no exposure in mortgage backed securities, collateralised debt obligations or similar asset classes.

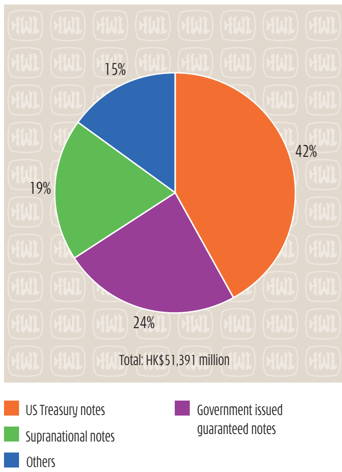
Liquid assets by currency denomination
at 31 December 2007



Liquid assets by type
at 31 December 2007



Listed fixed income securities by type
at 31 December 2007



Cash Flow

Consolidated EBITDA before all CACs amounted to HK$129,305 million (2006 – HK$96,853 million) for 2007, a 34% increase from last year. This included the Group's share of cash profits arising from HTIL's disposal of CGP totalling HK$35,820 million. Excluding the cash profits from disposals of investments and others in both years, EBITDA before all CACs increased 28% to HK$91,451 million (2006 – HK$71,722 million) for the year. Funds from operations ("FFO"), before cash profits from disposals, capital expenditures, investment in all CACs and changes in working capital amounted to HK$65,290 million (2006 – HK$31,096 million), a 110% increase, mainly due to the receipt of a HK$16,037 million dividend from HTIL as mentioned previously and profits on disposal of certain listed equity investments. In addition to the above items, the increases in recurring EBITDA and FFO are attributed to the solid and steady improvement in financial performance of the Group's established businesses and the significantly better results of the **3** Group, which reported a 39% improvement in EBITDA before all CACs. EBITDA and FFO from the Group's established businesses continued to be sound, totalling HK$73,045 million (2006 – HK$58,499 million) and HK$58,894 million (2006 – HK$27,842 million) respectively.

The **3** Group's investment in CACs totalled HK$17,211 million for the year, a 17% reduction from 2006 of HK$20,717 million, mainly due to the lower average cost to acquire a customer as a result of the continuing downward trend in handset costs and benefits from the restructuring of distribution arrangements in the UK and Italy during the year, including the increased number of own-store outlets. Prepaid CACs and other customer acquisition costs which are expensed as incurred, totalled HK$5,732 million, a 4% increase from the 2006 total of HK$5,494 million. **3** Group contract customers' CACs, which are capitalised, totalled HK$11,479 million during the year, a decrease of 25% compared to HK$15,223 million last year.

In 2007, the Group's capital expenditures increased 15% to total HK$29,614 million (2006 – HK$25,771 million), of which HK$14,591 million (2006 – HK$13,137 million) related to the **3** Group. The increase in the Group's total capital expenditures reflects the consolidation of the capital expenditures of HTIL as a subsidiary effective from 14 June 2007. Capital expenditures for the ports and related services division amounted to HK$9,404 million (2006 – HK$9,279 million); for the property and hotels division HK$89 million (2006 - HK$221 million); for the retail division HK$1,843 million (2006 – HK$2,668 million) and for the energy, infrastructure, finance & investments and others division HK$335 million (2006 – HK$466 million) as well as HTIL's expenditures of HK$3,352 million (2006 – nil).

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

Debt Maturity and Currency Profile

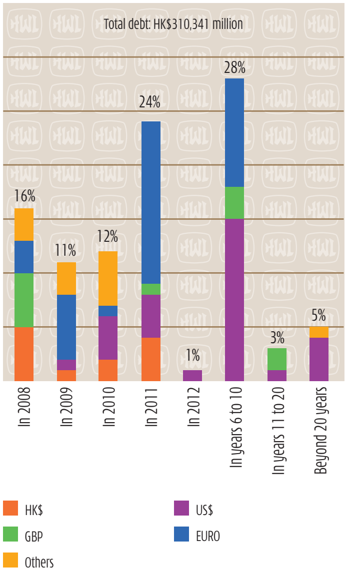
The Group's total borrowings, excluding loans from minority shareholders, at 31 December 2007 amounted to HK$310,341 million (2006 - HK$283,040 million). The net increase in borrowings was mainly due to: the effect of the translation of foreign currency denominated loans to HK dollars of HK$12,242 million; the consolidation of HTIL's borrowings of approximately HK$9,820 million; increased borrowings totalling HK$24,537 million, including £550 million to partially refinance intercompany loans to **3** UK, **3** Italia's increased borrowings of €536 million and increased borrowings of €400 million to partially refinance the intercompany loans to **3** Italia; net of the repayment of loans totalling approximately HK$23,364 million. Loans from minority shareholders, which are viewed as quasi-equity, totalled HK$12,508 million at 31 December 2007 (2006 – HK$12,030 million). The Group's weighted average cost of debt during the year to 31 December 2007 was 5.9% (2006 – 5.7%).

The maturity profile of the Group's total borrowings, excluding loans from minority shareholders and after taking into consideration the related foreign currency swaps, at 31 December 2007 is set out below:

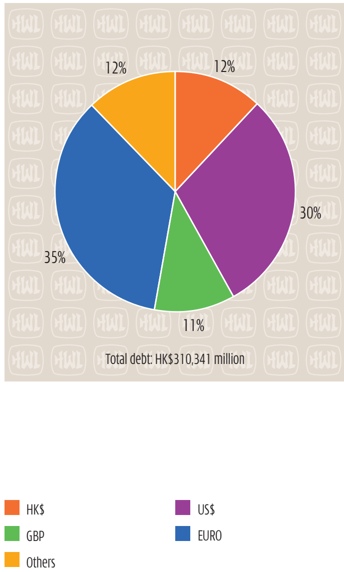
	HK$	US$	GBP	Euro	Others	Total
In 2008	5%	-	5%	3%	3%	16%
In 2009	1%	1%	-	6%	3%	11%
In 2010	2%	4%	-	1%	5%	12%
In 2011	4%	4%	1%	15%	-	24%
In 2012	-	1%	-	-	-	1%
In years 6 to 10	-	15%	3%	10%	-	28%
In years 11 to 20	-	1%	2%	-	-	3%
Beyond 20 years	-	4%	-	-	1%	5%
Total	12%	30%	11%	35%	12%	100%

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 2007



Debt profile by currency denomination at 31 December 2007



Changes in Financing

The significant financing activities in 2007 were as follows:

- In January, drawdown of £200 million (approximately HK$3,070 million) of a short term, floating rate bank loan facility;
- In January, a five-year, floating rate, €3,000 million (approximately HK$31,230 million) bank loan facility which was arranged in December 2006, was fully drawn mainly to refinance **3** Italia's existing loans of €2,464 million (approximately HK$25,649 million);
- In April, repaid at maturity, a floating rate bank loan of JPY19,257 million (approximately HK$1,273 million);
- In May, repaid at maturity, a floating rate bank loan of HK$1,500 million;
- In June, a listed subsidiary HTAL, prepaid floating rate bank loans totalling A$950 million (approximately HK$6,394 million);
- In August, repaid at maturity, fixed rate notes of US$750 million (approximately HK$5,850 million);
- In September, a listed subsidiary CKI, repaid at maturity, a floating rate bank loan of HK$3,800 million;
- In the second half of the year, a listed subsidiary HTIL prepaid floating rate bank loans equivalent to HK$9,768 million of its Thailand operations;
- In December, obtained a short term 6-month, floating rate, £350 million (approximately HK$5,429 million) bank loan to refinance a portion of the intercompany loan investment in **3** UK;
- In December, obtained a short term 6-month, floating rate, €300 million (approximately HK$3,363 million) bank loan to refinance a portion of the intercompany loan investment in **3** Italia;

- In December, obtained a one-year floating rate, €100 million (approximately HK$1,121 million) bank loan to refinance a portion of the intercompany loan investment in **3** Italia; and

- Subsequent to the year end, in March this year, repaid at maturity, fixed rate notes of A$800 million (approximately HK$5,384 million).

Capital, Net Debt and Interest Coverage Ratios

The Group's total shareholders' funds increased 13% to HK$310,014 million at 31 December 2007 compared to HK$273,794 million at 31 December 2006. The increase in shareholders' funds mainly reflects the profit for the year ended 31 December 2007 and the favourable impact of exchange translation differences arising on translation of the net assets of overseas businesses to HK dollars recorded in reserves as mentioned previously. At 31 December 2007, the consolidated net debt of the Group, excluding loans from minority shareholders which are viewed as quasi-equity, was HK$129,842 million (2006 – HK$152,638 million), a 15% reduction from the beginning of the year, and on this basis, the Group's net debt to net total capital ratio decreased from 33% at 31 December 2006 to 26% at 31 December 2007.

As additional information, the following table shows the net debt to net total capital ratio calculated on the basis of including loans from minority shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at 31 December 2007.

Net debt/Net total capital ratios at 31 December 2007:

A1 – excluding loans from minority shareholders from debt	26%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	21%
B1 – including loans from minority shareholders as debt	28%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	23%

The Group's consolidated gross interest expense and other finance costs of subsidiaries, before capitalisation, for 2007 increased to total HK$19,550 million, compared to HK$17,036 million last year, mainly due to higher effective market interest rates in 2007 and also a higher average total loan balance reflecting British pound borrowings arranged in the latter part of 2006, increased borrowings by the Group's ports division for HK$2,102 million, as well as increased borrowings in British pounds and Euro by £655 million and €882 million respectively.

Consolidated EBITDA and FFO before all CACs covered consolidated net interest expense and other finance costs 9.8 times and 6.2 times respectively (2006 – 7.9 times and 3.6 times).

Secured Financing

At 31 December 2007, assets of the Group totalling HK$30,700 million (2006 – HK$91,788 million) were pledged as security for bank and other loans and certain performance guarantees of the Group. At 31 December 2006, the shares of H3G S.p.A. owned by the Group, were pledged as security for its project financing facilities and the assets of H3G S.p.A. amounted to approximately HK$81,007 million at that date. Subsequently, in January 2007, the project financing facilities of H3G S.p.A. were refinanced and the shares are no longer pledged as security under a new replacement syndicated bank loan.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 31 December 2007 amounted to the equivalent of HK$14,300 million (2006 - HK$12,946 million).

Contingent Liabilities

At 31 December 2007, the Group provided guarantees for banking and other borrowing facilities granted to associated companies and jointly controlled entities of HK$6,690 million (2006 – HK$13,322 million), and provided performance and other guarantees of HK$9,390 million (2006 – HK$5,681 million).

Risk Factors

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

Industry Trends and Interest Rates

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

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

Cashflow and Liquidity

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

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 50 different local currencies. The Group is thereby exposed to the potentially adverse impact of currency fluctuations on translation of the accounts of these subsidiaries and associates and also on the repatriation of earnings, equity investments and loans. Although the Group actively manages its currency exposures, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's financial condition and results of operations.

Highly Competitive Markets

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

- vertical integration of international shipping lines, who are major clients of the Group's port operations. Shipping lines are increasingly investing in seaports and in their own dedicated terminal facilities and, going forward, may not require the use of the Group's terminal facilities;

- aggressive tariff plans and customer acquisition strategies by telecommunications competitors may impact the Group's pricing plans, rate of customer acquisition and retention costs, rate of customer growth and retention prospects and hence the revenues it receives as a major provider of telecommunications services;

- risk of competition from entities providing alternate telecommunications technologies and potential competition in the future from substitute technologies being developed or to be developed;
- an increasing number of developers undertaking property investment and development in the Mainland, which may result in lower returns achieved on the Group's property developments; and
- significant competition and pricing pressure from retail competitors in Asia and Europe is expected to continue and may adversely affect the financial performance of the Group's retail operations.

Strategic Partners

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

Future Growth

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

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

As at 31 December 2007, the Group had a total deferred tax asset balance of HK$17,619 million, of which HK$16,646 million was attributable to the Group's 3G operations in the UK. The ultimate realisation of these deferred tax assets depends principally on the Group's businesses achieving profitability and generating sufficient taxable profits to utilise these unused tax losses. If there is a significant adverse change in the projected performance and resulting taxable profits of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the profit and loss account, which would have an adverse effect on the Group's financial condition and results of operations. In the UK, the Group enjoys the availability of group relief in relation to taxation losses generated by its 3G operations to offset taxable profits from its other established businesses in the same period. In addition, in the UK taxation losses can be carried forward indefinitely.

Impact of National and International Regulations

As a global business, the Group is exposed to local business risks in several different countries which could have an adverse effect on its financial condition or results of operations. The Group operates in many countries around the world, and one of its strategies is to expand outside its traditional market in Hong Kong. The Group is, and may increasingly become, exposed to different and changing political, social, legal and regulatory requirements at the national or international level, such as those required by the European Union 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 Hutchison activities, including the regulation of monopolies and conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and law requiring the approval of certain mergers, acquisition and joint ventures which could restrict the Group's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions;
- delays in the process of obtaining or maintaining licenses, 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.

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

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

Husky Energy's business is subject to environmental laws and regulations similar to other companies in the oil and gas industry. In meeting its regulatory obligations, Husky Energy incurs costs for preventative and corrective actions. There can be no assurance that changes to such regulations 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 revenues and profit.

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

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

Hong Kong and the Mainland

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

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

Impact of New Accounting Standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") is pursuing its policy objective of full convergence with the standards and interpretations established by the International Accounting Standards Board ("IASB"). To this end, the HKICPA has issued in 2004 over a dozen new and revised Hong Kong Financial Reporting Standards ("HKFRS") which were effective for the financial year beginning 1 January 2005. The Group adopted retrospectively, where required, all the new and revised HKFRS and reflected the effects of these changes in its 2005 audited consolidated financial statements. HKICPA 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 IASB. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new HKFRSs will not have a significant impact on the Group's 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. Recently, there have been media reports regarding the spread of the H5N1 virus or "Avian Influenza A" among birds, poultry and in some isolated cases, transmission of Avian Influenza A virus from animals to human beings. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease. If such an outbreak were to occur, it may have an adverse impact on the operations of the Group and its financial position and results of operations may be adversely affected.

Employee Relations

• More than 7,000 staff and family members of the Group enjoy a relaxing and happy fun day at Ocean Park in Hong Kong.

Across the Group, the success and growth of each business relies on a common denominator – our greatest asset, the employees. The Group is fortunate to have approximately 230,000 dedicated individuals working to reach new heights in their respective businesses. The unique contributions of each employee form the pillar behind the long-term success of the Group as a world-leading multi-national corporation.

As the Group grows its businesses around the world, advancement opportunities abound for the dedicated and motivated. We invest heavily in our employees' professional growth as well as personal development and are committed to providing a safe, effective and congenial work environment for all our staff.

Development

Our employees are encouraged to expand their business expertise and skill sets through a wide range of internal and external training courses. Our e-learning programme, easily accessible through a web portal, gives our employees a flexible tool to learn at their own pace. Education subsidies or study leave applications are also available for employees looking to deepen their knowledge on topics relevant to their jobs or functions.

Diversity

We embrace diversity. With a workforce spanning 56 countries, the Group has the luxury of tapping the global labour market to find the best person for each job regardless of race, colour, gender, or religious belief. Our human resources managers across the Group are charged with the responsibility to ensure all employees and applicants enjoy equal opportunities and are treated with fairness.

Remuneration

We believe in investing and rewarding employees according to their performance and productivity. The Group reviews its remuneration scheme annually to ensure the packages are competitive. Our employees enjoy comprehensive medical, life and disability insurance plans and retirement schemes and a wide range of product and service discounts offered by various Group companies.

Fellowship

In an effort to enhance the sense of belonging and fellowship among employees, we organise numerous employee activities throughout the year. Recognising the diverse interests of our employees around the Group, we took great strides to organise a variety of programmes of various scopes and genres for their enjoyment. In addition to promoting camaraderie and fellowship across Group companies, these activities provide opportunities for our employees and their families to serve the local community.

• Staff from Latvia, Lithuania and Estonia participate in the annual Sun and Fun Day held by Drogas.

Corporate Social Responsibility

• A group of secondary school students visit PARKnSHOP's Fresh Food Distribution Centre in Sheung Shui, Hong Kong.

As a diversified Group with operations around the world, HWL has always worked diligently to maintain our growth and build on our success. All our businesses plan for long-term economic and financial viability and sustained growth.

In addition to charitable activities and sponsorship initiatives, each of the Group's businesses seeks to build a strong foundation in its local market through sound business plans and delivering quality products and services.

Giving Back to Society

An important part of being a responsible corporation is giving back to the community. Through company sponsored volunteerism, charitable activities and sponsorship initiatives, the Group hopes to serve local communities and improve the overall standard of living for those around us. The following is just a snapshot of some of the activities the Group was involved in.

Environment

The Group takes its environmental stewardship commitments very seriously. In addition to taking steps to protecting and preserving the planet for future generations of mankind, the Group and its companies have also sponsored initiatives to protect the habitat for future generations of wildlife.

Husky supports approximately 34 community-based conservation projects across Canada and to date has contributed more than C$640,000 to Ducks Unlimited Canada in support of wetland habitat restoration and education. Working with the Alberta Research Council, Husky has sponsored research to help return native plant species to the ecosystem.

In addition to setting aside HK$1 million to fund renewable energy projects in schools, HEC made numerous innovative initiatives, including the use of oil-free technology at its substations. The initiative alone reduced 12 tonnes of carbon dioxide emissions.

Many HPH subsidiaries, such as the Port of Felixstowe and Yantian International Container Terminals, are involved in local community service projects such as cleaning the local beaches. HPH also carried out assessments to determine which ports could maximise the use of renewable energy sources in their operations. Thus far, solar energy is a promising option for ports in Pakistan, Egypt, Mexico and Saudi Arabia while four European ports have shown to have wind power potential. Further assessments are ongoing.

Community

Across the Group, our employees have enthusiastically served the communities they work and live. The HWL Volunteer Team, formed by the Group's employees in Hong Kong, has contributed ample time and energy to help children and families lead a harmonious, healthy and happy life. Partnering with various social organisations, the HWL Volunteers have put on a range of activities for the community to enjoy.

Over the past year, more than 800 HWL Volunteers have put in numerous hours of their own time in dozens of events and programmes serving the community in projects that echo their motto of the 3Hs – Harmony, Health and Happiness. HWL Volunteers, whether they are cleaning up the homes of the elderly living alone or helping record their biographies in a "Life Story Book", sought to bridge the age divide. Along these same lines, the volunteer team organised outings that sought to promote a sense of volunteerism in the younger generation, training and bringing students to serve persons stricken by Alzheimer's. As members of a leading conglomerate, HWL Volunteers put their experience into practice by conducting practice interviews for hearing-impaired students to help polish their job-hunting skills.

• Husky works with The Society for Treatment of Autism in Calgary to help fund a renovation and care centre for autistic children.

• Port of Felixstowe's employees and their families clean the beach at the Landguard Viewing Area, as part of 'Beachwatch', the annual clean-up and survey of the UK's beaches.

Also in Hong Kong, A S Watson Group sponsored 10,000 bags of rice in a government-initiated programme to encourage the elderly to take part in a series of health related training. HEC opened a cooking classroom that can accommodate up to 24 students at a time. TOM employees and management donated time and books to read to over 1,700 elderly in a project called "Sharing Reading Fun with Care".

In the Mainland, Hutchison Whampoa Properties donated RMB 1 million to the Houjie Charitable Organisation which sought to help and assist people in the Dongguan area.

Around the world, HWL companies are equally eager in their philanthropic activities. In Austria, Marionnaud raised €140,000 for a charity fund that supports "Licht ins Dunkel", "SOS Kinderdorf" and projects that help women and children.

Using their technological know-how and an extensive communications network, Partner helped many non-profit organisations in Israel with their donation collection through its SMS platform. In Thailand, Hutchison CAT Wireless MultiMedia employees participated in the Thai Buddhist tradition of "Thod Pha Pa", offering care and lunches to children.

At **3** Australia, staff volunteered their time and donated money straight from their pay cheques to four charities through the "Spirit of **3**" community programme.

In Canada, Husky participated in a Food Bank Drive. A team of creative engineers built a picture mosaic of the Husky Dog with several thousand tins of tuna that were later donated to the food bank.

Education

The Group has always believed that the best way to invest in the future is to facilitate education in local communities and nurture talent for tomorrow.

The Group donated S$25 million to the Lee Kuan Yew School of Public Policy at the National University of Singapore that will be used as scholarships to students from Asia and groom future generations of policy makers and leaders. The Group also continued its support of the Cheung Kong Scholars Programme, contributing HK$15 million to enhance the Mainland's academic competitiveness and attract overseas scholars to the Mainland. In Hong Kong, the Group donated HK$1.25 million to the Journalism Education Foundation which supports media education courses for students.

Husky gave US$500,000 to the China University of Petroleum to help establish a research centre specialising in corrosion in the petroleum industry and also sponsored "Mother Nature's Fuel", a travelling ethanol exhibit in Alberta. Husky also contributed C$1 million to bring medical students in Manitoba and Mainland China together to exchange ideas and share research in a cross-cultural, international learning experience.

In Israel, Partner donated computers to schools and libraries around the country.

HPH, through its renowned Dock School Programme, provides financial assistance to school facilities, organises extracurricular activities, grants scholarships and donates necessities to disadvantaged students. In 2007, the Dock School Programme helped 13 schools across Asia, Europe and the Americas. HPH also helped give Mexican students an IT edge by providing computers and Internet access to hundreds of primary and secondary school children in eight Mexican schools.

Medical

The Group has supported a series of initiatives that aim to promote public health and medical research and development.

In Hong Kong, the Group donated electrical beds to a local hospital so that elderly patients can get better treatments. Across the world in the UK, Superdrug raised £200,000 for the Institute of Cancer Research's SAFE (Skin Awareness for Everyone) campaign. In France, Marionnaud raised funds to help fight breast cancer. In the Netherlands, Europe Container Terminals pledged €2.25 million to support a world-leading epidemiological study that covers the growth, development and health of 10,000 children. Husky's donation to the Society for the Treatment of Autism in Calgary was used to renovate and customise a care centre for children with serious forms of autism and a

Demonstrating its commitment to education and the environment, Husky is a sponsor of the EcoKids programme coordinated through Earth Day Canada. The programme provides youth from more than 2,000 schools across Canada with environmental information and hands-on activities.

C$1 million donation to the Stephenson Cardiovascular MR Centre went towards helping raise awareness for cardiovascular disease and bringing researchers together to develop a preventative health care strategy.

Arts and Culture

Support and donations to arts and cultural events in different countries and territories were made to foster a better understanding of different parts of the community and to promote social development.

HWL is a proud Founding Partner of China Now, donating £250,000 to the largest festival of Chinese culture ever to take place in the United Kingdom. The UK-wide festivities showcase the best of modern China and further strengthen communication and understanding between the two countries. The Group was a proud sponsor of the Holland Village, which gave the people of Hong Kong a taste of the Netherlands. HWL also supported the Hong Kong Arts Festival with a donation of HK$100,000 which gave students an opportunity to experience international arts.

Metro Radio gathered over 200 toddlers less than four years old in a musical extravaganza, cultivating the youngsters' love for music at an early age. The leading radio station in Hong Kong also put together a slew of programmes from April to December with more than 70 musicians and singers at over 50 local high schools to promote the importance of intellectual property rights. In the Philippines, Watsons sponsored the classical musical play "Peter Pan", with proceeds benefiting charities.

In Israel, Partner booked two performances of the world renowned "Mamma Mia!" musical for its employees to enjoy and gave away a further 700 tickets to youths from Sderot.

Sports

Exercise and sports are integral parts to a healthy lifestyle and the Group is a firm supporter of sports development. As China's capital and co-host cities count down to the Beijing 2008 Olympic Games, the Group has sponsored numerous programmes around the world to promote the Chinese cities and their people and culture. The Group's subsidiary companies, through their sponsorship and participation in sporting events, seek to enhance sports development and kindle public interest.

The A S Watson Group Hong Kong Student Sports Awards, building on its success last year, recognised 800 student athletes with about 70% of all local schools in Hong Kong participating.

Husky hosted its seventh Husky Energy Classic Competition of world class horse jumping and was also the Presenting Sponsor of the China Hand in Hand Cheers Gala for the Olympics in Vancouver to promote a deeper cooperation with China and the upcoming world-wide sports extravaganza. To the south, in the Bahamas, Freeport Container Port, Freeport Harbour Company and Grand Bahama Airport sponsored the uniforms, clothing and travel gear of the 50 athletes and officials to the 2007 Special Olympics World Summer Games in Shanghai.

In the Netherlands, not only did 70 staff members participate in the Dam-tot-Damloop run, ICI Paris XL and its business partners also sponsored "SOS Kinderdorpen", a local non-profit organisation, in the run. In Switzerland, eight teams from the A S Watson family participated in the grueling Iron Man triathlon.

Stakeholder Engagement

As a multi-national corporation operating with a diverse business portfolio, the Group and its operating companies are in constant

Hongkong Electric Clean Energy Fund supports the Lions Club International Ho Tak Sum Primary School to develop various campus facilities powered by solar photovoltaics.

The students of Quebrada Grande, a new village school built with the help of the staff of the Panama Ports Company, display their radiant smiles.

dialogues with different stakeholders including shareholders, employees, suppliers, customers, regulators, and non-governmental organisations. We seek to strike a balance between the differing opinions of the stakeholders and plot the best way forward for the company and the community we do business in, and to generate long-term value for our shareholders.

The Group understands that there are many important issues the world faces today and it is through constructive dialogue that all of us can work together to make the world better for future generations.

Shareholders

The Group is committed to enhancing shareholder value through the continuous pursuit of projects and opportunities that holds significant return on investment while providing the necessary base for future development.

With a portfolio of businesses that is strategically balanced to create long-term shareholder value, the Group invests in sustainable businesses while maintaining a healthy capital cost structure and stable dividends.

For transparency, the Group carries frequent conversations with the financial community including analysts, fund managers, and other investors. It is tasked with the responsibility to supervise the allocation of the Group's resources, balancing risks while achieving maximum returns in a prudent manner.

Government

With a wide spectrum of businesses around the world, the Group operates in a gamut of different regulations and regimes. Our operating companies fully comply with the laws and regulations in the countries that they operate and, on many occasions, work closely with the authorities to improve industry standards.

Suppliers

We conduct our business with fairness and integrity. Likewise, we want our suppliers to follow suit. At the Head Office, we look to lead by example. Vendors and suppliers who wish to provide printing services, including the Annual Report, have to agree to a covenant based on the United Nations Global Compact. The principles include non-discriminatory hiring and employment practices, a safe and healthy workplace, complying with environmental laws and prohibition of child labour. By requiring those in our sphere of influence to follow best practices and also do our part in environmental protection, we believe we will help produce societal benefits for all our stakeholders.

Customers

Our success is dependent on the trust of those who purchase our products and services – the customers. The Group's subsidiaries have adopted numerous initiatives to gather feedback from customers about their products and services. Kruidvat and Superdrug were among the retail stores of A S Watson that surveyed customer preferences and studied consumer behaviour to redesign the look and feel of their stores to make them more inviting and shopper-friendly.

In 2007, PARKnSHOP created Hong Kong's first supermarket online reference guide "Fishipedia" so that customers can find the perfect fish, an important ingredient to Chinese cuisine, for their meal. PARKnSHOP also pioneered a new barcode tracing system to track down vegetables to the farms they were grown. All these consumer education programmes were initiated to help the shoppers become more educated about the products they purchase so that they can make informed choices.

In addition to these proactive programmes, the Group companies also have many channels for customers to make suggestions and voice their comments such as sales representatives, stores, hotlines as well as internet feedback forms.

Across the vast spectrum of community programmes the Group is involved in, the common themes are promoting harmony in the neighborhoods where we work and live and to promote acceptance and celebration of differences. It is through the exchange of experience and a commitment to the community that will help the Group grow and prosper.

Biographical Details of Directors and Senior Management

LI Ka-shing

KBE, GBM, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, Commandeur de la Légion d'Honneur, JP, aged 79, 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 50 years. Mr Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities in the Mainland and overseas. Mr Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years.

Mr Li is a current member of the International Business Advisory Council of the United Kingdom. Mr Li has received Honorary Doctorates from Peking University, The University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor, Deputy Chairman and the brother-in-law of Mr Kam Hing Lam, Executive Director.

LI Tzar Kuoi, Victor

aged 43, has been Executive Director and Deputy Chairman of the Company since 1995 and 1999 respectively. He is chairman of Cheung Kong Infrastructure Holdings Limited ("CKI") and CK Life Sciences Int'l (Holdings) Inc ("CKLS") and managing director and deputy chairman of Cheung Kong. He is also co-chairman of Husky Energy Inc ("Husky"), executive director of Hongkong Electric Holdings Limited ("HEH") and a 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 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 Executive Committee of the Commission on Strategic Development of the Hong Kong Special Administrative Region. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering. Mr Li Tzar Kuoi, Victor is the son of Mr Li Ka-shing, Chairman and the nephew of Mr Kam Hing Lam, Executive Director.

FOK Kin-ning, Canning

aged 56, has been Executive Director and Group Managing Director of the Company since 1984 and 1993 respectively. He is chairman of Hutchison Harbour Ring Limited ("HHR"), Hutchison Telecommunications International Limited ("HTIL"), Hutchison Telecommunications (Australia) Limited ("HTAL"), HEH and Partner Communications Company Ltd ("Partner") and co-chairman of Husky. He is also deputy chairman of CKI and non-executive director of Cheung Kong. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Australian Institute of Chartered Accountants.

CHOW WOO Mo Fong, Susan

aged 54, has been Executive Director and Deputy Group Managing Director of the Company since 1993 and 1998 respectively. She is also executive director of CKI, HHR and HEH, non-executive director of HTIL and TOM Group Limited ("TOM") and director of HTAL and Partner. She is a solicitor and holds a Bachelor's degree in Business Administration.

Frank John SIXT

aged 56, has been Executive Director and Group Finance Director of the Company since 1991 and 1998 respectively. He is chairman of TOM. He is also executive director of CKI and HEH, non-executive director of Cheung Kong and HTIL and director of HTAL, Husky and Partner. In addition, he is director of Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, all being substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

LAI Kai Ming, Dominic

aged 54, has been Executive Director of the Company since 2000. He is also deputy chairman of HHR and director of HTAL. He has over 25 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

KAM Hing Lam

aged 61, has been Executive Director of the Company since 1993. He is deputy managing director of Cheung Kong, group managing director of CKI and president and chief executive officer of CKLS. He is also executive director of HEH and non-executive director of Spark Infrastructure Group. Mr Kam is a member of the 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 and the uncle of Mr Li Tzar Kuoi, Victor, Deputy Chairman.

The Hon Sir Michael David KADOORIE

GBS, Officier de la Légion d'Honneur, Commandeur de 1'Ordre de Léopold II, Commandeur de 1'Ordre des Arts et des Lettres, aged 66, has been a Director of the Company since 1995 and is currently an Independent Non-executive Director. He is also chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels, Limited, as well as Heliservices (Hong Kong) Limited.

Holger KLUGE

aged 66, has been an Independent Non-executive Director of the Company since 2004. He is also a member of the Audit Committee and the Remuneration Committee of the Company. He worked 40 years for Canadian Imperial Bank of Commerce ("CIBC"), one of North America's largest financial institutions. From 1990 until his retirement in 1999, he was president and chief executive officer of CIBC's Personal and Commercial Bank. He is an independent non-executive director of HEH and a director of Husky and Shoppers Drug Mart Corporation. He holds a Bachelor of Commerce degree and a Master's degree in Business Administration.

George Colin MAGNUS

OBE, BBS, aged 72, has been a Director of the Company since 1980. He served as Deputy Chairman of the Company from 1984 to 1993, and is currently a Non-executive Director. He is also a non-executive director of Cheung Kong, CKI and HEH. He holds a Master's degree in Economics.

William Elkin MOCATTA

aged 55, has been Alternate Director to The Hon Sir Michael David Kadoorie, an Independent Non-executive Director, since 1997. He is chairman of CLP Power Hong Kong Limited and CLP Properties Limited. He is also vice chairman of CLP Holdings Limited and director of The Hongkong and Shanghai Hotels, Limited. He is a Fellow of The Institute of Chartered Accountants in England and Wales.

OR Ching Fai, Raymond

JP, aged 58, has been a Director of the Company since 2000 and is currently an Independent Non-executive Director. He is vice-chairman and chief executive of Hang Seng Bank Limited, a director of The Hongkong and Shanghai Banking Corporation Limited and 2009 East Asian Games (Hong Kong) Limited and an independent non-executive director of Cathay Pacific Airways Limited and Esprit Holdings Limited. He was also chairman of the Hong Kong Association of Banks in 2000 and 2003.

William SHURNIAK

aged 76, has been a Director of the Company since 1984 and is currently a Non-executive Director. He is also a member of the Audit Committee of the Company. He is director and chairman of Northern Gas Networks Limited as well as director and deputy chairman of Husky. He has broad banking experience and he holds Honorary Doctor of Laws degrees from the University of Saskatchewan and The University of Western Ontario in Canada.

WONG Chung Hin

CBE, JP, aged 74, has been a Director of the Company since 1984 and is currently an Independent Non-executive Director. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. In addition, he is an independent non-executive director of The Bank of East Asia, Limited and HEH. He is a solicitor.

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

Report of the Directors

The Directors have pleasure in submitting to shareholders their report and statement of audited accounts for the year ended 31 December 2007.

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 198 to 203.

Group Profit

The consolidated profit and loss account is set out on page 121 and shows the Group profit for the year ended 31 December 2007.

Dividends

An interim dividend of HK$0.51 per share was paid to shareholders on 5 October 2007 and the Directors recommend the declaration of a final dividend at the rate of HK$1.22 per share payable on 23 May 2008 to all persons registered as holders of shares on 22 May 2008. The Register of Members will be closed from 15 May 2008 to 22 May 2008, both days inclusive.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 45 and note 32 to the accounts on pages 196 to 197 and 178 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK$87,000,000 (2006 – approximately HK$82,000,000).

Fixed Assets

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

Share Capital

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

Directors

The board of Directors of the Company (the "Board") as at 31 December 2007 comprised Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt, Mr Lai Kai Ming, Dominic, Mr Kam Hing Lam, The Hon Sir Michael David Kadoorie, Mr Holger Kluge, Mr George Colin Magnus, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr Or Ching Fai, Raymond, Mr William Shurniak and Mr Wong Chung Hin.

Mr Simon Murray resigned as an Independent Non-executive Director of the Company with effect from 17 May 2007. Concurrent with the resignation of Mr Murray, Mr Wong Chung Hin ceased to act as the Alternate Director to Mr Murray with effect from 17 May 2007.

Messrs Li Tzar Kuoi, Victor, Fok Kin-ning, Canning, Kam Hing Lam, Holger Kluge and Wong Chung Hin will retire at the forthcoming annual general meeting under the provisions of Article 85 of the Articles of Association of the Company and, being eligible, will offer themselves for re-election.

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 72 to 73.

Interest in Contracts

No contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a subsidiary was a party in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected Transactions

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

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

Date	Connected Persons/Joint Ventures receiving the Financial Assistance by HWL Group	Description of Financial Assistance
9 January 2007	(i) Hutchison Whampoa Properties (Shenzhen Baoan) Limited, a company indirectly owned as to 50% by each of the Company and CKH ("SZ Baoan"); and (ii) Shanghai Changrun Jianghe Property Development Co., Ltd. ("Changrun JV"), a company owned as to (a) 60% by Elegant Wealth Investment Limited ("Elegant Wealth"), a company which is indirectly owned as to 51%:49% by the Company and CKH respectively, (b) as to 25% by Shanghai Changrun Real Estate Development Company Limited ("Changrun"), and (c) as to 15% by Shanghai Jianghe Real Estate Development Company Limited ("Jianghe"). Changrun and Jianghe being 99%-owned subsidiary of SZ Baoan.	Financial assistance was or would be provided to Changrun JV through Elegant Wealth, and to SZ Baoan through Changrun and Jianghe to fund Changrun JV's costs of land, construction and development into commercial and residential properties of a piece of land of approximately 177,261.8 square metres located at Zhen Ru Fu Zhong Xin (A3-A6), Putuo District, Shanghai, PRC and acquired at a total consideration of approximately RMB2,200 million. The total investment Changrun JV was proposed to be RMB3,600 million. The joint venture arrangements between Changrun, Jianghe and Elegant Wealth in the establishment of Changrun JV also constituted the connected transactions for the Company.
16 February 2007	Choicewide Group Limited ("Choicewide"), a company indirectly owned as to 50% by each of the Company and CKH.	Financial assistance was provided to Choicewide to enable it to contribute to a joint venture (owned as to one-third by Choicewide) established in Singapore in 2005 ("Singapore JV") in its exercise of an option to acquire the remainder of a parcel of land at Marina Boulevard/Central Boulevard, Singapore for S$907.7 million as part of a development project as more particularly disclosed in our 2005 Annual Report.

Date	Connected Persons/Joint Ventures receiving the Financial Assistance by HWL Group	Description of Financial Assistance
18 April 2007	Hutchison Whampoa Properties (Chongqing Nanan) Limited ("CQ JV"), a company indirectly owned as to 47.5% by each of the Company and Cheung Kong.	Financial assistance was or would be provided to CQ JV to fund its costs of land, construction and development into commercial and residential properties of a piece of land of approximately 1 million square metres located at the Yangjiashan District of Nanping Town, Chongqing, PRC and acquired at a total consideration of approximately RMB2,453 million. The total investment and registered capital of CQ JV were increased from RMB690 million and RMB230 million to RMB4,542 million and RMB2,156 million respectively.
19 September 2007	Shanghai Helian Property Development Co., Ltd ("SHPD"), a company indirectly owned as to 50% by each of the Company and Cheung Kong.	A guarantee was provided in respect of the obligations of SHPD under a HK$700 million term loan facility made available to SHPD by an independent financial institution.
3 December 2007	Great Prestige Enterprises Limited ("GPEL"), a company indirectly owned as to 50% by each of the Company and Cheung Kong, and its wholly foreign owned enterprise, Hutchison Whampoa Properties (Wuhan Caidian) Limited ("Caidian JV").	Financial assistance in the form of 50% of an initial loan of US$99.8 million was provided to GPEL for its contribution to the initial total investment and registered capital of Caidian JV, a wholly foreign owned enterprise established to acquire and develop a piece of land located at South of Maan Shan, Caidian District, Wuhan, PRC and acquired at a consideration of RMB1,421,000,000. The total investment of Caidian JV is to be increased from US$99.8 million to US$294 million.
19 February 2008	Joint Group Enterprises Limited ("JGEL"), a company indirectly owned as to 50% by each of the Company and Cheung Kong, and its wholly foreign owned enterprise, Hutchison Whampoa Properties (Changzhou) Limited ("Changzhou JV").	Financial assistance was or would be provided to JGEL to fund the costs of land, construction and development into commercial and residential properties of a piece of land of approximately 80,600 square metres located at east of Hongmei Park and north of Wuqing Road, Changzhou, PRC and acquired at a total consideration of approximately RMB1,200 million by Changzhou JV. The proposed total investment and registered capital of Changzhou JV was RMB1,486 million and RMB1,297 million respectively.

(2) Pursuant to an agreement dated 10 October 2007 and made amongst (a) Hutchison Telecommunications (Australia) Limited ("HTAL", a then 57.82% subsidiary of the Company whose securities are listed on the Australian Securities Exchange ("ASX")), (b) Hutchison Communications (Australia) Pty. Limited ("HCAPL", an indirect wholly owned subsidiary of the Company), and (c) Telecom Corporation of New Zealand Limited ("TCNZ") and Telecom 3G (Australia) Limited ("TCNZ Sub", a subsidiary of TCNZ) (the "Sale and Subscription Agreement"), the following transactions were completed on 19 October 2007:

(i) HCAPL transferred to TCNZ Sub 75,402,826 ordinary shares in the capital of HTAL ("HTAL Shares") and 1,508,056,509 convertible preference shares in the capital of HTAL ("HTAL CPS") (the "Placing Securities");

(ii) HCAPL subscribed for, and HTAL issued and allotted to HCAPL, the same number of new HTAL Shares and new HTAL CPS as the Placing Securities and which were quoted and tradable on ASX from 20 October 2007;

(iii) TCNZ procured the transfer by Telecom Europe 3G APS ("TE3G", a subsidiary of TCNZ) of 31,900,000 fully paid ordinary shares in, representing 19.94% of and all of TCNZ's interests in, the capital of Hutchison 3G Australia Holdings Pty. Limited ("H3GAH", a then 80.06% owned subsidiary of HTAL); and

(iv) TCNZ Sub was granted a non-transferable option to subscribe for 93,591,326 new HTAL Shares and 1,871,826,516 new HTAL CPS (together "Option Securities") during the period up to 31 December 2008 pursuant to an agreement dated 10 October 2007 and entered into among HTAL, TCNZ, TCNZ Sub and Telecom New Zealand Limited (a wholly-owned subsidiary of TCNZ). In consideration of the grant of such option, TCNZ Sub procured AAPT Limited ("AAPT", a wholly owned subsidiary of TCNZ) to assign, on 19 October 2007, the 800MHz spectrum licence to HTAL with an aggregate ascribed value of A$13,890,189.

TCNZ and TCNZ Sub are connected persons of the Company by virtue of their associate, TE3G, being a substantial shareholder of H3GAH.

(3) On 23 October 2007, the following documents were executed by Hutchison Ports Yantian Limited ("HPYL", a non wholly-owned subsidiary of HWL):

(i) a conditional Equity Interest Transfer Agreement between HPYL as the transferee and Shenzhen Yantian Port Holdings Co., Ltd. ("SYPH") as the transferor in respect of the transfer of 23.33% equity interest in Shenzhen Yantian West Port Terminals Limited ("Yantian JV") from SYPH to HPYL at a cash consideration of RMB270,628,000 (the "Transfer"). Yantian JV was a sino-foreign equity joint venture owned as to 41.67% and 58.33% by HPYL and SYPH respectively prior to the transfer.

(ii) a Construction Management Format Agreement between HPYL and SYPH which set out the principal terms on which Yantian JV and SYPH would, upon completion of the Transfer, enter into a Formal Construction Management Agreement for SYPH to assume the primary responsibility to manage Yantian JV's construction of Phase II of the berths and related facilities located at the west side of Shenzhen Yantian Port and operated by Yantian JV ("West Port"); and

(iii) a memorandum between HPYL and SYPH to the effect that, Yantian JV, Yantian International Container Terminals Limited ("YICT") and Yantian International Container Terminals (Phase III) Limited ("YICT(III)") would, upon completion of the Transfer, enter into a Further Supplemental Management Agreement for YICT to manage West Port and thereby regulating the operation and development of West Port and the management of the West Port, and the facilities at Phases I and II, Phase III and the expansion of Shenzhen Yantian Port on a consolidated basis.

The Transfer was completed on 13 November 2007, whereupon (i) the equity interests held by HPYL and SYPH in Yantian JV was increased from 41.67% and 58.33% to 65% and 35% respectively, (ii) Yantian JV has since been accounted for and consolidated in the audited consolidated accounts of the Company as a subsidiary; and (iii) SYPH became a substantial shareholder of Yantian JV respectively.

On the date the above documents were executed, SYPH was a connected person of the Company by virtue of being a substantial shareholder of YICT, a 73% held subsidiary of the Company, and Yantian JV was a connected person of the Company by virtue of being an associate of SYPH, and each of YICT and YICT (III) was and still is a subsidiary of the Company.

(4) Pursuant to a conditional agreement dated 4 December 2007 (the "Orascom SPA") and made among Hutchison Telecommunications Investment Holdings Limited ("HTIH", an indirect wholly owned subsidiary of the Company) as purchaser, the Company, Orascom Telecom Eurasia Limited ("Orascom") as seller and Orascom Telecom Holding S.A.E. as seller guarantor, the Company purchased, through HTIH, and Orascom sold, on 4 January 2008, 441,026,028 ordinary shares of HK$0.25 par value each, representing approximately 9.22% of the then issued ordinary share capital, of Hutchison Telecommunications International Limited ("HTIL" a company whose ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) for a total cash consideration of HK$4,851,286,308 at a sale price of HK$11.00 per share (the "Acquisition"). At completion of the Acquisition, the Company's shareholding in HTIL was increased from 50.11% to 59.33%.

Orascom was, on the date of the Orascom SPA, a connected person of the Company by virtue of being then a substantial shareholder of HTIL.

Continuing Connected Transactions

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

The transactions contemplated under the Thai Marketing Agreement constituted continuing connected transactions ("Continuing Connected Transactions") for the Company under the Listing Rules during the year ended 31 December 2007 as a result of HTIL becoming a subsidiary of the Company and by virtue of CAT being a substantial shareholder holding approximately 26% interest of and in Hutchison CAT.

The aggregate amounts for the year ended 31 December 2007 attributable to the Continuing Connected Transactions subject to annual review requirements under the Listing Rules were HK$740 million and HK$14 million respectively in respect of the revenue to HTIL Group and network operating expenses to CAT.

Annual Review of Continuing Connected Transactions

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

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

Directors' Service Contract

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

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

As at 31 December 2007, 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 pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

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

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
Li Ka-shing	(i) Founder of discretionary trusts	(i) Other interest	2,141,698,773 [1]	8,150,001 [2]		
	(ii) Interest of controlled corporations	(ii) Corporate interest	48,577,000 [3]	-	2,198,425,774	51.5654%
Li Tzar Kuoi, Victor	(i) Beneficiary of trusts	(i) Other interest	2,141,698,773 [1]	8,150,001 [2]		
	(ii) Interest of controlled corporations	(ii) Corporate interest	1,086,770 [4]	-	2,150,935,544	50.4515%
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	4,310,875 [5]	-	4,310,875	0.1011%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	150,000	-	150,000	0.0035%
Frank John Sixt	Beneficial owner	Personal interest	50,000	-	50,000	0.0012%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	-	50,000	0.0012%
Kam Hing Lam	Beneficial owner	Personal interest	60,000	-	60,000	0.0014%
Michael David Kadoorie	Founder, a beneficiary and/or a discretionary object of discretionary trust(s)	Other interest	15,984,095 [6]	-	15,984,095	0.3749%
Holger Kluge	Beneficial owner	Personal interest	40,000	-	40,000	0.0009%
George Colin Magnus	(i) Founder and beneficiary of a discretionary trust	(i) Other interest	950,100 [7]	-		
	(ii) Beneficial owner	(ii) Personal interest	40,000	-		
	(iii) Interest of spouse	(iii) Family interest	9,900	-	1,000,000	0.0235%
William Shurniak	Beneficial owner	Personal interest	165,000	-	165,000	0.0039%

Short positions in the underlying shares of the Company

Name of Director	Capacity	Nature of interests	Number of underlying shares held	Approximate % of shareholding
Li Ka-shing	Founder of discretionary trusts	Other interest	8,150,001 (2)	0.1912%
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	8,150,001 (2)	0.1912%

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) The references to 8,150,001 underlying shares of the Company relate to the same block of underlying shares of the Company by virtue of the HK Dollar equity-linked notes due 2008 issued under HK$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong.

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

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

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

(6) 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.

(7) 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 2007, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

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

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

(ii) 6,399,728,952 ordinary shares, representing approximately 71.51% of the then issued share capital, in Hutchison Harbour Ring Limited ("HHR") held by certain wholly owned subsidiaries of the Company;

(iii) 2,889,651,625 ordinary shares, representing approximately 60.43% of the then issued share capital, in HTIL of which 52,092,587 ordinary shares and 2,837,405,758 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. In addition, according to the disclosures made to the Company pursuant to and solely for the purposes of the SFO, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor appeared to be taken as being interested in the 680,134,172 ordinary shares, representing approximately 14.22% of the then issued share capital, in HTIL beneficially owned by Orascom Telecom Eurasia Limited ("Orascom"), a then substantial shareholder of HTIL and controlled exclusively by Orascom and Orascom Telecom Holding S.A.E. ("OTH"), another substantial shareholder of HTIL then as a result of the application of Sections 317 and 318 of the SFO by virtue of the Company, one of the abovementioned wholly owned subsidiaries of the Company, OTH and Orascom being parties to a shareholders' agreement dated 21 December 2005 that imposes obligations or restrictions on any party with respect to their use, retention or disposal of their ordinary shares of HTIL even though no ordinary shares of HTIL have been acquired in pursuance of that agreement;

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

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

(vi) 293,618,956 common shares, representing approximately 34.59% of the then issued share capital, in Husky Energy Inc. ("Husky") held by a wholly owned subsidiary of the Company; and

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

As Mr Li Ka-shing may be regarded as a founder of DT3 for the purpose of SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of DT3 as disclosed in Note (1) above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 305,603,402 common shares, representing approximately 36.00% of the then issued share capital, in Husky which were held by a company in respect of which TDT3 as trustee of DT3 is indirectly entitled to substantially all the net assets thereof and of which Mr Li Ka-shing is additionally entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings. In addition, Mr Li Ka-shing had, as at 31 December 2007, corporate interests in (i) 4,600 class C common shares, representing 46% of the then issued share capital, in Husky Oil Holdings Limited; and (ii) 266,621,499 ordinary shares, representing approximately 5.58% of the then issued share capital, in HTIL, which were held by companies of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2007, the following interests:

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

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

Mr Fok Kin-ning, Canning had, as at 31 December 2007, the following interests:

(i) corporate interests in (a) a nominal amount of US$2,500,000 in the 6.50% Notes due 2013 issued by HWI(03/13); (b) a nominal amount of US$2,000,000 in the 7.45% Notes due 2033 issued by HWI(03/33); (c) a nominal amount of US$2,500,000 in the 5.45% Notes due 2010 issued by HWI(03/33); and (d) a nominal amount of US$2,500,000 in the 6.25% Notes due 2014 issued by HWI(03/33);

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

(iii) 5,100,000 ordinary shares, representing approximately 0.68% of the then issued share capital, in 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 0.03% of the then issued share capital, in HTIL;

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

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

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

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2007, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 31 December 2007, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.13% of the then issued share capital, in HTAL; and (ii) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 31 December 2007, personal interests in 100,000 shares, representing approximately 0.004% of the then issued share capital, in CKI.

Mr Holger Kluge in his capacity as a beneficial owner had, as at 31 December 2007, personal interests in (i) 200,000 ordinary shares, representing approximately 0.03% of the then issued share capital, in HTAL; and (ii) 20,000 common shares and 5,467 unlisted and physically settled Deferred Share Units (each representing 1 common share), in aggregate representing approximately 0.003% of the then issued share capital, in Husky.

Mr George Colin Magnus had, as at 31 December 2007, the following interests:

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

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

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2007, personal interests in 4,415 common shares, representing approximately 0.0005% of the then issued share capital, in Husky.

Save as disclosed above, as at 31 December 2007, none of the Directors and Chief Executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Directors or Chief Executive of the Company, as at 31 December 2007, other than the interests and short positions of the Directors or Chief Executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

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

Long positions in the shares and underlying shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,130,202,773[1]	8,150,001[2]	2,138,352,774	50.16%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773[1]	8,150,001[2]	2,138,352,774	50.16%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773[1]	8,150,001[2]	2,138,352,774	50.16%
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interest of controlled corporations	2,130,202,773[1]	8,150,001[2]	2,138,352,774	50.16%
Continental Realty Limited	Beneficial owner	465,265,969[3]	–	465,265,969	10.91%

Short positions in the underlying shares of the Company

Name	Capacity	Number of underlying shares held	Approximate % of shareholding
TDT1	Trustee and beneficiary of a trust	8,150,001[2]	0.19%
TDT2	Trustee and beneficiary of a trust	8,150,001[2]	0.19%
TUT1	Trustee	8,150,001[2]	0.19%
Cheung Kong	Interest of controlled corporations	8,150,001[2]	0.19%

(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[3]	7.57%
Winbo Power Limited	Beneficial owner	236,260,200[3]	5.54%
Polycourt Limited	Beneficial owner	233,065,641[3]	5.47%
Well Karin Limited	Beneficial owner	226,969,600[3]	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 the Shares, Underlying Shares and Debentures".

(2) The references to 8,150,001 underlying shares of the Company relate to the same block of interest and short position in the underlying shares of the Company which were derived from the HK Dollar equity-linked notes due 2008 issued under HK$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong. By virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same block of interest and short position in the 8,150,001 underlying 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".

(3) 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 2007, there was no other person (other than the Directors or Chief Executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Share Option Schemes

The Company has no share option scheme but certain of the Company's subsidiary companies have adopted share option schemes. The principal terms of such share option schemes are summarized 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 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 options, the maximum number of **3** Italia Shares in respect of each option, the price at which each **3** Italia Share subject to an option may be acquired on the exercise of that option being subject to adjustment in case of reorganisation of capital structure (the "Subscription Price"), any condition on exercise of each 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 an option under the **3** Italia Plan.

The Subscription Price will be, (i) in the case of the one time initial grants of 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 an 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 option granted either: (i) after the Company has resolved to seek a separate listing and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the Stock Exchange in relation to a listing on the Main Board of the Stock Exchange (or an equivalent application in the case of a listing on the Growth Enterprise Market of the Stock Exchange or an overseas exchange) up to the date of the listing, and where the Subscription Price notified to an 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 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 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 options granted under the **3** Italia Plan and under any other share option scheme (the "**3** Italia Option Plan Shares") to exceed 5% of the number of the **3** Italia Shares in the capital of **3** Italia in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the **3** Italia Plan. This limit may only be exceeded with approval of the shareholders of both **3** Italia and the Company in general meetings in accordance with the requirements of the Listing Rules. As at the date of this report, the total number of **3** Italia Shares available for issue under the **3** Italia Plan is 37,682,571, which represented approximately 2.89% of the total number of **3** Italia Shares in issue as at that date.

No 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 options granted under the **3** Italia Plan and under any other share option scheme to exceed 37,682,571 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 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 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 options granted to him (including exercised, cancelled and outstanding 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 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.

An option may be exercised in whole or in part by an 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 option. Options must be exercised with the period of eight years from the **3** Italia Date of Grant.

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

The following share options were outstanding under the **3** Italia Plan during the year ended 31 December 2007:

Name or category of participant	Effective date of grant or date of grant of share options [1]	Number of share options held at 1 January 2007	Granted during 2007	Exercised during 2007	Lapsed/ cancelled during 2007	Number of share options held at 31 December 2007	Exercise period of share options	Exercise price of share options	Price of 3 Italia Share At grant date of share options [3]	Price of 3 Italia Share At exercise date of share options
								€	€	€
Employees in aggregate	20.5.2004	17,843,471	-	-	(1,496,271)	16,347,200	From Listing [2] to 16.7.2009	5.17	5.00	N/A
	20.11.2004	2,685,537	-	-	(573,770)	2,111,767	From Listing to 16.7.2009	5.17	5.00	N/A
	2.2.2005	335,320	-	-	-	335,320	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	4,162,438	-	-	(1,451,563)	2,710,875	From Listing to 16.7.2009	5.17	5.00	N/A
Total:		25,026,766	-	-	(3,521,604)	21,505,162				

Notes:

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

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

(3) Nominal value of shares on date of grant set out for reference only.

As at the date of this report, **3** Italia had 21,040,186 share options outstanding under the **3** Italia Plan, which represented approximately 1.62% of the **3** Italia Shares in issue as at that date.

No option had been granted under the **3** Italia Plan during the year ended 31 December 2007.

(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 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 an 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 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 an 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 option granted either: (i) after the Company has resolved to seek a separate listing and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the Stock Exchange in relation to a listing on the Main Board of the Stock Exchange (or an equivalent application in case of a listing on the Growth Enterprise Market of the Stock Exchange, London Stock Exchange plc or an overseas exchange) up to the date of listing, and where the subscription price notified to an 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 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 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 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 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 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 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 options granted to him (including exercised, cancelled and outstanding 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 options to any **3** UK Eligible Employee causing this limit to be exceeded, but only with the approval of the shareholders of **3** UK and the Company in general meeting (with such **3** UK Eligible Employee and his Associates (as defined in the Listing Rules) abstaining from voting in favour) in compliance with the requirements of the Listing Rules.

An option may be exercised in whole or in part by the 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 option. Options must be exercised within the period of ten 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 options under the **3** UK Plan to individuals who are **3** UK Eligible Employees.

The following share options were outstanding under the **3** UK Plan during the year ended 31 December 2007:

Name or category of participant	Effective date of grant or date of grant of share options [1]	Number of share options held at 1 January 2007	Granted during 2007	Exercised during 2007	Lapsed/ cancelled during 2007	Number of share options held at 31 December 2007	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	20.05.2004	18,342,000	-	-	(11,622,500)	6,719,500	From Listing [2] to 18.4.2011	1.00	1.00	N/A
	20.05.2004	43,624,250	-	-	(14,534,250)	29,090,000	From Listing to 18.4.2011	1.35	1.00	N/A
	20.05.2004	3,722,000	-	-	(202,750)	3,519,250	From Listing to 20.8.2011	1.35	1.00	N/A
	20.05.2004	1,545,000	-	-	(1,125,000)	420,000	From Listing to 18.12.2011	1.35	1.00	N/A
	20.05.2004	937,750	-	-	(570,000)	367,750	From Listing to 16.5.2012	1.35	1.00	N/A
	20.05.2004	1,982,750	-	-	(105,000)	1,877,750	From Listing to 29.8.2012	1.35	1.00	N/A
	20.05.2004	372,500	-	-	(55,000)	317,500	From Listing to 28.10.2012	1.35	1.00	N/A
	20.05.2004	630,000	-	-	(80,000)	550,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.05.2004	4,537,500	-	-	(3,082,500)	1,455,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	2,867,750	-	-	(1,300,500)	1,567,250	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	1,118,250	-	-	(572,750)	545,500	From Listing to 10.7.2015	1.35	1.00	N/A
	07.09.2007	N/A	4,463,250	-	(300,000)	4,163,250	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		79,679,750	4,463,250	-	(33,550,250)	50,592,750				

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 shares of 3 UK admitted to trading on the Alternative Investment Market operated by London Stock Exchange plc or in the United Kingdom or elsewhere.

(3) Nominal value of shares on date of grant set out for reference only.

As at the date of this report, **3** UK had 48,441,250 share options outstanding under the **3** UK Plan, which represented approximately 1.09% of the **3** UK Shares in issue at as that date.

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

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

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

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

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

(a) The total number of Chi-Med Shares issued or issuable pursuant to 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 Alternative Investment Market operated by London Stock Exchange plc ("AIM")) (the "Chi-Med Listing").

(b) However, the Chi-Med Board may refresh and recalculate the limit by reference to the issued share capital of Chi-Med then prevailing with the approval of the shareholders of its listed parent (ie, currently the Company) if required under the Listing Rules in general meeting, provided that the total number of Chi-Med Shares issued and issuable pursuant to the exercise of 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. 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 2,543,553 which represent 4.97% of the total number of Chi-Med Shares in issue as at that date.

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

(d) (i) No Chi-Med Eligible Person may be granted an option if as a result the total number of Chi-Med Shares over which that Chi-Med Eligible Person holds 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, options may be granted to any Chi-Med Eligible Person or Chi-Med Eligible Persons which would cause the limit under paragraph (d)(i) above to be exceeded, but only with the approval of the shareholders of the listed parent in general meeting and subject to paragraph (e) below.

(e) Notwithstanding the above, under no circumstances may 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, an option may be exercised during a period which is notified at the offer date of the option, such period not to exceed the period of ten years from such offer date.

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

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

(a) in the case of the one time initial grants of 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 option holder; and

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

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

Subject to the termination provisions in the Chi-Med Plan, the Chi-Med Plan shall be valid and effective for a period of ten 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 options granted prior to the expiry of the ten-year period and which are at that time or become thereafter capable of exercise under the rules of the Chi-Med Plan, or otherwise to the extent as may be required in accordance with the provisions of the Chi-Med Plan.

The following share options were outstanding under the Chi-Med Plan during the year ended 31 December 2007:

Name or category of participant	Effective date of grant or date of grant of share options	Number of share options held at 1 January 2007	Granted during 2007	Exercised during 2007	Lapsed/ cancelled during 2007	Number of share options held at 31 December 2007	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 £
Christian Hogg *(a director of Chi-Med)*	19.5.2006 (1)	768,182	-	-	-	768,182	19.5.2006 to 3.6.2015	1.09	2.505 (3)	N/A
Other Chi-Med Employees in aggregate	19.5.2006 (1)	1,203,483	-	(17,053)	(315,825)	870,605	19.5.2006 to 3.6.2015	1.09	2.505 (3)	1.81 (5)
	11.9.2006 (1)	161,063	-	-	(40,253)	120,810	11.9.2006 to 18.5.2016	1.715	1.715 (4)	N/A
	23.3.2007 (2)	N/A	153,636	-	(128,030)	25,606	23.3.2007 to 22.3.2017	1.75	1.75 (4)	N/A
	18.5.2007 (2)	N/A	314,146	-	(3,000)	311,146	18.5.2007 to 17.5.2017	1.535	1.535 (4)	N/A
	24.8.2007 (2)	N/A	322,608	-	-	322,608	24.8.2007 to 23.8.2017	1.685	1.685 (4)	N/A
Total:		2,132,728	790,390	(17,053)	(487,108)	2,418,957				

Notes:

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

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

(3) The stated price was the closing price of the shares quoted on the AIM on the date of admission of listing of the shares.

(4) The stated price was the closing price of the shares quoted on the AIM on the trading day immediately prior to the date of the grant of the share options.

(5) 17,053 share options were exercised on the same day. The stated price was the closing price of the shares quoted on the AIM on the trading day immediately prior to the date on which the options were exercised.

As at the date of this report, Chi-Med had 2,418,957 share options outstanding under the Chi-Med Plan, which represented approximately 4.72% of the Chi-Med Shares in issue at as that date.

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

	Date of grant of share option		
	23 March 2007	**18 May 2007**	**24 August 2007**
Value of each share option	£0.635	£0.533	£0.526
Significant inputs into the valuation model:			
Exercise price	£1.750	£1.535	£1.685
Share price at grant date	£1.790	£1.540	£1.685
Expected volatility	40.0%	40.0%	35.0%
Annual risk-free interest rate	4.834%	5.098%	5.100%
Expected life of share options	3.9 to 5.8 years	3.9 to 5.7 years	3.2 to 5.1 years
Expected dividend yield	0%	0%	0%

The volatility of the underlying stock during the life of the options is estimated based on the historical volatility of the comparable companies for the past one to two years as of the valuation date, that is, the grant date, since there is no or only a relatively short period of trading record of Chi-Med Shares at the respective grant dates. 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 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 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 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 option under the HHR Plan.

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

(c) Subject to (a) above and without prejudice to (d) below, HHR may seek approval of its shareholders (the "HHR Shareholders") in general meeting to refresh the HHR General Scheme Limit provided that the total number of HHR Shares which may be allotted and issued upon the exercise of all 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, options including those outstanding, cancelled, lapsed or exercised in accordance with the HHR Plan and any other share option scheme of the HHR Group will not be counted.

(d) Subject to (a) above and without prejudice to (c) above, HHR may seek separate approval of the HHR Shareholders in general meeting to grant 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 options granted under the HHR Plan and any other share option scheme of the HHR Group (including both exercised or outstanding 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 options in excess of the HHR Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the approval of the HHR Shareholders in a general meeting of HHR with such participant and his Associates abstaining from voting. The number and terms (including the exercise price) of the options to be granted (and 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.

An 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 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 options but shall end in any event not later than ten years from the date on which the offer for the grant of the 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 options to a grantee, there is no minimum period required under the HHR Plan for the holding of an option before it can be exercised.

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

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

The following share options were outstanding under the HHR Plan during the year ended 31 December 2007:

Name or category of participant	Date of grant of share options [1]	Number of share options held at 1 January 2007	Granted during 2007	Exercised during 2007	Lapsed/ cancelled during 2007	Number of share options held at 31 December 2007	Exercise period of share options	Exercise price of share options	Price of HHR Share At grant date of share options [2]	Price of HHR Share At exercise date of share options
								HK$	HK$	HK$
Employees in aggregate	3.6.2005	71,732,000	-	-	(13,232,000)	58,500,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
	25.5.2007	N/A	33,000,000	-	(400,000)	32,600,000	25.5.2008 to 24.5.2017	0.616	0.61	N/A
Total:		71,732,000	33,000,000	-	(13,632,000)	91,100,000				

Notes:

(1) The share options are exercisable subject to, amongst other relevant 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 shares quoted on the Stock Exchange on the trading day immediately prior to the date of the grant of the share options.

As at the date of this report, HHR had 73,264,000 share options outstanding under the HHR Plan, which represented approximately 0.82% of the HHR Shares in issue at as that date.

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

	Date of grant of share options 25 May 2007
Value of each share option	HK$0.2565
Significant inputs into the valuation model:	
Exercise price	HK$0.616
Share price at grant date	HK$0.61
Expected volatility	37.4%
Annual risk-free interest rate	4.318%
Expected life of share options	7 years
Expected dividend yield	0.98%

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over one year immediately preceding the grant date. Changes in such subjective input assumptions could affect the fair value estimate.

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

HTAL has two share option plans in operation during the year ended 31 December 2007, the details of which are as follows:

Executive Option Plan (the "Old HTAL Plan")

The Old HTAL Plan, which was terminated with effect from 31 May 2007 (the "Date of Termination"), was adopted to provide selected employees of HTAL with the right to acquire ordinary shares in HTAL (the "HTAL Shares") at a predetermined price and subject to various conditions. The objectives of the Old HTAL Plan were to enable those selected employees to benefit from growth in HTAL's share price, if any, without any downside risk, unless the options are exercised. Full time, permanent part-time and casual employees were eligible to participate in the Old HTAL Plan and acquire the HTAL Shares.

Options were granted for no consideration to directors and executives of HTAL under the Old HTAL Plan which was approved by the board of directors of HTAL (the "HTAL Board") on 3 July 1999. The Old HTAL Plan was governed by the rules of the Old HTAL Plan. Options granted under the Old HTAL Plan carried no dividend or voting rights. When exercisable, each option was convertible into one HTAL Share.

The total number of securities available for issue under the Old HTAL Plan was 5% of the issued capital of HTAL (when combined with all other shares issued under employee participation schemes). However, the HTAL Board had limited the total number of options available for issue prior to the Date of Termination to 20,000,000, which represented 2.95% of the issued share capital of HTAL as at the Date of Termination. No further options had been granted under the Old HTAL Plan during the year ended 31 December 2007.

The maximum entitlement of each participant under the Old HTAL Plan was determined by the HTAL Board. Prior to the termination of the Old HTAL Plan, the maximum period within which the shares must be taken up under any option already granted pursuant to the Old HTAL Plan was three years and nine months. In addition, there was no minimum period after the commencement of the exercise period under the Old HTAL Plan for the holding of an option before it could be exercised unless otherwise determined by the HTAL Board.

There were 17,475,000 share options outstanding under the Old HTAL Plan during the year ended 31 December 2007, all of which had either lapsed or been exercised or cancelled with the consent of the respective option holders by the Date of Termination. The details of those share options are as follows:

Name or category of participant	Date of grant of share options [(1)]	Number of share options held at 1 January 2007	Granted during 2007	Exercised during 2007	Lapsed/ cancelled during 2007	Number of share options held at 31 December 2007	Exercise period of share options	Exercise price of share options [(2)]	Price of HTAL Share At grant date of share options [(3)]	Price of HTAL Share At exercise date of share options
								A$	A$	A$
Employees in aggregate	23.7.2004	12,260,000	-	-	(12,260,000)	-	1.9.2005 to 31.12.2010	0.455	0.455	N/A
	30.7.2004	50,000	-	-	(50,000)	-	1.9.2005 to 31.12.2010	0.460	0.460	N/A
	10.12.2004	450,000	-	-	(450,000)	-	1.9.2005 to 31.12.2010	0.360	0.360	N/A
	23.12.2004	150,000	-	-	(150,000)	-	1.9.2005 to 31.12.2010	0.345	0.345	N/A
	3.6.2005	50,000	-	-	(50,000)	-	1.9.2005 to 31.12.2010	0.270	0.270	N/A
	1.7.2005	200,000	-	-	(200,000)	-	1.9.2005 to 31.12.2010	0.270	0.270	N/A
	5.8.2005	200,000	-	-	(200,000)	-	1.9.2005 to 31.12.2010	0.270	0.270	N/A
	31.3.2006	3,965,000	-	-	(3,965,000)	-	1.9.2005 to 31.12.2010	0.255	0.255	N/A
	13.4.2006	150,000	-	-	(150,000)	-	1.9.2005 to 31.12.2010	0.250	0.250	N/A
Total:		17,475,000	-	-	(17,475,000)	-				

Notes:

(1) The share options were exercisable subject to amongst other relevant vesting criteria the vesting schedule of one-fourth on 1 September 2005, one-half on 1 September 2006 and the remaining one-fourth on 1 September 2007 if they had not lapsed or been cancelled as aforesaid.

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

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

Employee Option Plan (the "New HTAL Plan")

A new employee option plan was established by HTAL with effect from 1 June 2007 (the "New HTAL Plan"). The purpose of the New 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")) and is declared by the HTAL Board to be an eligible person for the purposes of the New HTAL Plan.

The HTAL Board may at its discretion grant a right to an HTAL Eligible Person to acquire (in the case of an option that has an exercise price, by subscription or purchase) for 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 New 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 options granted and yet to be exercised under the New HTAL Plan and any other share option scheme of HTAL or any of it subsidiaries ("Other HTAL Plan") must not in aggregate exceed 30% of the HTAL Shares in issue from time to time. No options may be granted under the New HTAL Plan or Other HTAL Plan if the grant of such option will results 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 options (excluding, for this purpose, Rights and options which have lapsed in accordance with the terms of the New HTAL Plan and Other HTAL Plan) to be granted under the New 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 New 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 the Company in general meeting if required to do so and in compliance with other applicable requirements under the Listing Rules, refresh the HTAL General Scheme Limit provided that the total number of HTAL Shares which may be allotted and issued upon exercise of all Rights and options under the New 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 options (including those outstanding, cancelled, lapsed or exercised in accordance with the New HTAL Plan and Other HTAL Plan) previously granted under the New HTAL Plan and Other HTAL Plan will not be counted; and

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

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

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

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

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

Except with the approval of the shareholders of the Company in general meetings if required to do so and in compliance with the other applicable requirements under the Listing Rules, the total number of HTAL Shares issued and which may fall to be issued upon exercise of the options granted under the New HTAL Plan and Other HTAL Plan (including both exercised and outstanding options) to each participant in any 12-month period shall no exceed 1% of the HTAL Shares in issue for the time being.

Subject to and in accordance with the rules of the New 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 ten 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 New 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 be not less than the higher of:

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

(b) the average of the 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 New HTAL Plan, the New HTAL Plan shall be valid and effective for a period of ten years from the Adoption Date, after which date no further Rights may be issued but the provisions of the New 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 New HTAL Plan, or otherwise as may be required in accordance with the provisions of the New HTAL Plan.

The following share options were outstanding under the New HTAL Plan during the year ended 31 December 2007:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2007	Granted during 2007	Exercised during 2007	Lapsed/ cancelled during 2007	Number of share options held at 31 December 2007	Exercise period of share options	Exercise price of share options (2)	Price of HTAL Share At grant date of share options (3)	Price of HTAL Share At exercise date of share options
								A$	A$	A$
Employees in aggregate	14.6.2007 (1a)	N/A	29,320,000	-	(400,000)	28,920,000	1.7.2008 to 31.6.2012	0.145	0.145	N/A
	14.11.2007 (1b)	N/A	300,000	-	-	300,000	1.1.2009 to 13.11.2012	0.20	0.20	N/A
Total:		N/A	29,620,000	-	(400,000)	29,220,000				

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.

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

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

As at the date of this report, the total number of HTAL Shares available for issue under the New HTAL Plan (excluding 28,745,000 share options granted but yet to be exercised) is 5,186,271 shares, which represented approximately 0.69% of the HTAL Shares in issue at as that date.

The fair value of options granted during the year, determined using the Binomial Approximation model, was A$0.04 per HTAL Share. The significant inputs into the model were weighted average share price of A$0.146 at the grant date, weighted average of expected price volatility of HTAL Shares of 33%, weighted average expected life of options of 4.5 years, zero expected dividend yield and weighted average risk-free interest rate of 6.39%. The expected price volatility is based on the historical 12-month period prior to the grant date. Changes in such subjective input assumptions could affect the fair value estimate.

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

Prior to HTIL becoming a subsidiary of the Company in June 2007, it had adoption a share option scheme (the "HTIL Plan"). The purpose of the HTIL Plan is to enable HTIL and its subsidiaries (the "HTIL Group") to grant 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 options to subscribe for shares in the ordinary share capital of HTIL (the "HTIL Shares").

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

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

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

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

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

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

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

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

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

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

The total number of HTIL Shares issued and which may fall to be issued upon exercise of the options (including both exercised or outstanding 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 options in excess of 1% in any such 12-month period must be approved by shareholders of HTIL in a general meeting with such participant and his Associates abstaining from voting. The number and terms (including the exercise price) of the options to be granted (and 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 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 options) of HTIL. Approval of shareholders of HTIL in a general meeting is required if any grant of 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 options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (1) representing in the aggregate over 0.1% of the HTIL Shares in issue; and (2) having an aggregate value, based on the closing price of the HTIL Shares at the date of each grant, in excess of HK$5,000,000. Any such meeting must be in accordance with the Listing Rules. Any change in the terms of 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 the grant of the share option. The subscription price for HTIL Shares under the HTIL Plan shall be a price determined by the HTIL Directors but shall not be less than the highest of: (1) the closing price of HTIL Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HTIL Shares on the date of the offer of grant which must be a business day; (2) the average closing price of HTIL Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HTIL Shares for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (3) the nominal value of the HTIL Shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

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

The following share options were outstanding under the HTIL Option Plan during the year ended 31 December 2007:

Name or category of participant	Date of grant of share options [1]	Number of share options held at 1 January 2007	Granted during 2007	Exercised during 2007	Lapsed/ cancelled during 2007	Number of share options held at 31 December 2007	Exercise period of share options	Exercise price of share options [2]	Price of HTIL Share: At grant date of share options [3]	Price of HTIL Share: At exercise date of share options [4]
								HK$	HK$	HK$
Employees in aggregate	8.8.2005	27,000,000	-	(9,000,001)	-	17,999,999	8.8.2006 to 7.8.2015	1.95	8.60	15.78
	8.8.2005	23,457,000	-	(7,190,332)	(333,334)	15,933,334	8.8.2006 to 7.8.2015	1.95	8.60	10.67
	23.11.2007	-	13,850,000	-	-	13,850,000	23.11.2008 to 22.11.2017	11.51	11.26	N/A
Total:		50,457,000	13,850,000	(16,190,333)	(333,334)	47,783,333				

Notes:

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

(2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTIL Plan (as amended). The exercise price of 41,033,333 share options (being options granted on 8 August 2005 which remained outstanding and unvested immediately before the payment of a special dividend by HTIL on 29 June 2007 (the "Payment")) was adjusted, with effect from 29 June 2007, from HK$8.70 to HK$1.95 per HTIL Share (the "2007 Exercise Price Adjustment") as a result of the Payment and pursuant to the terms of the Share Option Terms Change Proposal.

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

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

As at the date of this report, HTIL had 44,366,666 share options outstanding under the HTIL Plan, which represented approximately 0.93% of the HTIL Shares in issue at as that date. The total number of shares available for issue, excluding those granted but yet to be exercised, under the HTIL Plan is 359,850,000, which represented approximately 7.52% of the issued share capital of HTIL as at the date of this report.

Subsequent to the 2007 exercise price adjustment, the fair value of those share options granted on 8 August 2005 was re-determined using Black-Scholes option pricing model. The weighted average fair value of share options was increased from HK$3.05 to HK$7.64 at measurement date. The significant inputs into the model to determine the change in fair value were standard deviation of expected share price returns of 26.92%, expected life of share options of 4.0 to 4.5 years and annual risk-free interest rate of 4.62%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily share prices of HTIL over the last one year up to 4 June 2007.

The weighted average fair value of options granted during the year was determined using the Black-Scholes model. The significant inputs into the model were standard deviation of expected share price returns of 28.00%, expected life of share options of 5.5 to 6.5 years and annual risk-free interest rate of 3.145%. The volatility measured at the standard deviation of the expected share price returns is based on the average of statistical analysis of daily share prices of HTIL over the last one year up to 23 November 2007 with ex-dividend share price adjusted and statistical analysis of daily share prices of HTIL from date of dividend payment to 23 November 2007. Changes in such subjective input assumptions could affect the fair value estimate.

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

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

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

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

2004 Share Option Plan

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

A total number of 5,775,000 ordinary shares of Partner (the "Partner Shares"), representing approximately 3.67% of the total issued share capital of Partner as at the date of this report may be issued under the 2004 Plan. The maximum number of options which may be issued and allotted to each participant under the 2004 Plan shall not exceed 1,834,615 Partner Shares, representing approximately 1% of the total number of shares in issue as at the Adoption Date.

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

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

On 26 March 2008, the board of directors of Partner (the "Partner Board") approved the proposed refreshment of the maximum number of Partner Shares (the "Proposed Refreshment of Plan Mandate Limit") which may be issued upon the exercise of all options to be granted under the 2004 Plan and any other share option scheme(s) of Partner, being 10% of the Partner Shares in issue as at the date on which the 2004 Plan was first approved by the shareholders of Partner or the date of approving the plan mandate limit, as appropriate, by up to 8,142,000 Partner Shares representing approximately 5.19% of Partner Shares in issue as at the date of this report. The Proposed Refreshment of Plan Mandate Limit is subject to, and conditional upon, the relevant approvals in the general meetings of the shareholders of HTIL and the Company respectively. On the same date, the Partner Board approved certain additional amendments to the 2004 Plan, which include among the others, (i) the increase of the total number of Partner Shares reserved for issuance upon exercise of options to be granted under the 2004 Plan by 8,142,000 Partner Shares, (ii) the introduction of provisions allowing acceleration in vesting of unvested options or the exercise of vested options in the event of change in control or voluntary winding up of Partner, and (iii) the allowance of, upon compliance with conditions specified therein, cashless exercise of vested options under the 2004 Plan. These amendments are conditional upon the relevant approvals being obtained from the shareholders of Partner, HTIL and the Company respectively.

The following share options were outstanding under the 1998 Plan, the 2000 Plan, the Amended 2003 Plan and the 2004 Plan (together the "Partner Plans") during the year ended 31 December 2007:

Name or category of participant	Date of grant of share options (1)	Number of share options held at 1 January 2007	Granted during 2007	Exercised during 2007	Lapsed/ cancelled during 2007	Number of share options held at 31 December 2007	Exercise period of share options (2)	Exercise price of share options	Price of Partner Share: At grant date of share options (3)	Price of Partner Share: At exercise date of share options (4)
								US$/NIS	NIS	NIS
Employees in aggregate										
1998 Plan	5.11.1998 to 22.12.2002	21,893	-	(18,504)	(3)	3,386	5.11.1999 to 15.12.2011	US$0.343 and NIS20.45	0.01	53.68
2000 Plan	3.11.2000 to 30.12.2003	600,106	-	(406,606)	-	193,500	3.11.2000 to 30.12.2012	NIS17.25 to NIS27.35	17.25 to 27.35	66.63
2003 Amended Plan	30.12.2003	62,500	-	(62,500)	-	-	30.12.2003 to 30.12.2012	NIS20.45	34.12	60.72
2004 Plan	29.11.2004 to 4.12.2007	4,388,375	841,000	(2,316,943)	(245,500)	2,666,932	29.11.2004 to 4.12.2007	NIS26.74 to NIS64.90	31.45 to 76.35	63.21
Total:		5,072,874	841,000	(2,804,553)	(245,503)	2,863,818				

Notes:

(1) The number of share options disclosed is the aggregate figure of share options held at 31 December 2007 under each of the four employee stock option plans. The share options were granted on various date(s) during the corresponding period(s) and in respect of the 2003 Amended Plan, on the date of grant as disclosed.

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

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

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

As at the date of this report, Partner had 2,513,982 share options outstanding under the 2004 Plan and 187,000 share options outstanding under the 2000 Plan, which represented in aggregate approximately 1.72% of Partner Shares in issue as at that date. No share option was outstanding under the 1998 Plan or the 2003 Amended Plan.

The fair value of options granted during the year ended 31 December 2007 was determined using the Black-Scholes option pricing model. The significant inputs into the model were standard deviation of expected share price returns of 26%, expected life of options of four years and annual risk-free interest rate of 4.1%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over five years immediately preceding the grant date. Changes in such subjective input assumptions could affect the fair value estimate.

Save as disclosed above, at no time during the year was the Company or a subsidiary a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Competing Business

During the year ended 31 December 2007, 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 section 8.10 of the Listing Rule:

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

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

* Privatised on 3 September 2007

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

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

Purchase, Sale or Redemption of Shares

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

Major Customers and Suppliers

During the year, the respective percentage of purchases attributable to the Group's five largest suppliers combined and the turnover attributable to the Group's five largest customers combined was less than 30% of the total value of Group purchases and total Group turnover.

Public Float

As at the date of this report, based on information available to the Company and within the knowledge of the Directors of the Company, the public float capitalisation amounted to approximately HK$151,088 million, representing approximately 48% of the issued share capital of the Company.

Auditor

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

By order of the Board

Edith Shih
Company Secretary

Hong Kong, 27 March 2008

Corporate Governance Report

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

For the year ended 31 December 2007, the Company is fully compliant with all code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules. It also adopts a number of recommended practices stated therein. The key corporate governance principles and practices are as follows:

The Board

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

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

As at 31 December 2007, the Board comprised 13 Directors, including the Chairman, Deputy Chairman, Group Managing Director, Deputy Group Managing Director, Group Finance Director, two Executive Directors, two Non-executive Directors and four Independent Non-executive Directors. The representation of Independent Non-executive Directors exceeded the minimum requirement of the Listing Rules throughout the year. Biographical details of the Directors are set out in the Directors and Senior Management section on pages 72 to 73.

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

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

The Chairman, assisted by the Deputy Chairman, Mr Li Tzar Kuoi, Victor, is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. The Chairman is responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors and Company Secretary for inclusion in the agenda. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly informed of issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman also actively encourages Directors to be fully engaged in the Board's affairs and contribute to the Board's functions. In addition to Board meetings, the Chairman holds regular meetings with Executive Directors and at least two meetings with Non-executive Directors annually without the presence of Executive Directors. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders and other stakeholders, as outlined later in the report.

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

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

With respect to regular meetings of the Board, Directors receive written notice of the meeting at least 14 days in advance and an agenda with supporting Board papers no less than three days prior to the meeting. With respect to other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances.

The Board held four meetings in 2007 with an average attendance rate of approximately 95%.

	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	2/4
	Holger Kluge	4/4
	Simon Murray (2)	1/1
	Or Ching Fai, Raymond	3/4
	Wong Chung Hin	4/4

Notes:

(1) Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor and brother-in-law of Mr Kam Hing Lam.
(2) Resigned on 17 May 2007.

All Non-executive Directors are engaged on service contracts for 12 month periods. All Directors are subject to re-election by shareholders at the annual general meeting following their appointment and at least about once every three years on a rotation basis according to the Articles of Association of the Company. None of the Directors who are proposed for re-election at a forthcoming 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 as the Group's code of conduct regarding Directors' securities transactions. All Directors confirmed that they have complied with the Model Code in their securities transactions throughout 2007.

Board Committees

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

Company Secretary

The Company Secretary, Ms Edith Shih, is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through the adherence to proper Board processes and the timely preparation and dissemination to Directors and Board Committees comprehensive meeting agendas and papers.

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.

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

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

Regular seminars are conducted for legal counsels and executives from business units within the Group to ensure that such transactions are handled in compliance with the Listing Rules. Detailed analyses are performed on all potential connected transactions for Directors' consideration to ensure full compliance.

Remuneration of Directors and Senior Management

Remuneration Committee

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

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

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

All members of the Remuneration Committee met in November 2007 to review background information on market data (including economic indicators, recommendation from Employers' Federation of Hong Kong and 2008 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 2007 directors' fees, year end bonus and 2008 remuneration package of Executive Directors and senior management of the Company and made recommendation to the Board on the directors' fees for Non-executive Directors. Executive Directors do not participate in the determination of their own remuneration.

Directors' emoluments comprise payments to Directors from the Company and its Group companies in connection with the management of the affairs of 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 2007 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	36.00	-	-	40.56
Paid by Cheung Kong Infrastructure Holdings Limited ("CKI")	0.07	-	11.00	-	-	11.07
Paid to the Company	(0.07)	-	-	-	-	(0.07)
	0.12	4.44	47.00	-	-	51.56
FOK Kin-ning, Canning [(2)]	0.12	9.81	136.02	2.03	-	147.98
CHOW WOO Mo Fong, Susan [(2)]	0.12	7.33	31.20	1.47	-	40.12
Frank John SIXT [(2)]	0.18	7.34	29.88	0.64	-	38.04
LAI Kai Ming, Dominic [(2)]	0.12	4.97	25.00	0.92	-	31.01
KAM Hing Lam [(2)]						
Paid by the Company	0.12	2.25	6.80	-	-	9.17
Paid by CKI	0.07	4.20	4.80	-	-	9.07
Paid to the Company	(0.07)	(4.20)		-	-	(4.27)
	0.12	2.25	11.60	-	-	13.97
George Colin MAGNUS [(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
Simon MURRAY [(3), (7)]	0.04	-	-	-	-	0.04
OR Ching Fai, Raymond [(3)]	0.12	-	-	-	-	0.12
WONG Chung Hin [(3), (5), (6)]	0.31	-	-	-	-	0.31
Total:	2.17	36.14	280.70	5.06	-	324.07

Notes:

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

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

(3) Independent Non-executive Directors. The total emoluments of the Independent Non-executive Directors of the Company are HK$900,000.

(4) Non-executive Directors.

(5) Members of the Audit Committee.

(6) Members of the Remuneration Committee.

(7) Resigned on 17 May 2007.

Accountability and Audit

Financial Reporting

The annual and interim results of the Company are published in a timely manner within the limits of three months and two months respectively after the end of the relevant periods.

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 120 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 applies appropriate accounting policies that are consistently adopted and makes 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 appropriate business and financial management experience and skills to understand financial statements and internal controls. It is chaired by Mr Wong Chung Hin with Messrs Holger Kluge and William Shurniak as members.

Under its terms of reference, the Audit Committee is required to oversee the relationship between the Company and its external auditor, 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 2007 with 100% attendance.

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

Financial Statements

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

External Auditor

The Audit Committee reviews and monitors the external auditor's independence and objectivity and effectiveness of the audit process. It receives each year the letter from the external auditor confirming their independence and objectivity and holds meetings with representatives of the external auditors 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 its 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, audits or reviews of third parties to assess compliance with contracts, 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 auditors is shown in note 43 to the accounts. In the year ended 31 December 2007, the fees paid to PwC, amounting to HK$233 million, were primarily for audit services and those for non-audit services amounted to HK$34 million, 14.6% of the total fees payment.

Review of Risk Management and Internal Control

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

Internal Control and Group Risk Management

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

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

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

Internal Control Environment

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

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

Business plans and budgets are prepared annually by the management of individual businesses and subject to review and approval by both the executive management teams and the Executive Directors as part of the Group's five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for differences 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 for such expenditures being 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 scopes 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 taken.

Group Risk Management

The Group Managing Director and the General Manager of the Group's risk management department have the responsibility of developing and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risks. The General Manager of the Group's risk management department, working with business operations worldwide, is responsible for arranging appropriate insurance coverage and organising Group wide risk reporting.

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 2007 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate.

Code of Conduct

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

Relationship with Shareholders and Other Stakeholders

Investor Relations and Shareholders' Rights

The Group actively promotes investor relations and communication with the investment community when the interim and year end financial results are announced and during the course of the year. Through its Chairman, Group Managing Director, Group Finance Director and the Investor Relations Manager, 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 The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Financial and other information on the Group is made available on the Group's website, which is regularly updated.

The last shareholders' meeting of the Company was the 2007 Annual General Meeting which was held on 17 May 2007 at Harbour Plaza Hong Kong, Hung Hom, Kowloon, Hong Kong. The resolutions proposed at that meeting and the percentage of votes cast in favour of such resolutions are set out below:-

- Consideration and approval of the Statement of Audited Accounts and Reports of Directors and Auditor for the year ended 31 December 2006 (99.99%);

- Declaration of a final dividend (99.99%);

- Re-election of Mr Li Ka-shing, Mr Frank John Sixt, The Hon Sir Michael David Kadoorie and Mr George Colin Magnus as Directors of the Company (ranging from 98.97% to 99.94% in respect of individual resolution);

- Appointment of Auditor and authorisation of the Directors to fix the Auditor's remuneration (99.99%);

- Granting of a general mandate to Directors to issue and dispose of additional shares in the Company (79.12%), purchase by the Company of its own shares (99.98%), extension of the general mandate regarding issue and disposal of additional shares (80.90%) and approval of share option scheme of Hutchison Telecommunications (Australia) Limited (80.67%); and

- Amendment to Articles of Association of the Company to clarify that (i) at each annual general meeting one-third of the Directors or, if their number is not a multiple of three, the number nearest to but not less than one-third (instead of not greater than one-third) shall retire from office by rotation; and (ii) all directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting instead of the first annual general meeting after their appointment. (99.80%)*.

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

Other corporate information is set out in the "Information for Shareholders" section of this annual report. This includes, among others, dates for key corporate events and public float capitalisation as at 31 December 2007.

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 Investor Relations Manager or the Company Secretary by mail or by e-mail to the Group at info@hutchison-whampoa.com.

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* Those were the only changes made to the Articles of Association of the Company during 2007.

Corporate Social Responsibility

The Group has adopted a proactive approach to corporate social responsibility and undertakes a wide range of philanthropic efforts as well as community initiatives. Details of these initiatives are set out on pages 68 to 71.

By order of the Board

Edith Shih
Company Secretary

Hong Kong, 27 March 2008

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 121 to 203, which comprise the consolidated and Company balance sheets as at 31 December 2007, and the consolidated profit and loss account, the consolidated statement of recognised income and expense and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the accounts

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 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, 27 March 2008

Consolidated Profit and Loss Account

for the year ended 31 December 2007

2007 US$ millions		Note	2007 HK$ millions	2006 HK$ millions
	Company and subsidiary companies:			
28,042	Revenue	3, 4	218,726	183,812
(9,484)	Cost of inventories sold		(73,977)	(67,114)
(3,760)	Staff costs		(29,325)	(25,729)
(735)	**3** Group telecommunications expensed customer acquisition costs		(5,732)	(5,494)
(4,984)	Depreciation and amortisation	4	(38,872)	(33,091)
(7,237)	Other operating expenses		(56,448)	(50,860)
255	Change in fair value of investment properties		1,988	2,843
(1,433)	Profit (loss) on disposal of investments and others	5	(11,182)	23,290
	Share of profits less losses after tax of:			
1,539	Associated companies before profit on disposal of investments	18	12,002	11,472
428	Jointly controlled entities	19	3,338	3,075
4,592	Associated company's profit on disposal of an investment	5, 18	35,820	–
7,223		4	56,338	42,204
(2,443)	Interest and other finance costs	7	(19,054)	(16,601)
4,780	**Profit before tax**		37,284	25,603
(355)	Current tax charge	8	(2,768)	(1,560)
(212)	Deferred tax charge	8	(1,651)	(1,417)
4,213	**Profit after tax**		32,865	22,626
(290)	**Allocated as : Profit attributable to minority interests**		(2,265)	(2,596)
3,923	**Profit attributable to shareholders of the Company**	10	30,600	20,030
946	**Dividends**	9	7,375	7,375
US 92.0 cents	**Earnings per share for profit attributable to shareholders of the Company**	10	HK$ 7.18	HK$ 4.70

Consolidated Balance Sheet

at 31 December 2007

2007 US$ millions		Note	2007 HK$ millions	2006 HK$ millions
	ASSETS			
	Non-current assets			
23,249	Fixed assets	11	181,342	140,181
5,600	Investment properties	12	43,680	41,657
4,650	Leasehold land	13	36,272	35,293
11,782	Telecommunications licences	14	91,897	89,077
1,124	Telecommunications postpaid customer acquisition and retention costs	15	8,771	10,532
4,041	Goodwill	16	31,520	21,840
1,397	Brand names and other rights	17	10,901	7,582
9,685	Associated companies	18	75,545	74,954
5,093	Interests in joint ventures	19	39,725	38,507
2,259	Deferred tax assets	20	17,619	17,159
652	Other non-current assets	21	5,082	3,762
8,871	Liquid funds and other listed investments	22	69,192	66,251
78,403			611,546	546,795
	Current assets			
14,270	Cash and cash equivalents	23	111,307	64,151
7,099	Trade and other receivables	24	55,374	44,188
2,692	Inventories		20,999	22,382
24,061			187,680	130,721
	Current liabilities			
11,542	Trade and other payables	25	90,029	66,487
6,443	Bank and other debts	27	50,255	22,070
299	Current tax liabilities		2,336	1,629
18,284			142,620	90,186
5,777	**Net current assets**		45,060	40,535
84,180	**Total assets less current liabilities**		656,606	587,330
	Non-current liabilities			
33,344	Bank and other debts	27	260,086	260,970
1,604	Interest bearing loans from minority shareholders	28	12,508	12,030
2,302	Deferred tax liabilities	20	17,957	15,019
188	Pension obligations	29	1,468	2,378
760	Other non-current liabilities	30	5,929	6,368
38,198			297,948	296,765
45,982	**Net assets**		358,658	290,565

2007 US$ millions		Note	2007 HK$ millions	2006 HK$ millions
	CAPITAL AND RESERVES			
137	Share capital	31	**1,066**	1,066
39,609	Reserves		**308,948**	272,728
39,746	**Total shareholders' funds**		**310,014**	273,794
6,236	Minority interests		**48,644**	16,771
45,982	**Total equity**	32	**358,658**	290,565

Fok Kin-ning, Canning
Director

Frank John Sixt
Director

Consolidated Cash Flow Statement

for the year ended 31 December 2007

2007 US$ millions		Note	2007 HK$ millions	2006 HK$ millions
	Operating activities			
11,078	Cash generated from operating activities before interest and other finance costs, tax paid, **3** Group telecommunications expensed CACs [(a)] and changes in working capital	33(a)	86,406	49,096
(2,373)	Interest and other finance costs paid		(18,508)	(15,990)
(334)	Tax paid		(2,608)	(2,010)
8,371	Funds from operations before **3** Group telecommunications expensed CACs		65,290	31,096
(735)	**3** Group telecommunications expensed CACs		(5,732)	(5,494)
7,636	**Funds from operations**		59,558	25,602
(531)	Changes in working capital	33(b)	(4,144)	1,020
7,105	**Net cash from operating activities**		55,414	26,622
	Investing activities			
(1,780)	Purchase of fixed assets and investment properties for established businesses		(13,883)	(10,895)
(1,791)	Purchase of fixed assets for 3G businesses		(13,969)	(11,559)
(142)	Additions to leasehold land		(1,104)	(1,454)
(11)	Additions to telecommunications licences		(86)	–
(73)	Additions to brand names and other rights		(572)	(1,863)
(1,516)	Additions to telecommunications postpaid CACs, including HTIL	4	(11,825)	(15,223)
5,814	Purchase of subsidiary companies	33(c)	45,348	(3,759)
(90)	Purchase of minority interests		(706)	–
(75)	Purchase of and advances to associated companies		(581)	(1,705)
(574)	Purchase of and advances to jointly controlled entities		(4,478)	(3,647)
(144)	Additions to other unlisted investments		(1,120)	(18)
242	Repayments from associated companies and non-property jointly controlled entities		1,888	1,769
217	Deposits from associated companies and jointly controlled entities		1,698	1,104
106	Proceeds on disposal of fixed assets, leasehold land and investment properties		825	2,325
115	Proceeds on disposal of subsidiary companies	33(d)	895	550
–	Proceeds on partial disposal of subsidiary companies	33(e)	–	33,595
121	Proceeds on disposal of associated companies		945	–
177	Proceeds on disposal of jointly controlled entities		1,379	–
44	Proceeds on disposal of other unlisted investments		342	622
8	Proceeds on disposal of infrastructure project investments		66	94
526	Disposal of liquid funds and other listed investments		4,099	1,967
(200)	Additions to liquid funds and other listed investments		(1,561)	(4,205)
974	**Cash flows from (used in) investing activities**		7,600	(12,302)

2007 US$ millions		Note	2007 HK$ millions	2006 HK$ millions
	Financing activities			
7,020	New borrowings		**54,755**	62,241
(7,692)	Repayment of borrowings		**(60,000)**	(53,645)
56	Issue of shares by subsidiary companies to minority shareholders		**438**	1,653
(471)	Dividends paid to minority shareholders		**(3,676)**	(2,760)
(946)	Dividends paid to shareholders		**(7,375)**	(7,375)
(2,033)	**Cash flows from (used in) financing activities**		**(15,858)**	114
6,046	Increase in cash and cash equivalents		**47,156**	14,434
8,224	Cash and cash equivalents at 1 January		**64,151**	49,717
14,270	**Cash and cash equivalents at 31 December**		**111,307**	64,151
	Analysis of cash, liquid funds and other listed investments			
14,270	Cash and cash equivalents, as above	23	**111,307**	64,151
8,871	Liquid funds and other listed investments	22	**69,192**	66,251
23,141	**Total cash, liquid funds and other listed investments**		**180,499**	130,402
39,787	Bank and other debts		**310,341**	283,040
1,604	Interest bearing loans from minority shareholders		**12,508**	12,030
18,250	**Net debt**		**142,350**	164,668
(1,604)	Interest bearing loans from minority shareholders		**(12,508)**	(12,030)
16,646	**Net debt (excluding interest bearing loans from minority shareholders)**		**129,842**	152,638

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

Consolidated Statement of Recognised Income and Expense

for the year ended 31 December 2007

2007 US$ millions		Note	2007 HK$ millions	2006 HK$ millions
1,583	Fair value changes in available-for-sale investments		12,350	3,409
8	Fair value changes arising from business combination		61	–
–	Fair value adjustment upon transfer from other properties to investment properties		4	44
(993)	Valuation released upon disposal of available-for-sale investments		(7,746)	(665)
33	Gain (loss) on cash flow hedges		254	(149)
5	Transfer to initial carrying amount of non-financial items on cash flow hedges		35	–
(1)	Share of other reserve movement of an associated company		(8)	–
987	Exchange translation differences		7,700	15,694
193	Net actuarial gains of defined benefit plans		1,506	636
(32)	Deferred tax effect on net actuarial gains of defined benefit plans		(253)	(126)
1,783	Net income recognised directly in equity	32	13,903	18,843
4,213	Profit after tax		32,865	22,626
5,996	Total recognised income and expense	32	46,768	41,469
(475)	Allocated as : Attributable to minority interests		(3,702)	(2,996)
5,521	Attributable to shareholders of the Company		43,066	38,473

1 Significant accounting policies

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

(a) Basis of consolidation

The consolidated accounts of the Group include the accounts for the year ended 31 December 2007 of the Company and of all its direct and indirect subsidiary companies and also incorporate the Group's interest in associated companies and jointly controlled entities on the basis set out in notes 1(c) and 1(d) below. Results of subsidiary and associated companies and jointly controlled entities acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2007 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the purchase method.

(b) Subsidiary companies

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

(c) Associated companies

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

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

(d) Joint ventures

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

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

1 Significant accounting policies (continued)

(e) Fixed assets

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

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

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

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

With effect from 1 January 2007, the Group revised the estimated useful lives of certain telecommunications cell site civil works from 20 years to 40 years.

The effect of the change in the estimated useful lives has been recognised prospectively. If the Group had continued with the useful lives as estimated during the previous year, the depreciation charged to profit or loss of the current year would have been higher by approximately HK$500 million with a corresponding decrease in the carrying value of fixed assets. It is expected that this change in estimate will have a similar effect in future periods.

(f) Investment properties

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

(g) Leasehold land

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

1 Significant accounting policies (continued)

(h) Telecommunications licences

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

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

The Group obtained its 3G licence in Italy in 2001 with an initial licence period of 15 years, which was subsequently extended to 20 years in 2003 at no additional costs. In 2007, the Italian Ministry of Telecommunications announced that 3G licences can be further extended for another 15 years to 35 years on the submission of a valid application. The Group has submitted an application to extend the licence period of its 3G licence in Italy from 20 years to 35 years. The effect of the expected extension of the Group's 3G licence in Italy has been recognised prospectively with effect from 1 January 2007, resulting in a reduction in the amortisation expense charged to the current year's profit or loss by approximately HK$1 billion with a corresponding increase in the carrying value of telecommunication licences. It is expected that this change in estimate will have a similar effect in future periods.

(i) Telecommunications customer acquisition and retention costs

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

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

(j) Goodwill

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

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

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.

1 Significant accounting policies (continued)

(k) Brand names and other rights

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

(l) Deferred tax

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

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and are carried at amortised cost less impairment. Interest calculated using the effective interest method is recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognised in the balance sheet at fair value plus transaction costs and subsequently carried at amortised cost less impairment. Interest calculated using the effective interest method is recognised in profit or loss.

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 included in profit or loss and are only designated as such at time of acquisition. These financial assets are initially recognised in the balance sheet at fair value.

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. These investments are initially recognised in the balance sheet at fair value plus transaction costs and measured at each subsequent reporting date at fair value. Changes in fair value are dealt with as movements in the investment revaluation reserve except for impairment losses which are charged to profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. 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 the investment revaluation reserve is recognised in profit or loss.

(n) Derivative financial instruments and hedging activities

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

Derivatives designated as hedging instruments to hedge the fair value of recognised assets or liabilities may qualify as fair value hedges. The Group mainly enters into interest rate swap contracts to swap certain fixed interest rate borrowings into floating interest rate borrowings. Changes in the fair value of these derivatives, together with the changes in the fair value of the hedged assets or liabilities attributable to the hedged risk are recognised in profit or loss as interest and other finance costs.

Derivatives designated as hedging instruments to hedge against the cash flows attributable to recognised 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 derivatives are dealt with as movements in hedging reserve.

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

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowance for estimated irrecoverable amounts are recognised in profit or loss 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.

1 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 profit or loss in the period in which they are incurred.

(t) Trade and other payables

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

(u) Share Capital

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

(v) Provisions

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

(w) Leased assets

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

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

(x) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss 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.

1 Significant accounting policies (continued)

(y) Pension plans

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

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

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

Pension costs are charged against profit or loss within staff costs.

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

(z) Share-based payments

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

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

(aa) Foreign exchange

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

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

1 Significant accounting policies (continued)

(ab) Revenue recognition

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

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

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

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

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

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

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

1 Significant accounting policies (continued)

At the date of authorisation of these accounts, the following standards, amendments and interpretations were in issue but not yet effective:

HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 23 (Amendment)	Borrowing Costs – Removal of option to expense all borrowing costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – INT 12	Service Concession Arrangements
HK(IFRIC) – INT 13	Customer Loyalty Programmes
HK(IFRIC) – INT 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The effect that the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) will have on the results and financial position of the Group will depend on the incidence and timing of business combinations occurring on or after 1 January 2010.

The adoption of other standards, amendments and interpretations listed above in future periods is not expected to result in substantial changes to the Group's accounting policies.

2 Critical accounting estimates and judgements

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

The selection and disclosure of the critical accounting policies, estimates and judgements have been discussed with the Group's Audit Committee.

The following is a review of the more significant assumptions and estimates, as well as the accounting policies and methods used in the preparation of the accounts.

(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 by management.

Assets that have an indefinite useful life are tested for impairment annually. Assets that are subject to depreciation and amortisation are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss 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 Critical accounting estimates and judgements (continued)

(a) Long-lived assets (continued)

Management 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 selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to profit or loss.

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 2007 and 31 December 2006 to assess whether the carrying values of the Group's 3G telecommunications licences and network assets were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective business. The results of the tests undertaken as at 31 December 2007 and 31 December 2006 indicated that no impairment charge was necessary.

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

The forecast growth in recurring revenue and margins is driven primarily by the increasing size of the accumulating customer base, accompanied by profitability improvements due to beneficial changes to services usage profiles. Increasing demand for non-voice value added services such as mobile broadband, sport and music 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 network sharing, network maintenances and other outsourcing programs. Improving profitability is also expected to continue based on the economies of scale effect that is able to be achieved in the customer operations 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 new 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 contracted telecommunications spectrum licence periods, increasing market share and growth momentum. The discount rates for the test were based on country specific pre-tax risk adjusted discount rate and ranged from 6% to 10%. 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.

2 Critical accounting estimates and judgements (continued)

(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. As mentioned in note 1(e), based on the experience of the Group with telecommunications civil works, the Group revised the estimated useful lives of certain telecommunications civil works in the current year from 20 years to 40 years. This change in estimate resulted in savings in depreciation expense for the year of approximately HK$500 million.

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

(ii) Telecommunications licences

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

Telecommunications licences are amortised on a straight-line basis from the date of first commercial usage of the related spectrum over the remaining licence period and are stated net of accumulated amortisation. As mentioned in note 1(h), following a decree issued by the Italian Ministry of Telecommunications in 2007, the Group has applied to extend the licence period of another 15 years for its 3G licence in Italy from 20 years to 35 years, and has revised its estimated useful life accordingly. This change in estimate resulted in savings in 3G licence amortisation expense for the year of approximately HK$1 billion.

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

(iii) Telecommunications customer acquisition and retention costs

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

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

2 Critical accounting estimates and judgements (continued)

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary company, associated company or jointly controlled entity at the date of acquisition. Goodwill is recorded as a separate asset or, as applicable, included within investments in associated companies and joint ventures. Goodwill is also subject to the annual impairment test described above. The results of the tests undertaken as at 31 December 2007 and 31 December 2006 indicated that no impairment charge was necessary.

For the purposes of impairment tests, the recoverable amount of goodwill is determined based on value in use calculations. The value in use calculations primarily use cash flow projections based on five year financial budgets approved by management and estimated terminal value at the end of the five year period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, growth rates and selection of discount rates and the earnings multiple that can be realised for the estimated terminal value. Management prepared the financial budgets reflecting actual and prior year performance and market development expectations. The discount rates for the test were based on country specific pre-tax risk adjusted discount rate and ranged from 6% to 10%. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

(d) Investment properties

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

(e) Tax

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

Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry forward tax losses, the asset balance will be reduced and charged to profit or loss.

2 Critical accounting estimates and judgements (continued)

(e) Tax (continued)

The 3G businesses commenced commercial operations from 2003 and in accordance with initial business plans are incurring losses as the businesses grow to operating scale. Deferred tax assets have been recognised for the carryforward amount of unused tax losses relating to the Group's 3G operation in the UK where, among other things, tax losses can be carried forward indefinitely and there is availability of group relief for tax purposes that can be utilised to offset taxable profits generated by the Group's other operations in the UK. No deferred tax assets have been recognised for the unused tax losses carried forward by the Group's other 3G operations since there are less opportunities to utilise the tax losses in the near term, for instance, unlike the UK there is no opportunity for group relief and in certain countries tax losses will expire if not utilised within a short period of time e.g. tax losses in Italy will expire if not utilised within 5 years. The ultimate realisation of deferred tax assets recognised for **3** UK depends principally on this business achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to profit or loss if there is a significant adverse change in the projected performance and resulting projected taxable profits of this business. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections.

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Pension costs

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, Employee Benefits. Under this method, the cost of providing pensions is charged to profit or loss 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 each year. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Actuarial gains and losses are recognised in full in the year in which they occur, outside profit or loss, in reserves.

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the accounts in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

3 Turnover and revenue

Turnover comprises revenues from the sales of goods and development properties, provision of services and rental income from investment properties, interest income and finance charges earned, and dividend income from equity investments. An analysis of revenue of the Company and subsidiary companies is as follows:

	2007 HK$ millions	2006 HK$ millions
Sales of goods	**100,381**	92,334
Rendering of services	**110,811**	85,677
Interest	**7,113**	5,461
Dividends	**421**	340
	218,726	183,812

4 Segment information

Segment information is presented in respect of the Group's primary business segments and secondary geographical 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 and is included as supplementary information (see notes 18 and 19).

Telecommunications – **3** Group includes 3G operations in the UK, Italy, Sweden, Austria, Denmark, Norway, Ireland and Australia. (2006 – Telecommunications – **3** Group included 3G operations in the UK, Italy, Sweden, Austria, Denmark, Norway and Ireland and the 2G and 3G operations in Australia)

Revenue from external customers is after elimination of inter-segment revenue. The amount eliminated attributable to Ports and related services is HK$57 million (2006 – HK$65 million), Property and hotels is HK$307 million (2006 – HK$251 million), Finance & investments and others is HK$1,118 million (2006 – HK$384 million) and Hutchison Telecommunications International is HK$82 million (2006 – nil).

Business segment

	Revenue							
	Company and Subsidiaries HK$ millions	**Associates and JCE HK$ millions**	**2007 Total HK$ millions**	**%[(a)]**	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2006 Total HK$ millions	%[(a)]
ESTABLISHED BUSINESSES								
Ports and related services	**33,207**	**4,684**	**37,891**	**15%**	29,081	3,960	33,041	15%
Property and hotels	**5,317**	**4,234**	**9,551**	**4%**	4,889	5,828	10,717	5%
Retail	**94,663**	**15,344**	**110,007**	**44%**	86,876	12,273	99,149	45%
Cheung Kong Infrastructure	**2,403**	**14,848**	**17,251**	**7%**	2,207	12,615	14,822	7%
Husky Energy	**–**	**39,781**	**39,781**	**16%**	–	29,981	29,981	14%
Finance & investments and others	**11,094**	**2,512**	**13,606**	**6%**	10,248	2,366	12,614	6%
Hutchison Telecommunications International	**12,618**	**8,161**	**20,779**	**8%**	–	16,672	16,672	8%
Subtotal – Established businesses	**159,302**	**89,564**	**248,866**	**100%**	133,301	83,695	216,996	100%
TELECOMMUNICATIONS – 3 Group	**59,424**	**485**	**59,909**		50,511	157	50,668	
	218,726	**90,049**	**308,775**		183,812	83,852	267,664	

4 Segment information (continued)

Business segment (continued)

	EBIT (LBIT)[b]							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2007 Total HK$ millions	%[a]	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2006 Total HK$ millions	%[a]
ESTABLISHED BUSINESSES								
Ports and related services	11,118	1,731	12,849	23%	9,881	1,514	11,395	26%
Property and hotels	2,807	1,253	4,060	7%	2,649	3,018	5,667	13%
Retail	2,889	822	3,711	7%	2,059	661	2,720	6%
Cheung Kong Infrastructure	797	6,556	7,353	13%	629	5,507	6,136	14%
Husky Energy	–	10,523	10,523	19%	–	8,305	8,305	19%
Finance & investments and others [c]	13,183	668	13,851	25%	6,305	615	6,920	16%
Hutchison Telecommunications International	1,523	1,695	3,218	6%	–	2,648	2,648	6%
EBIT – Established businesses [b]	32,317	23,248	55,565	100%	21,523	22,268	43,791	100%
TELECOMMUNICATIONS – 3 Group [d]								
EBIT before depreciation, amortisation and telecommunications expensed CACs	18,339	67	18,406		13,216	7	13,223	
Telecommunications expensed CACs	(5,732)	–	(5,732)		(5,494)	–	(5,494)	
EBIT before depreciation and amortisation and after telecommunications expensed CACs	12,607	67	12,674		7,722	7	7,729	
Depreciation	(11,139)	(60)	(11,199)		(9,497)	(4)	(9,501)	
Amortisation of licence fees and other rights	(6,143)	–	(6,143)		(6,503)	–	(6,503)	
Amortisation of telecommunications postpaid CACs	(13,270)	–	(13,270)		(11,721)	–	(11,721)	
EBIT (LBIT) – Telecommunications – 3 Group [b]	(17,945)	7	(17,938)		(19,999)	3	(19,996)	
Change in fair value of investment properties	1,988	7	1,995		2,843	959	3,802	
Profit (loss) on disposal of investments and others (See note 5)	(11,182)	35,820	24,638		23,290	–	23,290	
EBIT	5,178	59,082	64,260		27,657	23,230	50,887	
Group's share of the following profit and loss items of associated companies and jointly controlled entities:								
Interest and other finance costs	–	(3,446)	(3,446)		–	(3,745)	(3,745)	
Current tax	–	(2,532)	(2,532)		–	(3,273)	(3,273)	
Deferred tax	–	(1,579)	(1,579)		–	(901)	(901)	
Minority interests	–	(365)	(365)		–	(764)	(764)	
	5,178	51,160	56,338		27,657	14,547	42,204	

4 Segment information (continued)

Business segment (continued)

	Depreciation and amortisation					
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2007 Total HK$ millions	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2006 Total HK$ millions
ESTABLISHED BUSINESSES						
Ports and related services	**3,200**	**536**	**3,736**	2,848	517	3,365
Property and hotels	**302**	**158**	**460**	309	151	460
Retail	**2,117**	**325**	**2,442**	1,941	161	2,102
Cheung Kong Infrastructure	**124**	**1,988**	**2,112**	125	1,852	1,977
Husky Energy	**–**	**5,058**	**5,058**	–	4,232	4,232
Finance & investments and others	**198**	**115**	**313**	147	90	237
Hutchison Telecommunications International	**2,379**	**980**	**3,359**	–	2,335	2,335
Subtotal – Established businesses	**8,320**	**9,160**	**17,480**	5,370	9,338	14,708
TELECOMMUNICATIONS – 3 Group	**30,552**	**60**	**30,612**	27,721	4	27,725
	38,872	**9,220**	**48,092**	33,091	9,342	42,433

4 Segment information (continued)

Business segment (continued)

	Capital expenditure				
	Fixed assets, investment properties and leasehold land HK$ millions	Telecom-munications licences HK$ millions	Brand names and other rights HK$ millions	Telecom-munications postpaid CACs HK$ millions	2007 Total HK$ millions
ESTABLISHED BUSINESSES					
Ports and related services	9,404	–	–	–	9,404
Property and hotels	89	–	–	–	89
Retail	1,843	–	–	–	1,843
Cheung Kong Infrastructure	183	–	–	–	183
Husky Energy	–	–	–	–	–
Finance & investments and others	152	–	–	–	152
Hutchison Telecommunications International	3,316	–	36	346	3,698
Subtotal – Established businesses	14,987	–	36	346	15,369
TELECOMMUNICATIONS – 3 Group (e)	13,969	86	536	11,479	26,070
	28,956	86	572	11,825	41,439

	Capital expenditure				
	Fixed assets, investment properties and leasehold land HK$ millions	Telecom-munications licences HK$ millions	Brand names and other rights HK$ millions	Telecom-munications postpaid CACs HK$ millions	2006 Total HK$ millions
ESTABLISHED BUSINESSES					
Ports and related services	9,049	–	230	–	9,279
Property and hotels	221	–	–	–	221
Retail	2,668	–	–	–	2,668
Cheung Kong Infrastructure	42	–	–	–	42
Husky Energy	–	–	–	–	–
Finance & investments and others	369	–	55	–	424
Hutchison Telecommunications International	–	–	–	–	–
Subtotal – Established businesses	12,349	–	285	–	12,634
TELECOMMUNICATIONS – 3 Group (e)	11,559	–	1,578	15,223	28,360
	23,908	–	1,863	15,223	40,994

4 Segment information (continued)

Business segment (continued)

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets (f)	Deferred tax assets	Investments in associated companies and interests in joint ventures	2007 Total assets	Segment assets (f)	Deferred tax assets	Investments in associated companies and interests in joint ventures	2006 Total assets
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	91,308	157	10,996	102,461	81,874	256	10,937	93,067
Property and hotels	49,056	9	23,116	72,181	47,239	10	22,864	70,113
Retail	52,056	400	2,338	54,794	50,851	170	2,001	53,022
Cheung Kong Infrastructure	18,264	5	39,308	57,577	16,540	–	41,267	57,807
Husky Energy	–	–	35,669	35,669	–	–	26,052	26,052
Finance & investments and others	143,490	26	2,883	146,399	128,856	43	2,776	131,675
Hutchison Telecommunications International	76,446	376	2	76,824	–	–	7,043	7,043
Subtotal - Established businesses	430,620	973	114,312	545,905	325,360	479	112,940	438,779
TELECOMMUNICATIONS - 3 Group (g)	235,717	16,646	958	253,321	221,536	16,680	521	238,737
	666,337	17,619	115,270	799,226	546,896	17,159	113,461	677,516

	Total liabilities							
	Segment liabilities (h)	Current & long-term borrowings (i) and other non-current liabilities	Current & deferred tax liabilities	2007 Total liabilities	Segment liabilities (h)	Current & long-term borrowings (i) and other non-current liabilities	Current & deferred tax liabilities	2006 Total liabilities
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
ESTABLISHED BUSINESSES								
Ports and related services	17,474	44,243	6,753	68,470	14,870	41,709	6,539	63,118
Property and hotels	2,162	837	5,751	8,750	2,277	805	4,276	7,358
Retail	17,891	28,239	490	46,620	19,032	28,520	331	47,883
Cheung Kong Infrastructure	1,435	7,766	1,430	10,631	1,441	9,505	1,809	12,755
Husky Energy	–	–	3,316	3,316	–	–	2,129	2,129
Finance & investments and others	8,264	64,263	1,542	74,069	5,819	66,055	1,126	73,000
Hutchison Telecommunications International	8,395	13,668	695	22,758	–	–	–	–
Subtotal - Established businesses	55,621	159,016	19,977	234,614	43,439	146,594	16,210	206,243
TELECOMMUNICATIONS - 3 Group	35,876	169,762	316	205,954	25,426	154,844	438	180,708
	91,497	328,778	20,293	440,568	68,865	301,438	16,648	386,951

4 Segment information (continued)

Geographical segment

	Revenue							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2007 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2006 Total HK$ millions	%
Hong Kong	35,212	14,087	49,299	16%	31,060	14,105	45,165	17%
Mainland China	19,405	9,237	28,642	9%	16,135	8,811	24,946	9%
Asia and Australia	31,084	10,871	41,955	14%	20,028	18,032	38,060	14%
Europe	121,273	15,595	136,868	44%	106,908	12,651	119,559	45%
Americas and others	11,752	40,259	52,011	17%	9,681	30,253	39,934	15%
	218,726	90,049	308,775	100%	183,812	83,852	267,664	100%

	EBIT (LBIT) (b)							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2007 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2006 Total HK$ millions	%
Hong Kong	13,217	5,292	18,509	29%	6,057	4,311	10,368	20%
Mainland China	5,042	3,128	8,170	13%	4,658	3,260	7,918	16%
Asia and Australia	2,499	2,580	5,079	8%	1,009	5,115	6,124	12%
Europe	(13,014)	1,513	(11,501)	-18%	(14,480)	1,303	(13,177)	-26%
Americas and others	6,628	10,742	17,370	27%	4,280	8,282	12,562	25%
Change in fair value of investment properties	1,988	7	1,995	3%	2,843	959	3,802	7%
Profit (loss) on disposal of investments and others (See note 5)	(11,182)	35,820	24,638	38%	23,290	–	23,290	46%
EBIT	5,178	59,082	64,260	100%	27,657	23,230	50,887	100%
Group's share of the following profit and loss items of associated companies and jointly controlled entities:								
Interest and other finance costs	–	(3,446)	(3,446)		–	(3,745)	(3,745)	
Current tax	–	(2,532)	(2,532)		–	(3,273)	(3,273)	
Deferred tax	–	(1,579)	(1,579)		–	(901)	(901)	
Minority interests	–	(365)	(365)		–	(764)	(764)	
	5,178	51,160	56,338		27,657	14,547	42,204	

4 Segment information (continued)

Geographical segment (continued)

	Capital expenditure (e)				
	Fixed assets, investment properties and leasehold land HK$ millions	Telecommunications licences HK$ millions	Brand names and other rights HK$ millions	Telecommunications postpaid CACs HK$ millions	2007 Total HK$ millions
Hong Kong	1,056	–	36	345	1,437
Mainland China	3,655	–	–	1	3,656
Asia and Australia	5,753	–	–	1,285	7,038
Europe	15,789	86	536	10,194	26,605
Americas and others	2,703	–	–	–	2,703
	28,956	86	572	11,825	41,439

	Capital expenditure (e)				
	Fixed assets, investment properties and leasehold land HK$ millions	Telecommunications licences HK$ millions	Brand names and other rights HK$ millions	Telecommunications postpaid CACs HK$ millions	2006 Total HK$ millions
Hong Kong	1,503	–	55	–	1,558
Mainland China	4,622	–	–	–	4,622
Asia and Australia	2,337	–	14	445	2,796
Europe	14,207	–	1,794	14,778	30,779
Americas and others	1,239	–	–	–	1,239
	23,908	–	1,863	15,223	40,994

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets (f) HK$ millions	Deferred tax assets HK$ millions	Investments in associated companies and interests in joint ventures HK$ millions	2007 Total assets HK$ millions	Segment assets (f) HK$ millions	Deferred tax assets HK$ millions	Investments in associated companies and interests in joint ventures HK$ millions	2006 Total assets HK$ millions
Hong Kong	117,866	457	30,172	148,495	91,032	101	36,890	128,023
Mainland China	39,952	57	29,631	69,640	33,937	43	27,650	61,630
Asia and Australia	67,092	103	11,093	78,288	36,831	134	14,211	51,176
Europe	307,242	16,914	6,610	330,766	286,799	16,815	6,366	309,980
Americas and others	134,185	88	37,764	172,037	98,297	66	28,344	126,707
	666,337	17,619	115,270	799,226	546,896	17,159	113,461	677,516

4 Segment information (continued)

(a) The percentages shown represent the contributions to total revenues and EBIT of established businesses.

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

"EBIT – Established businesses" and "EBIT (LBIT) – Telecommunications – **3** Group" are presented before the change in fair value of investment properties and profit (loss) on disposal of investments and others.

(c) Included in EBIT of Finance & investments and others is the one-time profits on disposal of certain listed equity investments of HK$9,754 million (2006 – HK$1,815 million).

(d) Included in EBIT of Telecommunications – **3** Group in 2007 are foreign exchange gains totalling HK$1,898 million (2006 – HK$2,294 million) which mainly comprise a HK$1,123 million gain arising from the Group's refinancing of certain non-Sterling borrowings with Sterling bank loans and a HK$775 million gain arising from the Group's refinancing of certain non-Euro borrowings with Euro bank loans. Last year's balance mainly comprised a HK$1,731 million gain arising from the Group's refinancing of certain non-Sterling borrowings with Sterling notes and bank loans and a HK$428 million gain arising from the Group's refinancing of certain non-Swedish Krona borrowings with Swedish Krona bank loans.

(e) Included in capital expenditures of Telecommunications – **3** Group in 2007 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 31 December 2007 which increased total expenditure by HK$1,433 million (2006 – HK$3,074 million).

(f) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, telecommunications postpaid customer acquisition and retention costs, goodwill, brand names and other rights, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets.

(g) Included in total assets of Telecommunications – **3** Group is an unrealised foreign currency exchange gain arising in 2007 of HK$8,924 million (2006 – HK$19,505 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.

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

(i) Current and long term borrowings comprise bank and other debts and interest bearing loans from minority shareholders.

5 Profit (loss) on disposal of investments and others

	2007 HK$ millions	2006 HK$ millions
ESTABLISHED BUSINESSES		
Group's share of HTIL's gain on disposal of CGP [(a)]	**35,820**	–
HTIL's full provision for its investment in the mobile business in Thailand [(b)]	**(3,854)**	–
Loss on CKI's disposal of a toll road infrastructure investment in Mainland China and CKI's provision for a toll road infrastructure investment in Australia [(c)]	**(1,513)**	–
Profit on partial disposal of subsidiaries [(g)]	**–**	24,380
TELECOMMUNICATIONS - 3 Group		
Profit on disposal of **3** UK's wholesale fixed line business	**1,119**	–
Deemed dilution profit arising from HTAL restructuring with a minority shareholder [(d)]	**955**	–
Write-off of customer acquisition and retention costs and content and other similar rights [(e)]	**(4,608)**	–
Provision mainly for disputed receivables relating to **3** UK and **3** Italia's interconnection disputes	**(3,281)**	–
Gain of HK$19,788 million arising from a network sharing arrangement whereby **3** UK obtains a right to share another UK operator's mobile network offset by a one-time provision of HK$19,788 million for related costs to restructure its network infrastructure [(f)]	**–**	–
Profit on sale of **3** UK data centres	**–**	751
CDMA network closure costs [(g)]	**–**	(1,841)
	24,638	23,290

(a) The Group's share of Hutchison Telecommunications International's ("HTIL") gain on disposal of CGP Investments (Holdings) Limited ("CGP") represents the Group's share of the disposal gain of HTIL, a listed associated company of the Group at the time of the transaction, on the sale of CGP, which indirectly held its entire interest in its mobile business in India.

(b) In view of the continuing difficulties faced by its mobile telecommunications operation in Thailand, the Group's listed subsidiary, HTIL recognised an impairment charge of HK$3,854 million for its Thailand operation, mainly in respect of telecommunications network assets.

(c) Balance represents the Group's loss on listed subsidiary, Cheung Kong Infrastructure's ("CKI") sales of its entire equity and loan interests in Guangzhou ESW Ring Road and CKI's provision for investments in securities of an infrastructure project in Australia.

(d) Deemed dilution profit arose in connection with the issuance of new equity by the Group's listed subsidiary, Hutchison Telecommunications Australia Limited ("HTAL"), to acquire from a minority shareholder all the remaining interests in Hutchison 3G Australia, a non-wholly owned subsidiary.

(e) Write-off of customer acquisition and retention costs and content and other similar rights mainly comprises write-off of certain capitalised acquisition costs relating to customers migrating to lower tariff plans following a decision to discontinue certain promotional tariff plan offerings and write-off of capitalised intangible content costs relating to content that are less active.

(f) In December 2007, **3** UK entered into a network sharing agreement with another UK mobile communications operator. **3** UK's right to share the other UK mobile communications operator's mobile network assets gave rise to a gain of HK$19,788 million. This gain has been offset by the related costs to restructure **3** UK's network infrastructure of the same amount, comprising a decommissioning charge against fixed assets of HK$11,060 million (see note 11), restructuring provision of HK$4,685 million (see note 26) and write off of prepayments amounting to HK$4,043 million.

(g) Profit on partial disposal of subsidiaries in 2006 arose from the disposal of 20% equity interest in Hutchison Port Holdings and Hutchison Ports Investments. The CDMA network closure costs related to the closure in August 2006 of the Group's 2G CDMA services in Australia and the costs to migrate the 2G customers to the 3G network.

6 Directors' emoluments

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments of each of the directors of the Company excludes amounts received from the Company's listed subsidiaries and paid to the Company. The amounts paid to each director for both 2007 and 2006 are as below:

	2007					
Name of directors	Fees HK$ millions	Basic salaries, allowances and benefits-in-kind HK$ millions	Bonuses HK$ millions	Provident fund contributions HK$ millions	Inducement or compensation fees HK$ millions	Total emoluments HK$ millions
LI Ka-shing [(a)] [(f)]	0.05	–	–	–	–	0.05
LI Tzar Kuoi, Victor						
Paid by the Company	0.12	4.44	36.00	–	–	40.56
Paid by Cheung Kong Infrastructure	0.07	–	11.00	–	–	11.07
Paid to the Company	(0.07)	–	–	–	–	(0.07)
	0.12	4.44	47.00	–	–	51.56
FOK Kin-ning, Canning [(b)]	0.12	9.81	136.02	2.03	–	147.98
CHOW WOO Mo Fong, Susan [(b)]	0.12	7.33	31.20	1.47	–	40.12
Frank John SIXT [(b)]	0.18	7.34	29.88	0.64	–	38.04
LAI Kai Ming, Dominic [(b)]	0.12	4.97	25.00	0.92	–	31.01
KAM Hing Lam [(b)]						
Paid by the Company	0.12	2.25	6.80	–	–	9.17
Paid by Cheung Kong Infrastructure	0.07	4.20	4.80	–	–	9.07
Paid to the Company	(0.07)	(4.20)	–	–	–	(4.27)
	0.12	2.25	11.60	–	–	13.97
George Colin MAGNUS [(d)]						
Paid by the Company	0.12	–	–	–	–	0.12
Paid by Cheung Kong Infrastructure	0.07	–	–	–	–	0.07
	0.19	–	–	–	–	0.19
William SHURNIAK [(d)] [(e)]	0.25	–	–	–	–	0.25
Michael David KADOORIE [(c)]	0.12	–	–	–	–	0.12
Holger KLUGE [(c)] [(e)] [(f)]	0.31	–	–	–	–	0.31
Simon MURRAY [(c)] [(g)]	0.04	–	–	–	–	0.04
OR Ching Fai, Raymond [(c)]	0.12	–	–	–	–	0.12
WONG Chung Hin [(c)] [(e)] [(f)]	0.31	–	–	–	–	0.31
Total	2.17	36.14	280.70	5.06	–	324.07

(a) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$50,000 (2006 – HK$50,000) which he paid to Cheung Kong (Holdings) Limited.

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

(c) Independent non-executive directors. The total emoluments of the independent non-executive directors of the Company are HK$900,000 (2006 – HK$800,000).

(d) Non-executive director.

(e) Members of the Audit Committee.

(f) Members of the Remuneration Committee.

(g) Resigned on 17 May 2007.

6 Directors' emoluments (continued)

	2006					
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	0.10	4.44	26.00	–	–	30.54
Paid by Cheung Kong Infrastructure	0.07	–	8.00	–	–	8.07
Paid to the Company	(0.07)	–	–	–	–	(0.07)
	0.10	4.44	34.00	–	–	38.54
FOK Kin-ning, Canning [(b)]	0.10	9.81	119.00	2.03	–	130.94
CHOW WOO Mo Fong, Susan [(b)]	0.10	7.34	26.00	1.47	–	34.91
Frank John SIXT [(b)]	0.16	7.32	25.88	0.64	–	34.00
LAI Kai Ming, Dominic [(b)]	0.10	4.86	12.10	0.89	–	17.95
KAM Hing Lam [(b)]						
Paid by the Company	0.10	2.25	6.30	–	–	8.65
Paid by Cheung Kong Infrastructure	0.07	4.20	3.87	–	–	8.14
Paid to the Company	(0.07)	(4.20)	–	–	–	(4.27)
	0.10	2.25	10.17	–	–	12.52
George Colin MAGNUS [(d)]						
Paid by the Company	0.10	–	–	–	–	0.10
Paid by Cheung Kong Infrastructure	0.07	–	–	–	–	0.07
	0.17	–	–	–	–	0.17
William SHURNIAK [(d)] [(e)]	0.20	–	–	–	–	0.20
Michael David KADOORIE [(c)]	0.10	–	–	–	–	0.10
Holger KLUGE [(c)] [(e)] [(f)]	0.25	–	–	–	–	0.25
Simon MURRAY [(c)]	0.10	–	–	–	–	0.10
OR Ching Fai, Raymond [(c)]	0.10	–	–	–	–	0.10
WONG Chung Hin [(c)] [(e)] [(f)]	0.25	–	–	–	–	0.25
Total	1.88	36.02	227.15	5.03	–	270.08

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 (2006 – Nil).

In 2007, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind – HK$5.95 million; provident fund contribution – HK$0.46 million; and bonus – HK$30.80 million. In 2006, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind – HK$5.96 million; provident fund contribution – HK$0.46 million; and bonus – HK$73.0 million.

7 Interest and other finance costs

	2007 HK$ millions	2006 HK$ millions
Bank loans and overdrafts	**7,408**	5,856
Other loans repayable within 5 years	**626**	754
Other loans not wholly repayable within 5 years	**6**	6
Notes and bonds repayable within 5 years	**2,659**	2,688
Notes and bonds not wholly repayable within 5 years	**7,483**	6,492
Interest bearing loans from minority shareholders repayable within 5 years	**533**	558
Interest bearing loans from minority shareholders not wholly repayable within 5 years	**289**	71
	19,004	16,425
Notional non-cash interest accretion	**546**	611
	19,550	17,036
Less: interest capitalised	**(496)**	(435)
	19,054	16,601

Borrowing costs have been capitalised at various applicable rates ranging from 4.3% to 8.0% per annum (2006 – 4.6% to 7.9% per annum).

Notional non-cash interest accretion represents amortisation of upfront facility fees and other notional adjustments to accrete the carrying amount of certain obligations recognised in the balance sheet such as asset retirement obligation to the present value of the estimated future cash flows expected to be required for their settlement in the future.

8 Tax

	Current tax HK$ millions	Deferred tax HK$ millions	2007 Total HK$ millions	Current tax HK$ millions	Deferred tax HK$ millions	2006 Total HK$ millions
Hong Kong	**421**	**1,644**	**2,065**	424	388	812
Outside Hong Kong	**2,347**	**7**	**2,354**	1,136	1,029	2,165
	2,768	**1,651**	**4,419**	1,560	1,417	2,977

Hong Kong profits tax has been provided for at the rate of 17.5% (2006 – 17.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses. During the year, no deferred tax assets has been recognised for the losses of 3G businesses (2006 – nil) (see note 20).

8 Tax (continued)

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	2007 Total HK$ millions
Tax calculated at the domestic rates applicable in the country concerned	**4,638**	**(10,249)**	**(5,611)**
Tax losses not recognised	**863**	**9,403**	**10,266**
Tax incentives	**(450)**	**–**	**(450)**
Income not subject to tax	**(1,766)**	**(5)**	**(1,771)**
Expenses not deductible for tax purposes	**1,274**	**170**	**1,444**
Recognition of previously unrecognised tax losses	**(30)**	**–**	**(30)**
Utilisation of previously unrecognised tax losses	**(24)**	**(95)**	**(119)**
Under provision in prior years	**133**	**–**	**133**
Deferred tax assets written off	**365**	**–**	**365**
Other temporary differences	**67**	**727**	**794**
Effect of change in tax rate	**(536)**	**(66)**	**(602)**
Total tax for the year	**4,534**	**(115)**	**4,419**

	Established businesses HK$ millions	Telecom-munications – 3 Group HK$ millions	2006 Total HK$ millions
Tax calculated at the domestic rates applicable in the country concerned	3,097	(8,677)	(5,580)
Tax losses not recognised	336	8,803	9,139
Tax incentives	(367)	–	(367)
Income not subject to tax	(1,003)	(224)	(1,227)
Expenses not deductible for tax purposes	1,350	123	1,473
Recognition of previously unrecognised tax losses	(20)	–	(20)
Utilisation of previously unrecognised tax losses	(50)	–	(50)
Under (over) provision in prior years	(97)	1	(96)
Deferred tax assets written off	12	–	12
Other temporary differences	(278)	(14)	(292)
Effect of change in tax rate	(15)	–	(15)
Total tax for the year	2,965	12	2,977

9 Dividends

	2007 HK$ millions	2006 HK$ millions
Interim, paid of HK$0.51 per share (2006 – HK$0.51)	**2,174**	2,174
Final, proposed of HK$1.22 per share (2006 – HK$1.22)	**5,201**	5,201
	7,375	7,375

10 Earnings per share for profit attributable to shareholders of the Company

The calculation of earnings per share is based on profit attributable to shareholders of the Company HK$30,600 million (2006 – HK$20,030 million) and on 4,263,370,780 shares in issue during 2007 (2006 – 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 and convertible debts outstanding as at 31 December 2007. The employee share options and convertible debts of these subsidiary and associated companies outstanding as at 31 December 2007 did not have a dilutive effect on earnings per share.

11 Fixed assets

	Land and buildings HK$ millions	Telecommunications network assets HK$ millions	Other assets HK$ millions	Total HK$ millions
Cost				
At 1 January 2006	31,176	71,100	75,698	177,974
Additions	3,570	687	18,152	22,409
Disposals	(1,167)	(1,066)	(2,263)	(4,496)
Relating to subsidiaries acquired	149	–	2,001	2,150
Relating to subsidiaries disposed of	(483)	–	(285)	(768)
Revaluation upon transfer to investment properties	44	–	–	44
Transfer from (to) other assets	5	(217)	(1,341)	(1,553)
Transfer between categories/investment properties/ leasehold land	(174)	10,003	(9,794)	35
Exchange translation differences	1,171	8,723	6,524	16,418
At 1 January 2007	**34,291**	**89,230**	**88,692**	**212,213**
Additions	**4,364**	**4,612**	**18,848**	**27,824**
Disposals	**(376)**	**(14,266)**	**(2,499)**	**(17,141)**
Relating to subsidiaries acquired	**498**	**29,307**	**7,325**	**37,130**
Relating to subsidiaries disposed of	**–**	**–**	**(78)**	**(78)**
Revaluation upon transfer to investment properties	**4**	**–**	**–**	**4**
Transfer from (to) other assets	**5**	**(123)**	**369**	**251**
Transfer between categories/investment properties/ leasehold land	**1,015**	**4,664**	**(5,727)**	**(48)**
Non-cash additions relating to **3** UK network sharing agreement [(a)]	**–**	**19,788**	**–**	**19,788**
Exchange translation differences	**581**	**5,768**	**4,467**	**10,816**
At 31 December 2007	**40,382**	**138,980**	**111,397**	**290,759**

11 Fixed assets (continued)

	Land and buildings HK$ millions	Telecom-munications network assets HK$ millions	Other assets HK$ millions	Total HK$ millions
Accumulated depreciation and impairment				
At 1 January 2006	6,895	10,833	36,003	53,731
Charge for the year	951	7,226	5,706	13,883
Impairment recognised	–	25	6	31
Impairment reversed	–	–	(2)	(2)
Disposals	(228)	(465)	(1,854)	(2,547)
Relating to subsidiaries acquired	93	–	737	830
Relating to subsidiaries disposed of	(10)	–	(85)	(95)
Transfer from (to) other assets	–	(109)	188	79
Transfer between categories/investment properties/ leasehold land	104	(607)	623	120
Exchange translation differences	264	1,604	4,134	6,002
At 1 January 2007	**8,069**	**18,507**	**45,456**	**72,032**
Charge for the year	**1,025**	**4,638**	**11,953**	**17,616**
Decommissioning charge relating to **3** UK network sharing agreement [(a)]	**–**	**11,060**	**–**	**11,060**
Impairment recognised [(b)]	**–**	**2,938**	**756**	**3,694**
Disposals	**(264)**	**(14,250)**	**(1,849)**	**(16,363)**
Relating to subsidiaries acquired	**34**	**12,528**	**4,336**	**16,898**
Relating to subsidiaries disposed of	**–**	**–**	**(43)**	**(43)**
Transfer from other assets	**–**	**3**	**78**	**81**
Transfer between categories/investment properties/ leasehold land	**507**	**(24)**	**(410)**	**73**
Exchange translation differences	**171**	**1,425**	**2,773**	**4,369**
At 31 December 2007	**9,542**	**36,825**	**63,050**	**109,417**
Net book value				
At 31 December 2007	**30,840**	**102,155**	**48,347**	**181,342**
At 31 December 2006	26,222	70,723	43,236	140,181

(a) Non-cash additions and decommissioning charge relate to **3** UK network sharing agreement (see note 5).

(b) Impairment recognised mainly represents provision for HTIL's Thailand operation (see note 5).

Land and buildings include projects under development in the amount of HK$3,136 million (2006 – HK$1,567 million).

Cost and net book value of fixed assets include HK$145,081 million (2006 – HK$118,665 million) and HK$101,841 million (2006 – HK$85,943 million) respectively, relating to 3G businesses. Impairment tests were undertaken at 31 December 2007 and 31 December 2006 to assess whether the carrying value of the Group's 3G telecommunications licences and network assets were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective businesses. Note 2(a) contains information about the estimates, assumptions and judgements relating to the impairment tests. The results of the tests undertaken as at 31 December 2007 and 31 December 2006 indicated that no impairment charge was necessary.

12 Investment properties

	2007 HK$ millions	2006 HK$ millions
Valuation		
At 1 January	**41,657**	38,557
Additions	**28**	45
Disposals	**(205)**	–
Relating to subsidiaries acquired	**–**	23
Change in fair value of investment properties	**1,988**	2,843
Transfer from fixed assets and leasehold land	**5**	59
Exchange translation differences	**207**	130
At 31 December	**43,680**	41,657

Investment properties have been fair valued as at 31 December 2007 and 31 December 2006 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis.

The Group's investment properties comprise:

	2007 HK$ millions	2006 HK$ millions
Hong Kong		
Long leasehold (not less than 50 years)	**16,387**	15,918
Medium leasehold (less than 50 years but not less than 10 years)	**23,277**	22,097
Outside Hong Kong		
Freehold	**210**	210
Medium leasehold	**3,806**	3,432
	43,680	41,657

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

	2007 HK$ millions	2006 HK$ millions
Within 1 year	**1,475**	1,991
After 1 year, but within 5 years	**1,523**	2,252
After 5 years	**68**	515

13 Leasehold land

	2007 HK$ millions	2006 HK$ millions
Net book value		
At 1 January	**35,293**	32,374
Additions	**1,104**	1,454
Disposals	**(13)**	(25)
Relating to subsidiaries acquired	**409**	2,164
Relating to subsidiaries disposed of	**–**	(48)
Amortisation for the year	**(986)**	(956)
Transfer to investment properties	**(1)**	–
Transfer from fixed assets	**117**	26
Exchange translation differences	**349**	304
At 31 December	**36,272**	35,293

The Group's leasehold land comprises:

	2007 HK$ millions	2006 HK$ millions
Hong Kong		
Long leasehold	**1,566**	1,581
Medium leasehold	**13,277**	13,643
Outside Hong Kong		
Long leasehold	**1,175**	1,162
Medium leasehold	**20,252**	18,794
Short leasehold (less than 10 years)	**2**	113
	36,272	35,293

14 Telecommunications licences

	2007 HK$ millions	2006 HK$ millions
Net book value		
At 1 January	**89,077**	84,624
Additions	**182**	–
Relating to subsidiaries acquired	**4,566**	–
Amortisation for the year	**(5,617)**	(5,766)
Impairment recognised [(a)]	**(397)**	–
Exchange translation differences	**4,086**	10,219
At 31 December	**91,897**	89,077
Cost	**121,787**	109,768
Accumulated amortisation and impairment	**(29,890)**	(20,691)
	91,897	89,077

(a) Impairment recognised represents provision for HTIL's Thailand operation (see note 5).

The Group's 3G businesses commenced commercial operations from 2003 and in accordance with initial business plans are incurring losses as the businesses grow to operating scale. Impairment tests were undertaken as at 31 December 2007 and 31 December 2006 to assess whether the carrying values of the Group's 3G telecommunications licences and network assets were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective business. Note 2(a) contains information about the estimates, assumptions and judgements relating to the impairment tests. The results of the tests undertaken as at 31 December 2007 and 31 December 2006 indicated that no impairment charge was necessary.

15 Telecommunications postpaid customer acquisition and retention costs

	2007	2006
	HK$ millions	HK$ millions
Net book value		
At 1 January	**10,532**	6,172
Additions	**11,825**	15,223
Relating to subsidiaries acquired	**368**	–
Amortisation and write off for the year	**(14,442)**	(11,721)
Exchange translation differences	**488**	858
At 31 December	**8,771**	10,532
Cost	**17,873**	25,155
Accumulated amortisation	**(9,102)**	(14,623)
	8,771	10,532

16 Goodwill

	2007	2006
	HK$ millions	HK$ millions
Cost		
At 1 January	**21,840**	17,959
Relating to subsidiaries acquired	**5,349**	1,800
Relating to increase in interests in subsidiaries	**2,718**	–
Relating to partial disposal of subsidiaries	**(4)**	–
Exchange translation differences	**1,617**	2,081
At 31 December	**31,520**	21,840

The carrying amount of goodwill primarily arises from the acquisition of four retail chains: Marionnaud of €645 million (2006 - €645 million), Kruidvat of €600 million (2006 - €600 million), Merchant Retail Group of £140 million (2006 - £140 million) and Superdrug of £78 million (2006 - £78 million), increased shareholdings in **3** Italia of €266 million (2006 - €229 million), increased shareholdings in Hutchison 3G Australia of AUD331 million (2006 - nil) and goodwill relating to HTIL of HK$5,357 million (2006 - nil).

In accordance with the Group's accounting policy on asset impairment (see note 1(x)), the carrying values of goodwill were tested for impairment as at 31 December 2007 and 31 December 2006. Note 2(c) contains information about the estimates, assumptions and judgements relating to goodwill impairment tests. The results of the tests undertaken as at 31 December 2007 and 31 December 2006 indicated no impairment charge was necessary.

17 Brand names and other rights

	Brand names HK$ millions	Other rights HK$ millions	Total HK$ millions
Net book value			
At 1 January 2007	**1,835**	**5,747**	**7,582**
Additions	**–**	**572**	**572**
Relating to subsidiaries acquired	**–**	**4,660**	**4,660**
Transfer from other assets	**–**	**40**	**40**
Amortisation for the year	**–**	**(1,131)**	**(1,131)**
Write off for the year	**–**	**(1,757)**	**(1,757)**
Exchange translation differences	**125**	**810**	**935**
At 31 December 2007	**1,960**	**8,941**	**10,901**
Cost	**1,960**	**15,457**	**17,417**
Accumulated amortisation	**–**	**(6,516)**	**(6,516)**
	1,960	**8,941**	**10,901**

	Brand names HK$ millions	Other rights HK$ millions	Total HK$ millions
Net book value			
At 1 January 2006	1,625	1,954	3,579
Additions	–	1,863	1,863
Relating to subsidiaries acquired	18	907	925
Relating to subsidiaries disposed of	–	1,726	1,726
Amortisation for the year	–	(765)	(765)
Write off for the year	–	(27)	(27)
Exchange translation differences	192	89	281
At 31 December 2006	1,835	5,747	7,582
Cost	1,835	7,787	9,622
Accumulated amortisation	–	(2,040)	(2,040)
	1,835	5,747	7,582

The brand names as at 31 December 2007 primarily resulted from the acquisitions of Marionnaud and Merchant Retail group in 2005 and are assessed to have indefinite useful lives. The factors considered in the assessment of the useful lives include analysis of market and competitive trends, product life cycles, brand extension opportunities and management's long term strategic development.

The value of brand names acquired in 2005 was determined by an external valuer based on a royalty relief methodology, a commonly applied approach to valuing brand names, which was completed in December 2005. Brand names were tested for impairment as at 31 December 2007 and the results of the tests indicated no impairment charge was necessary as at 31 December 2007.

Other rights, which include customer base relating to subsidiaries acquired, operating and service content rights, are amortised over their finite useful lives.

18 Associated companies

	2007 HK$ millions	2006 HK$ millions
Unlisted shares	**6,594**	8,095
Listed shares, Hong Kong	**9,512**	20,804
Listed shares, outside Hong Kong	**10,341**	10,341
Share of undistributed post acquisition reserves	**42,905**	26,948
	69,352	66,188
Amounts due from associated companies	**6,193**	8,766
	75,545	74,954

The market value of the above listed investments at 31 December 2007 was HK$140,306 million (2006 – HK$156,308 million).

Particulars regarding the principal associated companies are set forth on pages 198 to 203.

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

	2007 HK$ millions	2006 HK$ millions
Revenue	**169,024**	154,987
Profit after tax	**105,819**	31,587
Non-current assets	**322,583**	340,867
Current assets	**50,145**	58,105
Total assets	**372,728**	398,972
Non-current liabilities	**153,676**	180,607
Current liabilities	**49,196**	66,679
Total liabilities	**202,872**	247,286

18 Associated companies (continued)

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

	2007 HK$ millions	2006 HK$ millions
Revenue	**61,431**	59,037
Expense	**(34,864)**	(32,873)
Group's share of HTIL's gain on disposal of CGP	**35,820**	–
EBITDA [(a)]	**62,387**	26,164
Depreciation and amortisation	**(8,059)**	(8,441)
Change in fair value of investment properties	**15**	760
EBIT [(b)]	**54,343**	18,483
Interest and other finance costs	**(2,753)**	(3,164)
Current tax	**(1,833)**	(2,629)
Deferred tax	**(1,570)**	(454)
Minority interests	**(365)**	(764)
Profit after tax	**47,822**	11,472

(a) EBITDA is defined as earnings before interest expense and other finance costs, tax, depreciation and amortisation, and includes profit on disposal of investments and others and other earnings of a cash nature but excludes changes in the fair value of investment properties.

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

19 Interests in joint ventures

	2007 HK$ millions	2006 HK$ millions
Jointly controlled entities		
Unlisted shares	**22,290**	22,514
Share of undistributed post acquisition reserves	**879**	(1,185)
	23,169	21,329
Amounts due from jointly controlled entities	**16,556**	17,178
	39,725	38,507

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

Particulars regarding the principal jointly controlled entities are set forth on pages 198 to 203.

19 Interests in joint ventures (continued)

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

	2007 HK$ millions	2006 HK$ millions
Revenue	63,180	54,533
Profit after tax	8,254	7,223
Non-current assets	169,086	105,045
Current assets	45,794	42,099
Total assets	214,880	147,144
Non-current liabilities	83,267	78,403
Current liabilities	36,990	34,370
Total liabilities	120,257	112,773

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

	2007 HK$ millions	2006 HK$ millions
Revenue	28,618	24,815
Expense	(22,710)	(19,366)
EBITDA [(a)]	5,908	5,449
Depreciation and amortisation	(1,161)	(901)
Change in fair value of investment properties	(8)	199
EBIT [(b)]	4,739	4,747
Interest and other finance costs	(693)	(581)
Current tax	(699)	(644)
Deferred tax	(9)	(447)
Profit after tax	3,338	3,075
Capital commitments	112	835

(a) EBITDA is defined as earnings before interest expense and other finance costs, tax, depreciation and amortisation, and includes profit on disposal of investments and others and other earnings of a cash nature but excludes changes in the fair value of investment properties.

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

20 Deferred tax

	2007 HK$ millions	2006 HK$ millions
Deferred tax assets	17,619	17,159
Deferred tax liabilities	17,957	15,019
Net deferred tax assets (liabilities)	(338)	2,140

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

	2007 HK$ millions	2006 HK$ millions
At 1 January	2,140	1,885
Relating to subsidiaries acquired	(660)	(163)
Relating to subsidiaries disposed of	–	2
Transfer from current tax	390	67
Net charge to reserves	(215)	(144)
Net credit (charge) for the year		
Unused tax losses	(109)	(66)
Accelerated depreciation allowances	271	(222)
Fair value adjustments arising from acquisitions	680	183
Revaluation of investment properties and other investments	(179)	(473)
Withholding tax on unremitted earnings	(1,007)	(799)
Other temporary differences	(1,307)	(40)
Exchange translation differences	(342)	1,910
At 31 December	(338)	2,140

Analysis of net deferred tax assets (liabilities):

	2007 HK$ millions	2006 HK$ millions
Unused tax losses	20,118	17,697
Accelerated depreciation allowances	(3,867)	(2,366)
Fair value adjustments arising from acquisitions	(6,081)	(5,871)
Revaluation of investment properties and other investments	(5,089)	(4,849)
Withholding tax on unremitted earnings	(3,449)	(2,221)
Other temporary differences	(1,970)	(250)
	(338)	2,140

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the consolidated balance sheet are determined after appropriate offset.

At 31 December 2007, the Group has recognised deferred tax assets amounting to HK$17,619 million (2006 – HK$17,159 million) of which HK$16,646 million (2006 – HK$16,680 million) relates to the Group's 3G businesses.

Note 2(e) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unused tax losses carried forward.

20 Deferred tax (continued)

The potential net deferred tax asset mainly arising from unutilised tax losses, after appropriate offsetting, which has not been provided for in the accounts amounted to HK$45,737 million at 31 December 2007 (2006 – HK$35,576 million).

The unrecognised tax losses carried forward amounted to HK$176,933 million at 31 December 2007 (2006 – HK$136,837 million), out of which HK$125,097 million (2006 – HK$118,032 million) is attributable to the 3G businesses. Unrecognised tax losses of HK$94,102 million (2006 – HK$70,064 million) can be carried forward indefinitely. The remaining HK$82,831 million (2006 – HK$66,773 million) expires in the following years:

	2007 **HK$ millions**	2006 HK$ millions
In the first year	**15,845**	6,473
In the second year	**23,048**	13,322
In the third year	**22,302**	20,156
In the fourth year	**7,308**	18,818
In the fifth to tenth years inclusive	**14,328**	8,004
	82,831	66,773

21 Other non-current assets

	2007 **HK$ millions**	2006 HK$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	**1,984**	2,250
Infrastructure project investments	**577**	699
	2,561	2,949
Available-for-sale investments		
Unlisted equity securities	**1,647**	775
Pension assets (See note 29)	**542**	–
Fair value hedges		
Interest rate swaps	**277**	–
Cash flow hedges		
Interest rate swaps	**55**	38
	5,082	3,762

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 2007 is 5.5% (2006 – 6.6%).

Unlisted equity securities where there is a history of dividends are carried at fair value based on the discounted present value of expected future dividends. The value of the remaining unlisted equity securities are not significant to the Group.

22 Liquid funds and other listed investments

	2007 HK$ millions	2006 HK$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	**46,444**	43,773
Listed debt securities	**5,514**	5,324
Listed equity securities, Hong Kong	**6,312**	8,109
Listed equity securities, outside Hong Kong	**5,685**	4,216
	63,955	61,422
Loans and receivables		
Long term deposits	**4,196**	3,771
Financial assets at fair value through profit or loss	**1,041**	1,058
	69,192	66,251

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

	2007 HK$ millions	2006 HK$ millions
Listed debt securities	**45,877**	42,803
Cash and cash equivalents	**567**	970
	46,444	43,773

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 2007 was HK$64,996 million (2006 – HK$62,480 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 2007 was 5.2% (2006 – 5.7%).

22 Liquid funds and other listed investments (continued)

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

	2007			2006		
	Available-for-sale investments	**Loans and receivables**	**Financial assets at fair value through profit or loss**	Available-for-sale investments	Loans and receivables	Financial assets at fair value through profit or loss
	Percentage	**Percentage**	**Percentage**	Percentage	Percentage	Percentage
HK dollars	**10%**	**11%**	**–**	13%	–	–
US dollars	**73%**	**87%**	**75%**	72%	97%	73%
Euro	**9%**	**–**	**–**	8%	–	–
Others	**8%**	**2%**	**25%**	7%	3%	27%
	100%	**100%**	**100%**	100%	100%	100%

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

	2007	2006
	Percentage	Percentage
Credit ratings		
Aaa/AAA	**81%**	83%
Aa1/AA+	**5%**	4%
Aa2/AA	**7%**	4%
Aa3/AA-	**6%**	7%
A1/A+	**–**	1%
A3/A-	**1%**	1%
	100%	100%
Sectorial		
US Treasury notes	**42%**	47%
Government issued guaranteed notes	**24%**	22%
Supranational notes	**19%**	17%
Others	**15%**	14%
	100%	100%
Weighted average maturity	**1.2 years**	2.1 years
Weighted average effective interest rate, inclusive of the effects of hedging transactions	**3.45%**	3.14%

23 Cash and cash equivalents

	2007 **HK$ millions**	2006 HK$ millions
Cash at bank and in hand	**13,650**	10,889
Short term bank deposits	**97,657**	53,262
	111,307	64,151

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

24 Trade and other receivables

	2007 **HK$ millions**	2006 HK$ millions
Trade receivables	**28,951**	20,178
Other receivables and prepayments	**26,235**	24,010
Fair value hedges		
Interest rate swaps	**100**	–
Cash flow hedges		
Forward foreign exchange contracts	**88**	–
	55,374	44,188

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.

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

	2007 **HK$ millions**	2006 HK$ millions
Less than 31 days	**13,305**	12,024
Within 31 to 60 days	**3,388**	2,533
Within 61 to 90 days	**1,312**	980
Over 90 days	**10,946**	4,641
	28,951	20,178

The Group's 5 largest customers contributed less than 7% of the Group's turnover for the years ended 31 December 2007 and 2006.

25 Trade and other payables

	2007 HK$ millions	2006 HK$ millions
Trade payables	27,206	21,023
Other payables and accruals	53,145	41,652
Provisions (See note 26)	6,476	1,351
Interest free loans from minority shareholders	3,088	2,318
Fair value hedges		
Interest rate swaps	3	61
Cash flow hedges		
Forward foreign exchange contracts	111	82
	90,029	66,487

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

	2007 HK$ millions	2006 HK$ millions
Less than 31 days	14,322	12,557
Within 31 to 60 days	3,290	3,980
Within 61 to 90 days	2,556	1,966
Over 90 days	7,038	2,520
	27,206	21,023

The Group's 5 largest suppliers accounted for less than 20% of the Group's cost of purchases for the years ended 31 December 2007 and 2006.

26 Provisions

	Restructuring and closure provision HK$ millions	Assets retirement HK$ millions	Others HK$ millions	Total HK$ millions
At 1 January 2007	910	615	441	1,966
Additions	4,720	75	1,030	5,825
Interest accretion	–	46	–	46
Utilisations	(221)	(8)	(226)	(455)
Write back	(56)	–	(176)	(232)
Relating to subsidiaries acquired	48	125	2	175
Relating to subsidiaries disposed of	(8)	–	(39)	(47)
Exchange translation differences	17	36	22	75
At 31 December 2007	5,410	889	1,054	7,353

Provisions analysed as:

	2007 HK$ millions	2006 HK$ millions
Current portion (See note 25)	6,476	1,351
Long term portion (See note 30)	877	615
	7,353	1,966

The provision for restructuring and closure obligations represents costs to execute restructuring plans and store closures. Additions for the year mainly represent network restructuring costs arising from the network sharing agreement with another UK mobile communications operator (see note 5).

The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

27 Bank and other debts

	2007 HK$ millions	2006 HK$ millions
Bank loans		
Repayable within 5 years	**156,010**	130,172
Not wholly repayable within 5 years	**29**	826
	156,039	130,998
Other loans		
Repayable within 5 years	**7,287**	10,185
Not wholly repayable within 5 years	**76**	109
	7,363	10,294
Notes and bonds		
US$750 million notes-Series A, 6.95% due 2007	**–**	5,789
US$500 million notes-Series B, 7.45% due 2017	**3,863**	3,700
US$500 million notes-Series C, 7.5% due 2027	**3,863**	3,700
US$250 million notes-Series D, 6.988% due 2037	**1,926**	1,924
US$175 million notes, LIBOR + 0.45% due 2008	**1,364**	1,362
US$1,500 million notes, 5.45% due 2010	**11,716**	11,276
US$1,500 million notes, 7% due 2011	**11,664**	11,316
US$3,500 million notes, 6.5% due 2013	**27,169**	25,996
US$2,000 million notes, 6.25% due 2014	**15,674**	15,024
US$1,500 million notes, 7.45% due 2033	**11,685**	11,218
EUR85 million bonds, 2.5% due 2008	**1,123**	989
EUR1,000 million notes, 5.875% due 2013	**11,153**	10,200
EUR655 million notes, 4.125% due 2015	**7,303**	6,680
EUR1,000 million notes, 4.625% due 2016	**11,150**	10,199
GBP325 million bonds, 6.75% due 2015	**5,003**	4,921
GBP300 million bonds, 5.625% due 2017	**4,617**	4,543
GBP400 million bonds, 5.625% due 2026	**6,143**	6,047
AUD800 million notes, BBSW + 0.65% due 2008	**5,384**	4,893
JPY30,000 million notes, 3.5% due 2032	**2,070**	1,971
NIS2,000 million notes, Israeli Consumer Price Index + 4.25% due 2012	**4,069**	–
	146,939	141,748
	310,341	283,040

Borrowings analysed as:

	2007 HK$ millions	2006 HK$ millions
Current portion	**50,255**	22,070
Long-term portion	**260,086**	260,970
	310,341	283,040

27 Bank and other debts (continued)

Borrowings are repayable as follows:

	2007 HK$ millions	2006 HK$ millions
Bank loans		
Current portion	**42,250**	16,145
After 1 year, but within 2 years	**26,738**	19,464
After 2 years, but within 5 years	**87,031**	94,608
After 5 years	**20**	781
Other loans		
Current portion	**134**	136
After 1 year, but within 2 years	**6,762**	885
After 2 years, but within 5 years	**400**	9,166
After 5 years	**67**	107
Notes and bonds		
Current portion	**7,871**	5,789
After 1 year, but within 2 years	**667**	7,244
After 2 years, but within 5 years	**26,782**	22,592
After 5 years	**111,619**	106,123
	310,341	283,040

The bank and other loans of the Group are secured to the extent of HK$24,367 million (2006 – HK$30,385 million) of which HK$10,147 million (2006 – HK$15,646 million) and HK$3,878 million (2006 – HK$13,657 million) are non-guaranteed and guaranteed loans respectively for 3G businesses.

The US$250 million notes-Series D due 2037 are subject to repayment at the option of the holders thereof on 1 August 2009.

Borrowings amounting to HK$172,961 million (2006 – HK$146,340 million) bear interest at floating interest rates and borrowings amounting to HK$137,380 million (2006 – HK$136,700 million) bear interest at fixed interest rates.

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 2007, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK$84,630 million (2006 – HK$89,700 million).

In addition, interest rate swap agreements with notional amount of HK$3,845 million (2006 – HK$8,650 million) was entered to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings. The agreements have fixed interest payments ranging from 5.1% to 7.6% and were entered for a period of 3 years.

As at 31 December 2007, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$97 million (2006 – HK$1,365 million) to non-US dollar principal amount of borrowings to match currency exposures of the underlying businesses.

27 Bank and other debts (continued)

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

	Carrying amounts		Fair values	
	2007 HK$ millions	2006 HK$ millions	**2007 HK$ millions**	2006 HK$ millions
Bank loans	**156,039**	130,998	**156,009**	131,003
Other loans	**7,363**	10,294	**7,378**	10,449
Notes and bonds	**146,939**	141,748	**150,036**	151,891
	310,341	283,040	**313,423**	293,343

The fair values of the long-term 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 long term borrowings approximate their fair value.

Borrowings are denominated in the following currencies (inclusive of the effect of hedging transactions):

	2007 Percentage	2006 Percentage
HK dollars	**12%**	14%
US dollars	**30%**	33%
Euro	**35%**	31%
British Pounds	**11%**	8%
Other currencies	**12%**	14%
	100%	100%

28 Interest bearing loans from minority shareholders

	2007 HK$ millions	2006 HK$ millions
Interest bearing loans from minority shareholders	**12,508**	12,030

The carrying amount of the borrowings approximates their fair value.

29 Pension plans

	2007 HK$ millions	2006 HK$ millions
Defined benefit plans		
Pension assets	**542**	–
Pension obligations	**1,468**	2,378
	926	2,378

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The Group's major plans were valued by Watson Wyatt, qualified actuaries as at 31 December 2007 and 31 December 2006 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:

	2007	2006
Discount rate applied to defined benefit plan obligations	**3.20% - 6.00%**	3.75% - 5.00%
Expected return on plan assets	**3.72% - 8.00%**	3.40% - 8.00%
Future salary increases	**2.00% - 5.00%**	2.00% - 4.00%
Interest credited on two principal plans in Hong Kong	**5.00% - 6.00%**	5.00% - 6.00%

The expected return on plan assets is based on market expectations for returns and long-term benchmark allocation of equities and bonds in each plan and allowing for administration fees and other expenses charged to the plans.

29 Pension plans (continued)

(a) Defined benefit plans (continued)

The amount recognised in the consolidated balance sheet is determined as follows:

	2007 HK$ millions	2006 HK$ millions
Present value of defined benefit obligations	**13,151**	12,659
Fair value of plan assets	**12,175**	10,228
	976	2,431
Unrecognised past services costs	**(50)**	(53)
Net defined benefit plan obligations	**926**	2,378

Fair value of plan assets of HK$12,175 million (2006 – HK$10,228 million) includes investments in the Company's shares with a fair value of HK$53 million (2006 – HK$51 million).

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

	2007 HK$ millions	2006 HK$ millions
At 1 January	**12,659**	10,545
Current service cost net of employee contributions	**643**	640
Actual employee contributions	**123**	118
Interest cost	**589**	516
Actuarial losses (gains) on obligation	**(781)**	18
Gains on curtailments	**(79)**	(20)
Relating to subsidiaries acquired	**217**	–
Transfer to other liabilities	**(8)**	–
Actual benefits paid	**(644)**	(498)
Exchange differences	**432**	1,340
At 31 December	**13,151**	12,659

29 Pension plans (continued)

(a) Defined benefit plans (continued)

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

	2007 HK$ millions	2006 HK$ millions
At 1 January	10,228	8,222
Expected return on plan assets	717	571
Actuarial gains on plan assets	600	463
Actual company contributions	678	566
Actual employee contributions	123	118
Relating to subsidiaries acquired	196	–
Assets distributed on settlements	(15)	–
Actual benefits paid	(644)	(498)
Exchange differences	292	786
At 31 December	12,175	10,228

The amount recognised in the consolidated profit and loss account is as follows:

	2007 HK$ millions	2006 HK$ millions
Current service cost	643	640
Past service cost	8	(53)
Interest cost	589	516
Gains on curtailment	(79)	(20)
Expected return on plan assets	(717)	(571)
Total expense	444	512
Less: expense capitalised	(1)	(3)
Total, included in staff costs	443	509

The actuarial gains recognised in the statement of recognised income and expense in current year was HK$1,381 million (2006 – HK$445 million). The cumulative actuarial gains recognised in the statement of recognised income and expense amounted to HK$486 million (2006 – losses of HK$908 million).

Fair value of the plan assets are analysed as follows:

	2007 Percentage	2006 Percentage
Equity instruments	55%	57%
Debt instruments	36%	38%
Other assets	9%	5%
	100%	100%

29 Pension plans (continued)

(a) Defined benefit plans (continued)

The experience adjustments are as follows:

	2007 HK$ millions	2006 HK$ millions	2005 HK$ millions	2004 HK$ millions
Present value of defined benefit obligations	**13,151**	12,659	10,545	10,401
Fair value of plan assets	**12,175**	10,228	8,222	7,977
Deficit	**976**	2,431	2,323	2,424
Experience adjustments on defined benefit obligations	**(13)**	(18)	(308)	(69)
Experience adjustments on plan assets	**648**	561	429	51

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 2007. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 30 June 2006 reported a funding level of 108% of the accrued actuarial liabilities on an ongoing basis. The valuation used the aggregate cost method and the main assumptions in the valuation are an investment return of 6.0% per annum and salary increases of 4.0%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Watson Wyatt Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2007 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$36 million (2006 – HK$31 million) were used to reduce the current year's level of contributions and HK$5 million was available at 31 December 2007 (2006 – HK$4 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. On the assumptions adopted at the last formal actuarial valuation using the projected unit method at 1 January 2004, the ratio of assets to liabilities for the Felixstowe Scheme was 78%. The sponsoring employer's contributions have been increased from August 2004 to finance the increased cost of accrual of benefits and to fund the deficit over the employees' remaining expected future working lives. The main assumptions in the valuation are an investment return of 6.5% per annum, pensionable salary increases of 3.0% per annum and pension increases of 2.75% per annum. The valuation was performed by Graham Mitchell, a Fellow of the Institute of Actuaries, of Watson Wyatt LLP.

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.

29 Pension plans (continued)

(a) Defined benefit plans (continued)

The Group operates two defined benefit pension plans for part of its retail operations in the United Kingdom. One was assumed on acquisition of a subsidiary company in 2002 and is not open to new entrants. The first formal valuation for funding purposes was carried out at 31 March 2003. 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's contributions have been increased from April 2003 to fund the deficit over a period of 12 years. The main assumptions in the valuation are an investment return of 5.5% to 6.5% per annum and pensionable salary increases of 4% per annum. The valuation was performed by Chris Norden, a Fellow of the Institute of Actuaries, of Hewitt Bacon & Woodrow Limited.

The Group's other defined benefit retirement plan for its retail operations in the United Kingdom was assumed on acquisition of a subsidiary company in 2005. The plan is final salary in nature with a money purchase underpin arrangement. The scheme is not open to new entrants since 1 April 2001. The latest formal valuation of the scheme was undertaken at 31 December 2005 by Ian W H Pope, a Fellow of the Faculty of Actuaries, of Kerr & Co. using the projected unit method. The principal long term assumptions were that the annual rate of return on investments would exceed the annual increase in earnings by 1.3% and the annual increase in pension would be 3%.

(b) Defined contribution plans

The Group's costs in respect of defined contribution plans for the year amounted to HK$704 million (2006 – HK$529 million). Forfeited contributions totalling HK$2 million (2006 – HK$6 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2007 (2006 – nil) to reduce future years' contributions.

30 Other non-current liabilities

	2007 HK$ millions	2006 HK$ millions
Fair value hedges		
Interest rate swaps	**264**	3,257
Cash flow hedges		
Cross currency interest rate swaps	**22**	200
Forward foreign exchange contracts	**187**	178
Obligations for telecommunications licences and other rights	**4,579**	2,118
Provisions (See note 26)	**877**	615
	5,929	6,368

31 Share capital

	2007 Number of shares	2006 Number of shares	**2007 HK$ millions**	2006 HK$ millions
Authorised:				
Ordinary shares of HK$0.25 each	**5,500,000,000**	5,500,000,000	**1,375**	1,375
7-½% cumulative redeemable participating preference shares of HK$1 each	**402,717,856**	402,717,856	**403**	403
			1,778	1,778
Issued and fully paid:				
Ordinary shares	**4,263,370,780**	4,263,370,780	**1,066**	1,066

32 Equity

	Share capital HK$ millions	Share premium[a] HK$ millions	Exchange reserve HK$ millions	Other reserves[b] HK$ millions	Retained profit HK$ millions	Total shareholders' funds HK$ millions	Minority interests HK$ millions	Total equity HK$ millions
At 1 January 2007	1,066	28,359	21,801	3,807	218,761	273,794	16,771	290,565
Fair value changes in available-for-sale investments	–	–	–	12,045	–	12,045	305	12,350
Fair value changes arising from business combination	–	–	–	32	–	32	29	61
Fair value adjustment upon transfer from other properties to investment properties	–	–	–	3	–	3	1	4
Valuation released upon disposal of available-for-sale investments	–	–	–	(7,722)	–	(7,722)	(24)	(7,746)
Gain on cash flow hedges	–	–	–	216	–	216	38	254
Transfer to initial carrying amount of non-financial items on cash flow hedges	–	–	–	34	–	34	1	35
Share of other reserve movement of an associated company	–	–	–	–	(7)	(7)	(1)	(8)
Exchange translation differences	–	–	6,788	–	–	6,788	912	7,700
Net actuarial gains of defined benefit plans	–	–	–	–	1,292	1,292	214	1,506
Deferred tax effect on net actuarial gains of defined benefit plans	–	–	–	–	(215)	(215)	(38)	(253)
Net income recognised directly in equity	–	–	6,788	4,608	1,070	12,466	1,437	13,903
Profit after tax	–	–	–	–	30,600	30,600	2,265	32,865
Total recognised income and expense	–	–	6,788	4,608	31,670	43,066	3,702	46,768
Dividends paid relating to 2006	–	–	–	–	(5,201)	(5,201)	–	(5,201)
Dividends paid relating to 2007	–	–	–	–	(2,174)	(2,174)	–	(2,174)
Dividends paid to minority interests	–	–	–	–	–	–	(4,064)	(4,064)
Equity contribution from minority interests	–	–	–	–	–	–	438	438
Capitalisation of loan from minority interests	–	–	–	–	–	–	1,099	1,099
Share option scheme	–	–	–	76	–	76	104	180
Share option lapsed	–	–	–	(8)	8	–	–	–
Unclaimed dividends write back	–	–	–	–	8	8	–	8
Relating to subsidiary companies acquired	–	–	–	–	–	–	29,595	29,595
Relating to partial disposal of subsidiary companies	–	–	432	–	–	432	994	1,426
Relating to disposal of an associated company and jointly controlled entities	–	–	(67)	80	–	13	5	18
At 31 December 2007	1,066	28,359	28,954	8,563	243,072	310,014	48,644	358,658

32 Equity (continued)

	Share capital	Share premium[(a)]	Exchange reserve	Other reserves[(b)]	Retained profit	Total shareholders' funds	Minority interests	Total equity
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 1 January 2006	1,066	28,359	7,118	1,405	205,606	243,554	10,075	253,629
Fair value changes in available-for-sale investments	–	–	–	3,304	–	3,304	105	3,409
Fair value adjustment upon transfer from other properties to investment properties	–	–	–	37	–	37	7	44
Valuation released upon disposal of available-for-sale investments	–	–	–	(671)	–	(671)	6	(665)
Loss on cash flow hedges	–	–	–	(123)	–	(123)	(26)	(149)
Exchange translation differences	–	–	15,416	–	–	15,416	278	15,694
Net actuarial gains of defined benefit plans	–	–	–	–	606	606	30	636
Deferred tax effect on net actuarial gains of defined benefit plans	–	–	–	–	(126)	(126)	–	(126)
Net income recognised directly in equity	–	–	15,416	2,547	480	18,443	400	18,843
Profit after tax	–	–	–	–	20,030	20,030	2,596	22,626
Total recognised income and expense	–	–	15,416	2,547	20,510	38,473	2,996	41,469
Dividends paid relating to 2005	–	–	–	–	(5,201)	(5,201)	–	(5,201)
Dividends paid relating to 2006	–	–	–	–	(2,174)	(2,174)	–	(2,174)
Dividends paid to minority interests	–	–	–	–	–	–	(3,359)	(3,359)
Equity contribution from minority interests	–	–	–	–	–	–	1,653	1,653
Capitalisation of loan from minority interests	–	–	–	–	–	–	1,126	1,126
Share option scheme	–	–	–	20	–	20	8	28
Share option lapsed	–	–	–	(6)	6	–	–	–
Share of associated company's partial redemption of convertible notes	–	–	–	(35)	12	(23)	–	(23)
Unclaimed dividends write back	–	–	–	–	35	35	–	35
Relating to subsidiary companies acquired	–	–	–	–	–	–	735	735
Relating to partial disposal of subsidiary companies	–	–	(733)	(124)	(33)	(890)	3,537	2,647
At 31 December 2006	1,066	28,359	21,801	3,807	218,761	273,794	16,771	290,565

(a) Capital redemption reserve of HK$404 million was included in share premium in all reporting years.

(b) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 31 December 2007, revaluation reserve surplus amounted to HK$8,145 million (1 January 2007 – HK$3,787 million and 1 January 2006 – HK$1,291 million), hedging reserve surplus amounted to HK$167 million (1 January 2007 – deficit of HK$163 million and 1 January 2006 – deficit of HK$40 million) and other capital reserves surplus amounted to HK$251 million (1 January 2007 – HK$183 million and 1 January 2006 – HK$154 million). Fair value changes arising from business combination and revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cashflow hedges are included in the hedging reserve.

(c) The Group's share of exchange reserve of associated companies and jointly controlled entities are gains of HK$2,749 million (2006 – HK$35 million) and HK$1,197 million (2006 – HK$588 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$96 million (2006 – HK$156 million) and HK$9 million (2006 – HK$13 million) respectively.

32 Equity (continued)

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 2007, total equity amounted to HK$358,658 million (2006 – HK$290,565 million), and consolidated net debt of the Group, excluding loans from minority shareholders which are viewed as quasi equity, was HK$129,842 million (2006 – HK$152,638 million). The Group's net debt to net total capital ratio decreased to 26% from 33% at the end of last year.

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

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

	2007	2006
A1 – excluding loans from minority shareholders from debt	**26%**	33%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**21%**	27%
B1 – including loans from minority shareholders from debt	**28%**	36%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**23%**	29%

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

33 Notes to consolidated cash flow statement

(a) Reconciliation of profit after tax to cash generated from operating activities before interest and other finance costs, tax paid, **3** Group telecommunications expensed CACs[a] and changes in working capital

	2007 HK$ millions	2006 HK$ millions
Profit after tax	**32,865**	22,626
Adjustments for:		
Current tax charge	**2,768**	1,560
Deferred tax charge	**1,651**	1,417
Interest and other finance costs	**19,054**	16,601
Change in fair value of investment properties	**(1,988)**	(2,843)
Depreciation and amortisation	**38,872**	33,091
Non-cash items included in profit (loss) on disposal of investments and others	**13,216**	1,841
Share of associated companies' and jointly controlled entities'		
Minority interests	**365**	764
Current tax charge	**2,532**	3,273
Deferred tax charge	**1,579**	901
Interest and other finance costs	**3,446**	3,745
Change in fair value of investment properties	**(7)**	(959)
Depreciation and amortisation	**9,220**	9,342
EBITDA[b]	**123,573**	91,359
3 Group telecommunications expensed CACs	**5,732**	5,494
EBITDA before 3 Group telecommunications expensed CACs	**129,305**	96,853
Share of EBITDA of associated companies and jointly controlled entities	**(68,295)**	(31,613)
Profit on disposal of unlisted investments	**(14)**	(121)
Loss (profit) on disposal of fixed assets, leasehold land and investment properties	**54**	(605)
Dividends received from associated companies and jointly controlled entities	**23,412**	6,554
Distribution from property jointly controlled entities	**2,685**	1,875
Profit on disposal of subsidiary and associated companies and jointly controlled entities	**(2,202)**	(24,873)
Other non-cash items	**1,461**	1,026
	86,406	49,096

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

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

33 Notes to consolidated cash flow statement (continued)

(b) Changes in working capital

	2007 HK$ millions	2006 HK$ millions
Decrease in inventories	508	505
Increase in debtors and prepayments	(9,840)	(5,944)
Increase in creditors	4,008	6,148
Other non-cash items	1,180	311
	(4,144)	1,020

(c) Purchase of subsidiary companies

	2007		2006
	Book value HK$ millions	Fair value HK$ millions	Fair value HK$ millions
Aggregate net assets acquired at acquisition date:			
Fixed assets	20,211	20,232	1,320
Investment properties	–	–	23
Leasehold land	237	409	2,164
Telecommunications licences	4,566	4,566	–
Telecommunications postpaid CACs	368	368	–
Goodwill	4,728	5,282	–
Brand names and other rights	4,660	4,660	925
Associated companies	2	2	31
Deferred tax assets	371	371	–
Liquid funds and other listed investments	444	444	–
Inventories	457	457	364
Cash and cash equivalents	45,757	45,757	654
Trade and other receivables	5,951	5,951	521
Bank and other debts	(18,373)	(18,373)	(1,356)
Pension obligations	(21)	(21)	–
Other non-current liabilities	(3,085)	(3,085)	–
Creditors and current tax liabilities	(7,827)	(7,827)	(1,091)
Deferred tax liabilities	(983)	(1,031)	(163)
Loans from minority shareholders	(272)	(272)	(45)
Minority interests	(29,765)	(29,815)	(735)
	27,426	28,075	2,612
Goodwill arising on acquisition		67	1,800
		28,142	4,412
Less: Cost of investments just prior to purchase		(27,733)	(119)
Discharged by cash payment		409	4,293

33 Notes to consolidated cash flow statement (continued)

(c) Purchase of subsidiary companies (continued)

	2007		2006
	Book value HK$ millions	**Fair value HK$ millions**	Fair value HK$ millions
Net cash outflow (inflow) arising from acquisition:			
Cash payment		**409**	4,293
Deferred consideration paid		**–**	120
Total consideration		**409**	4,413
Cash and cash equivalents acquired		**(45,757)**	(654)
Total net cash consideration		**(45,348)**	3,759

Included in the net assets acquired above is acquisition of HTIL. The contribution to the Group's revenue and profit or loss from this subsidiary company acquired since the date of acquisition are disclosed in note 4.

Included in the net assets acquired in 2006 above are acquisitions of the remaining 50% shareholding in Euromax, a joint venture which is adjacent to the Group's container terminal at Rotterdam and Servico Material Portuario, S.A., which operates a container terminal in Barcelona by its subsidiary, Terminal Catalunya S.A.. The contribution to the Group's revenue and profit after tax from each of these subsidiaries acquired since the respective date of acquisition is not material.

Acquisition of HTIL

In June 2007, the Group increased its interest in HTIL from 49.75% to over 50% through the on-market purchases of an aggregate of 12 million HTIL shares representing approximately 0.251% of the then issued share capital of HTIL. The transaction resulted in HTIL ceasing to be an associated company and becoming a subsidiary company of the Group.

33 Notes to consolidated cash flow statement (continued)

(c) Purchase of subsidiary companies (continued)

The net assets of HTIL acquired and the goodwill arising, are as follows:

	At acquisition date Fair value HK$ millions	Acquiree's carrying amount HK$ millions
Net assets acquired:		
Fixed assets	**19,592**	19,592
Leasehold land	**6**	6
Telecommunications licences	**4,566**	4,566
Telecommunications postpaid CACs	**368**	368
Goodwill	**5,282**	4,728
Brand names and other rights	**4,660**	4,660
Associated companies	**2**	2
Deferred tax assets	**371**	371
Liquid funds and other listed investments	**444**	444
Inventories	**452**	452
Cash and cash equivalents	**45,564**	45,564
Trade and other receivables	**5,893**	5,893
Bank and other debts	**(18,373)**	(18,373)
Pension obligations	**(21)**	(21)
Other non-current liabilities	**(3,085)**	(3,085)
Creditors and current tax liabilities	**(7,795)**	(7,795)
Deferred tax liabilities	**(983)**	(983)
Loans from minority shareholders	**(272)**	(272)
Minority interests	**(29,389)**	(29,389)
	27,282	26,728
Goodwill arising on acquisition	**67**	
	27,349	
Less: Cost of investments immediately prior to purchase	**(27,225)**	
Discharged by cash payment	**124**	
Net cash inflow arising from acquisition:		
Cash payment	**124**	
Cash and cash equivalents acquired	**(45,564)**	
Total net cash consideration	**(45,440)**	

The goodwill can be attributable to the anticipated profitability of the acquired business and the anticipated future operating synergies from the combination.

33 Notes to consolidated cash flow statement (continued)

(d) Disposal of subsidiary companies

	2007 HK$ millions	2006 HK$ millions
Aggregate net assets (liabilities) disposed at date of disposal (excluding cash and cash equivalents):		
Fixed assets	**35**	673
Leasehold land	**–**	48
Inventories	**66**	31
Trade and other receivables	**358**	57
Bank and other debts	**(79)**	–
Other non-current liabilities	**(46)**	–
Creditors and current tax liabilities	**(637)**	(58)
Deferred tax	**–**	(2)
Loans from minority shareholders	**–**	(2)
Minority interests	**–**	(320)
Reserves	**17**	(4)
	(286)	423
Profit on disposal	**1,181**	127
	895	550
Satisfied by:		
Cash and cash equivalents received as consideration	**1,154**	1,020
Less: Cash and cash equivalents sold	**(259)**	(470)
Total net cash consideration	**895**	550

The effect on the Group's results from the disposal of subsidiary companies is not material for the year ended 31 December 2007.

(e) Partial disposal of subsidiary companies

Proceeds on partial disposal of subsidiary companies in 2006 mainly represent sales proceeds of US$4,388 million arising from the disposal of 20% equity interest in Hutchison Port Holdings and Hutchison Ports Investments.

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 2007, assets of the Group totalling HK$30,700 million (2006 – HK$91,788 million) were pledged as security for bank and other loans and certain performance guarantees of the Group. At 31 December 2006, the shares of H3G S.p.A. owned by the Group were pledged as security for its project financing facilities and the assets of H3G S.p.A. amounted to approximately HK$81,007 million at that date. Subsequently, in January 2007, the project financing facilities of H3G S.p.A. were refinanced and the shares are no longer pledged as security under a new replacement syndicated bank loan.

36 Contingent liabilities

The holding company, Hutchison Whampoa Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and jointly controlled entities of HK$7,352 million (2006 – HK$14,459 million).

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

	2007 HK$ millions	2006 HK$ millions
To associated companies		
Telecommunications businesses	**–**	8,141
Other businesses	**2,522**	–
	2,522	8,141
To jointly controlled entities		
Property businesses	**2,996**	3,213
Other businesses	**1,172**	1,968
	4,168	5,181

At 31 December 2007, the Group had provided performance and other guarantees of HK$9,390 million (2006 – HK$5,681 million) primarily for telecommunications businesses.

37 Commitments

Outstanding Group commitments not provided for in the accounts at 31 December 2007 are as follows:

Capital commitments

1. Contracted for:
   i. Container terminals, Hong Kong – HK$60 million (2006 – nil)
   ii. Container terminals, Mainland China – HK$2,422 million (2006 – HK$4,412 million)
   iii. Container terminals, others – HK$3,620 million (2006 – HK$1,771 million)
   iv. Telecommunications – **3** Group – HK$5,840 million (2006 – HK$4,984 million)
   v. Telecommunications – HK$3,070 million (2006 – nil)
   vi. Investment properties outside Hong Kong – HK$2 million (2006 – nil)
   vii. Investment in Joint Venture outside Hong Kong – HK$830 million (2006 – HK$13 million)
   viii. Other fixed assets – HK$664 million (2006 – HK$43 million)

2. Authorised but not contracted for:
   The Group, as part of its annual budget process, estimates future capital expenditures and these amounts are shown below. These estimates are subject to a rigorous authorisation process before the expenditure is committed.
   i. Container terminals, Hong Kong – HK$380 million (2006 – HK$219 million)
   ii. Container terminals, Mainland China – HK$4,750 million (2006 – HK$1,997 million)
   iii. Container terminals, others – HK$14,997 million (2006 – HK$8,145 million)
   iv. Telecommunications – **3** Group – HK$11,656 million (2006 – HK$10,609 million)
   v. Telecommunications – HK$4,673 million (2006 – nil)
   vi. Investment properties outside Hong Kong – HK$949 million (2006 – HK$1,025 million)
   vii. Investment in Joint Venture outside Hong Kong – HK$176 million (2006 – HK$278 million)
   viii. Other fixed assets – HK$8,066 million (2006 – HK$2,852 million)

37 Commitments (continued)

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

Established Businesses

1. In the first year – HK$8,075 million (2006 – HK$6,622 million)
2. In the second to fifth years inclusive – HK$21,329 million (2006 – HK$19,494 million)
3. After the fifth year – HK$46,122 million (2006 – HK$43,096 million)

Telecommunications – **3** Group

1. In the first year – HK$2,495 million (2006 – HK$2,008 million)
2. In the second to fifth years inclusive – HK$7,213 million (2006 – HK$5,805 million)
3. After the fifth year – HK$11,847 million (2006 – HK$11,086 million)

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

Established Businesses

1. In the first year – HK$422 million (2006 – HK$182 million)
2. In the second to fifth years inclusive – HK$312 million (2006 – HK$320 million)
3. After the fifth year – HK$142 million (2006 – HK$203 million)

Telecommunications – **3** Group

1. In the first year – HK$27 million (2006 – HK$33 million)
2. In the second to fifth years inclusive – HK$71 million (2006 – HK$91 million)
3. After the fifth year – HK$223 million (2006 – HK$101 million)

Other commitments

3G handsets – HK$1,601 million (2006 – HK$2,794 million)

38 Related parties transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and jointly controlled entities as disclosed in notes 18 and 19 are unsecured. Balances totalling HK$3,091 million (2006 – HK$2,145 million) are interest bearing.

The Group has entered into joint ventures with Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake various, mainly property, projects. At 31 December 2007, included in associated companies and interests in joint ventures on the balance sheet is a total amount of HK$22,509 million (2006 – HK$21,674 million) representing equity contributions to and the net amount due from these related entities. The Group had guaranteed bank and other borrowing facilities of HK$2,996 million (2006 – HK$3,213 million) for the benefit of these same entities.

No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 6.

39 Legal proceedings

As at 31 December 2007, 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 increased its shareholdings in HTIL to 59.33% by acquisition of a further 9.22% of HTIL's issued share capital for a total cash consideration of HK$4,851 million.

Subsequent to the year end, HTIL, a 59.33% owned listed subsidiary of the Group, announced that its 60% owned subsidiary, PT. Hutchison CP Telecommunications ("HCPT"), has entered into a conditional agreement with a third party (the "Third Party") for the sale of certain mobile telecommunications tower assets in Indonesia ("Assets") for a cash consideration of up to US$500 million (approximately HK$3,882 million). Completion of the sale is expected to occur in tranches over a two-year period. Concurrent with the sale, HCPT has entered into an agreement with the Third Party to lease the Assets from the Third Party. On the bases that the sale of the Assets is treated as a sale of all the Assets and the lease with the Third Party is treated as an operating lease, HTIL expects to realise a disposal gain, subject to audit, of US$236 million (approximately HK$1,832 million) from the sale.

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 2007, is for convenience only and has been made at the rate of HK$7.80 to US$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into United States dollars at this or any other rate.

42 Approval of accounts

The accounts set out on pages 121 to 203 were approved by the Board of Directors on 27 March 2008.

43 Profit before tax

(a) In accordance with the disclosure requirement of HKFRS 7, other gains and losses recognised in profit or loss includes the following items:

	2007 HK$ millions	2006 HK$ millions
Change in fair value of financial assets at fair value through profit or loss	**(36)**	(24)
Gains (losses) arising on derivatives in a designated fair value hedge	**3,428**	(534)
Gains (losses) arising on adjustment for hedged item in a designated fair value hedge	**(3,428)**	534
Interest income on available-for-sale financial assets	**1,957**	1,817

43 Profit before tax (continued)

(b) 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:

	2007 HK$ millions	2006 HK$ millions
Credits:		
Share of profits less losses of associated companies		
Listed	**46,788**	9,004
Unlisted	**1,034**	2,468
	47,822	11,472
Share of gross rental income of associated companies and jointly controlled entities	**562**	591
Gross rental income from investment properties held by:		
Listed subsidiary – Hutchison Harbour Ring Limited	**284**	243
Other subsidiaries (excluding Hutchison Harbour Ring Limited)	**2,467**	2,216
Less: intra group rental income	**(271)**	(269)
	2,480	2,190
Less: related outgoings	**(80)**	(106)
Net rental income of subsidiary companies	**2,400**	2,084
Dividend and interest income from managed funds and other investments		
Listed	**2,197**	1,984
Unlisted	**217**	200
Charges:		
Depreciation and amortisation		
Fixed assets	**17,616**	13,883
Telecommunications licences	**5,617**	5,766
Telecommunications postpaid CACs	**13,522**	11,721
Leasehold land	**986**	956
Brand names and other rights	**1,131**	765
	38,872	33,091
Inventories write off	**1,747**	1,596
Operating leases		
Properties	**12,943**	10,363
Hire of plant and machinery	**675**	288
Auditors' remuneration		
Audit and audit related work – PricewaterhouseCoopers	**199**	184
– other auditors	**19**	20
Non-audit work – PricewaterhouseCoopers	**34**	25
– other auditors	**28**	45

44 Financial risk management

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

(a) Cash management and funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, which change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing. Total cash, liquid funds and other listed investments that the Group has at its disposal at 31 December 2007 to meet funding needs amounted to HK$180,499 million (2006 – HK$130,402 million).

(b) Interest rate exposure

The Group's main interest risk exposures relate to US dollar, British pound, Euro and HK dollar borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses a combination of interest rate swaps and forward rate agreements to manage its long-term interest rate exposure and exposure to short-term interest rate volatility respectively, as described in note 27.

At 31 December 2007, approximately 56% (2006 – approximately 51%) of the Group's principal amount of borrowings were at floating rates and the remaining 44% (2006 – approximately 49%) were at fixed rates. The Group has entered into various interest rate agreements with major creditworthy financial institutions to swap approximately HK$84,630 million (2006 – approximately HK$89,700 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$3,845 million (2006 – HK$8,650 million) principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 82% (2006 – approximately 79%) of the Group's principal amount of borrowings were at floating rates and the remaining 18% (2006 – approximately 21%) were at fixed rates at 31 December 2007.

(c) Foreign currency exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar and non-US dollar assets, the Group generally endeavours to establish a natural hedge with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in the local currency are not attractive, the Group may not borrow in the local currency and instead monitor the development of the businesses' cashflow and the debt markets with a view to refinancing these businesses with local currency borrowings in the future when conditions are appropriate. Exposure to movements in exchange rates for individual transactions directly related to the underlying businesses is minimised using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist, as described in note 1(n). During the year, the HK dollar weakened against the currencies of most of those countries where the Group has overseas operations. This gave rise to an unrealised gain of HK$6,788 million (2006 – HK$15,416 million) on translation of these operations' net assets to the Group's HK dollar reporting currency, which was reflected as a movement in the Group's reserves.

44 Financial risk management (continued)

(c) Foreign currency exposure (continued)

At 31 December 2007, the Group had currency swap arrangements and foreign exchange forward contracts with banks to swap US dollar principal amount of borrowings equivalent to HK$97 million to non-US dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's borrowings, excluding loans from minority shareholders and after taking into consideration these currency swaps, are denominated as follows: 12% in HK dollars, 30% in US dollars, 11% in British pounds, 35% in Euro and 12% in other currencies. During 2007, HTIL provided inter-company loans to its Thailand operations in US dollar totaling HK$9,327 million to fully repay six outstanding commercial loan facilities with international lenders. In December 2006 the Bank of Thailand imposed unremunerated reserve requirements on the conversion of foreign currency to Thai baht, subsequently removed on 3 March 2008. This affected HTIL's ability to freely convert the US dollar proceeds into Thai baht. To receive exemption from the unremunerated reserve requirement, HTIL entered into foreign exchange swap contracts with various banks in Thailand. At 31 December 2007, HTIL had US$1,095 million outstanding under these foreign exchange swap contracts where HTIL has commitments to sell Thai baht and buy US dollar at pre-agreed rates.

(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 banks and financial institutions expose the Group to credit risk of the counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their credit rating and setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to credit risk from its operating activities. At the level of operations, the outstanding debt is continuously monitored in each area, i.e. locally.

(e) Market price risk

The Group's main market price risk exposures relate to the Group's holdings of managed funds and other liquid investments. The Group controls its market price risk through diversification of the portfolio. Diversification of the portfolio is done in accordance with approved limits which are regularly reviewed by the Group.

(f) Market risks sensitivity analyses

For the presentation of market risks (including interest rate risk, exchange rate risk and market price risk), HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of market risks that show the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the balance sheet date on profit or loss and total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the balance sheet date and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of market risks 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 market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial instruments. The sensitivity analysis measures changes in the fair value and/or cash flows of the Group's financial instruments 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.

44 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial instruments with fixed interest rates, changes in market interest rates only affect profit or loss if these financial instruments are measured at the fair value. Accordingly, all non-derivative financial instruments 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 instrument 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 the profit or loss 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.

Under these assumptions, the impact of a hypothetical 100 basis points increase in market interest rate at the balance sheet date , with all other variables held constant:

- profit for the year would decrease by HK$1,838 million (2006 – HK$2,028 million) due to increase in interest expense;
- total equity would decrease by HK$1,838 million (2006 – HK$2,028 million) due to increase in interest expense; and
- total equity would decrease by HK$454 million (2006 – HK$795 million) mainly due to decrease in value of available-for-sales investments.

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature. Differences resulting from the translation of financial statements of oversea subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

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

Major non-derivative monetary financial instruments (liquid funds and other listed investments) 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 instruments therefore have no material effects on profit or loss and total equity.

In the cases of derivative financial instrument 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 the profit or loss 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.

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis (continued)

Under these assumptions, the impact of a hypothetical 10% weakening of HK dollar against all exchange rates at the balance sheet date, with all other variables held constant, on the Group's profit or loss and total equity is set out in the table below.

	2007		2006	
	Hypothetical increase (decrease) in profit or loss HK$ millions	**Hypothetical increase (decrease) in total equity HK$ millions**	Hypothetical increase (decrease) in profit or loss HK$ millions	Hypothetical increase (decrease) in total equity HK$ millions
EURO	**(28)**	**(28)**	24	24
GBP	**17**	**(273)**	(59)	(303)
AUD	**209**	**461**	208	345
RMB	**488**	**499**	307	322
USD	**7,755**	**7,763**	3,984	3,984
Japanese Yen	**(411)**	**(411)**	(115)	(115)

The above what-if analyses are presented solely for compliance with HKFRS 7 disclosure requirements in respect of financial instruments.

As mention above, for purpose of HKFRS 7, currency risk does not arise from financial instruments that are denominated in the entity's functional currency and are therefore excluded from the above foreign currency exchange rate what-if sensitivity analysis. For illustration purposes, GBP denominated loans and deposits held by a UK company are excluded from the above analysis.

Further information on the Group's financial instruments are set out in notes 22 and 27 and also in the section "Group Capital Resources and Liquidity" set out on pages 58 to 62 of the Annual Report.

(iii) Market price sensitivity analysis

If the market prices have been 10% higher while all other variables are held constant:

- profit for the year would increase by HK$104 million (2006 – HK$106 million) due to increase in gains on financial assets measured at fair value through profit or loss;

- total equity would increase by HK$104 million (2006 – HK$106 million) due to increase in gains on financial assets measured at fair value through profit or loss; and

- total equity would increase by HK$6,396 million (2006 – HK$6,142 million) due to increase in gains on available-for-sale investments.

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities and derivative liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Carrying amounts HK$ millions	Total undiscounted cash flows HK$ millions	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions
2007					
Trade payables	27,206	27,206	27,206	–	–
Other payables and accruals	53,145	53,145	53,145	–	–
Interest free loans from minority shareholders	3,088	3,088	3,088	–	–
Bank loans	156,039	156,445	42,282	114,143	20
Other loans	7,363	7,379	134	7,178	67
Notes and bonds	146,939	147,455	7,871	27,504	112,080
Interest bearing loans from minority shareholders	12,508	12,508	42	8,696	3,770
Fair value hedges - interest rate swap (net settled)	267	339	267	(14)	86
	406,555	407,565	134,035	157,507	116,023

	Total undiscounted cash flows HK$ millions	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions
2007				
Derivative settled gross:				
Cash flow hedges - cross currency interest rate swap				
- Inflow	159	65	94	–
- Outflow	(120)	(48)	(72)	–
Cash flow hedges - forward foreign exchange contracts				
- Inflow	6,682	2,602	4,080	–
- Outflow	(6,956)	(2,609)	(4,347)	–

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

	Carrying amounts	Total undiscounted cash flows	Within 1 year	After 1 year, but within 5 years	After 5 years
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
2006					
Trade payables	21,023	21,023	21,023	–	–
Other payables and accruals	41,652	41,652	41,652	–	–
Interest free loans from minority shareholders	2,318	2,318	2,318	–	–
Bank loans	130,998	131,355	16,150	114,424	781
Other loans	10,294	10,446	140	10,198	108
Notes and bonds	141,748	145,712	5,850	30,649	109,213
Interest bearing loans from minority shareholders	12,030	12,030	69	11,367	594
Fair value hedges – interest rate swap (net settled)	3,318	4,138	1,122	2,270	746
	363,381	368,674	88,324	168,908	111,442

	Total undiscounted cash flows	Within 1 year	After 1 year, but within 5 years	After 5 years
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
2006				
Derivative settled gross:				
Cash flow hedges – cross currency interest rate swap				
– Inflow	91	15	76	–
– Outflow	(200)	–	(200)	–
Cash flow hedges – forward foreign exchange contracts				
– Inflow	5,179	2,134	3,045	–
– Outflow	(5,497)	(2,223)	(3,274)	–

45 Balance sheet of the Company, unconsolidated

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the balance sheet of the Company as at 31 December 2007 is set out as follows:

	2007 HK$ millions	2006 HK$ millions
Assets		
Non-current assets		
Subsidiary companies – Unlisted shares [a]	**34,705**	18,668
Current assets		
Cash at bank	**–**	5
Amounts due from subsidiary companies [b]	**53,497**	62,390
Dividends and other receivables from subsidiary companies	**9,007**	7,500
	62,504	69,895
Current liabilities		
Bank overdrafts	**2**	–
Other payables and accruals	**116**	137
	118	137
Net current assets	**62,386**	69,758
Net assets	**97,091**	88,426
Capital and reserves		
Share capital (See note 31)	**1,066**	1,066
Reserves [c]	**96,025**	87,360
Shareholders' funds	**97,091**	88,426

Fok Kin-ning, Canning
Director

Frank John Sixt
Director

45 Balance sheet of the Company, unconsolidated (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 198 to 203.

(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 2006	28,359	58,869	87,228
Profit for the year	–	7,472	7,472
Unclaimed dividend paid write back	–	35	35
Dividends paid relating to 2005	–	(5,201)	(5,201)
Dividends paid relating to 2006	–	(2,174)	(2,174)
At 31 December 2006	**28,359**	**59,001**	**87,360**
Profit for the year	**–**	**16,032**	**16,032**
Unclaimed dividend paid write back	**–**	**8**	**8**
Dividends paid relating to 2006	**–**	**(5,201)**	**(5,201)**
Dividends paid relating to 2007	**–**	**(2,174)**	**(2,174)**
At 31 December 2007	**28,359**	**67,666**	**96,025**

(d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(e) Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the Company is required to disclose that it has guaranteed the borrowings of its finance and other subsidiary companies which have been consolidated and included in the consolidated balance sheet of the Group. Of the consolidated borrowings included in note 27 totalling HK$310,341 million (2006 – HK$283,040 million), the Company has guaranteed a total of HK$245,322 million (2006 – HK$230,229 million) which has been borrowed in the name of subsidiary companies.

(f) The Company provided guarantees in respect of the bank and other borrowing facilities utilised by the associated companies and jointly controlled entities totalling HK$470 million (2006 – HK$8,718 million). This amount has been included in the Group's contingent liabilities disclosed in note 36.

(g) Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the net profit of the Company is HK$16,032 million (2006 – HK$7,472 million) and is included in determining the profit attributable to shareholders of the Company in the consolidated profit and loss account.

(h) Reserves of the Company available for distribution to shareholders of the Company as at 31 December 2007 amounting to HK$67,666 million (2006 – HK$59,001 million).

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2007

	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	30	Container terminal operating
	Asia Port Services Limited	British Virgin Islands/ Hong Kong	USD	25,400	80	Holding company & mid-stream container operating
	Buenos Aires Container Terminal Services S.A.	Argentina	ARS	10,000,000	80	Container terminal operating
✡	COSCO-HIT Terminals (Hong Kong) Limited	Hong Kong	HKD	40	27	Container terminal operating
	Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP	145,695,000	80	Cruise terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	80	Container terminal operating
	Europe Container Terminals B. V.	Netherlands	EUR	45,380,000	78	Container terminal operating
	Freeport Container Port Limited	Bahamas	B$	2,000	48	Container terminal operating
	Gdynia Container Terminal S.A.	Poland	PLN	11,379,300	79	Container terminal operating
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	80	Container terminal operating
	Hongkong International Terminals Limited	Hong Kong	HKD	20	53	Holding company & container terminal operating
✡	The Hongkong Salvage and Towage Company Limited	Hong Kong	HKD	20,000,000	40	Tug fleet operating
✡	Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	40	Ship repairing & general engineering
✡	Huizhou Port Industrial Corporation Limited	China	RMB	300,000,000	27	Container terminal operating
	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 (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 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
✡ ⌘	Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
✡ ⌘	Ningbo Beilun International Container Terminals Limited	China	RMB	700,000,000	39	Container terminal operating
+	Oman International Container Terminal L.L.C.	Oman	OMR	4,000,000	52	Container terminal operating
	Panama Ports Company, S. A.	Panama	USD	10,000,000	72	Container terminal operating
	Port of Felixstowe Limited	United Kingdom	GBP	100,002	80	Container terminal operating
+	PT Hutchison Ports Indonesia	Indonesia	IDR	130,000,000,000	80	Container terminal operating
	PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,500	41	Container terminal operating
✡	River Trade Terminal Co. Limited	British Virgin Islands/ Hong Kong	USD	1	40	River trade terminal operation

	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)					
✡ ⌘	Shanghai Container Terminals Limited	China	RMB	2,000,000,000	30	Container terminal operating
✡ ⌘ +	Shanghai Mingdong Container Terminals Limited	China	RMB	4,000,000,000	40	Container terminal operating
⌘	Shantou International Container Terminals Limited	China	USD	88,000,000	56	Container terminal operating
⚐	Shenzhen Hutchison Inland Container Depots Co., Ltd.	China	HKD	92,000,000	57	Inland container depots services
⌘	Shenzhen Yantian West Port Terminals Limited	China	RMB	1,000,000,000	34	Container terminal operating
	SupplyLINE Logistics Limited	Hong Kong	HKD	10,000	41	Logistics services
	Talleres Navales de Golfo, S.A. de C.V.	Mexico	MXP	143,700,000	80	Marine construction and ship repair yard
	Terminal Catalunya, S.A.	Spain	EUR	2,342,800	56	Container terminal operating
	Thai Laemchabang Terminal Co., Ltd.	Thailand	THB	800,000,000	70	Container terminal operating
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	1,801,666,000	56	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	80	Container terminal operating
+ #	Westports Holdings Sdn. Bhd.	Malaysia	MYR	117,000,000	25	Holding company
✡ ⌘	Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	39	Container terminal operating
⌘	Yantian International Container Terminals Limited	China	HKD	2,400,000,000	38	Container terminal operating
⌘	Yantian International Container Terminals (Phase III) Limited	China	HKD	6,056,960,000	34	Container terminal operating
✡ ⌘	Zhuhai International Container Terminals (Gaolan) Limited	China	USD	105,750,000	40	Container terminal operating
✡ ⌘	Zhuhai International Container Terminals (Jiuzhou) Limited	China	USD	52,000,000	40	Container terminal operating
	Property and hotels					
	Aberdeen Commercial Investments Limited	Hong Kong	HKD	2	100	Property owning
✡ ⚘	Cheung Kong Hutchison (Guangzhou Nansha) Property Development Limited	China	RMB	160,000,000	50	Property management & consultancy
+	Consolidated Hotels Limited	Hong Kong	HKD	78,000,000	39	Investment in hotel
	Elbe Office Investments Limited	Hong Kong	HKD	2	100	Property owning
	Foxton Investments Limited	Hong Kong	HKD	10,000	100	Property owning
	Glenfuir Investments Limited	Hong Kong	HKD	1,000,000	100	Property owning
	Grafton Properties Limited	Hong Kong	HKD	100,000	100	Property owning
#	Harbour Plaza Hotel Management (International) Limited	British Virgin Islands/ Hong Kong	USD	2	50	Hotel management
	Harley Development Inc.	Panama/Hong Kong	USD	2	100	Property owning
	Hongville Limited	Hong Kong	HKD	2	100	Property owning
✡ ⚐	Hutchison Enterprises (Chongqing) Limited	China	RMB	470,000,000	50	Property owning
	Hutchison Estate Agents Limited	Hong Kong	HKD	50,000	100	Property management, agency & related services
	Hutchison Hotel Hong Kong Limited	Hong Kong	HKD	2	100	Investment in hotel
	Hutchison International Hotels Limited	British Virgin Islands	USD	1	100	Holding company
✡	Hutchison LR Development Limited	British Virgin Islands	USD	100	45	Property investment
	Hutchison Lucaya Limited	Bahamas	USD	5,000	100	Investment in hotel
	Hutchison Whampoa Properties Limited	Hong Kong	HKD	2	100	Holding company
✡ ⚐ +	Hutchison Whampoa Properties (Beijing Chaoyang) Limited	China	USD	27,193,000	50	Property developing & investment
✡ ⚘ +	Hutchison Whampoa Properties (Changchun) Limited	China	USD	34,870,000	50	Property developing
✡ ⚘ +	Hutchison Whampoa Properties (ChengSha 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

	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 Whampoa Properties (Chongqing Nanan) Limited	China	RMB	460,000,000	48	Property developing & investment
✡ ⚲ +	Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited	China	RMB	250,000,000	50	Property developing
✡ ⚐ +	Hutchison Whampoa Properties (Guangzhou Panyu) Limited	China	RMB	190,000,000	50	Property developing & investment
✡ ⚐ +	Hutchison Whampoa Properties (Guangzhou Liwan) Limited	China	RMB	600,000,000	50	Property developing & investment
	Hutchison Whampoa Properties (Management & Agency) Limited	Hong Kong	HKD	20	100	Project management & related services
# ⚲ +	Hutchison Whampoa Properties (Shanghai) Lujiazui Limited	China	USD	240,000,000	25	Property developing & investment
✡ ⚲	Hutchison Whampoa Properties (Shanghai) Gubei Limited	China	USD	48,550,000	50	Property developing & investment
✡ ⚲ +	Hutchison Whampoa Properties (Shenzhen) Co., Ltd.	China	USD	54,000,000	50	Property developing & investment
✡ ⚐	Hutchison Whampoa Properties (Tianjin) Limited	China	USD	47,500,000	40	Property developing & investment
✡ ⚲ +	Hutchison Whampoa Properties (Wuhan Jianghan North) Limited	China	USD	54,400,000	50	Property developing & investment
✡ ⚲ +	Hutchison Whampoa Properties (Wuhan Jianghan South) Limited	China	USD	59,300,000	50	Property developing
✡ ⚲	Hutchison Whampoa Properties (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

	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) Holdings B.V.	Netherlands	EUR	18,200	100	Holding company
	A.S. Watson Group Holdings Limited	British Virgin Islands	USD	1	100	Holding company
	A.S. Watson Group (HK) Limited	British Virgin Islands/ Hong Kong	USD	1	100	Retailing, supermarket operating, and water, beverage & fruit juice manufacturing & distributing
	A.S.Watson (France) SNC	France	EUR	37,000	100	Holding company
	A/S Drogas	Latvia	LVL	1,280,000	100	Retailing
	DC Ukraine	Ukraine	UAH	29,300,000	65	Retailing
# +	Dirk Rossmann GmbH	Germany	EUR	12,000,000	40	Retailing
	Fortress Limited	Hong Kong	HKD	20	100	Retailing
⌘	Guangzhou Watson's Food and Beverages Co. Ltd.	China	USD	32,283,432	95	Beverage manufacturing & trading
	Kruidvat B.V.B.A.	Belgium	EUR	62,000	100	Retailing
	Kruidvat Retail B.V.	Netherlands	EUR	20,000	100	Retailing
+	Marionnaud Parfumeries S A	France	EUR	70,486,570	100	Perfume retailing
✡	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
	Park'N Shop Limited	Hong Kong	HKD	1,000,000	100	Supermarket operating
	Savers Health and Beauty Limited	United Kingdom	GBP	1,400,000	100	Retailing
	Spektr Group Limited Liability Company	Russia	RUB	3,000,000	100	Retailing
	Superdrug Stores plc	United Kingdom	GBP	22,000,000	100	Retailing
	The Perfume Shop Limited	United Kingdom	GBP	100,000	100	Perfume retailing
	Watson's Personal Care Stores (Taiwan) Co., Limited	Taiwan	NT$	711,000,000	100	Retailing
	Watson's Personal Care Stores Pte Ltd	Singapore	SGD	5,000,000	100	Retailing
	Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR	5,000,000	100	Retailing
	Watsons Personal Care Stores (Philippines), Inc.	Philippines	PHP	135,000,000	60	Retailing
	Watson's The Chemist Limited	Hong Kong	HKD	1,000,000	100	Retailing

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Energy and infrastructure					
✻+	Cheung Kong Infrastructure Holdings Limited	Bermuda/Hong Kong	HKD	2,254,209,945	85	Holding Company
✻#+	Hongkong Electric Holdings Limited	Hong Kong	HKD	2,134,261,654	33	Electricity generating
✻#+	Husky Energy Inc.	Canada	C$	3,533,276,440	35	Investment in oil and gas
	Finance and investments and others					
	Binion Investment Holdings Limited	Cayman Islands	USD	3	100	Overseas portfolio investment
	Cavendish International Holdings Limited	Hong Kong	HKD	2,898,985,782	100	Holding company
	Hongkong and Whampoa Dock Company, Limited	Hong Kong	HKD	139,254,060	100	Holding company
	Hutchison International Finance (01/08) Limited	British Virgin Islands	USD	1	100	Finance
	Hutchison International Finance (03/08) Limited	British Virgin Islands	USD	1	100	Finance
	Hutchison International Finance (BVI) Limited	British Virgin Islands	USD	1	100	Finance
	Hutchison International Limited	Hong Kong	HKD	446,349,093	100	Holding company & corporate head office
	Hutchison OMF Limited	British Virgin Islands	USD	1	100	Overseas portfolio investment
	Hutchison Whampoa Europe Investments S.à r.l.	Luxembourg	EUR	1,764,026,850	100	Holding company
	Hutchison Whampoa (Europe) Limited	United Kingdom	GBP	1,000	100	Consultancy services
	Hutchison Whampoa Finance (03/13) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance (05) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance (06) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance (CI) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance UK plc	United Kingdom	GBP	50,000	100	Finance
	Hutchison Whampoa International (01/11) Limited	British Virgin Islands	USD	1	100	Finance
	Hutchison Whampoa International (03/13) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa International (03/33) Limited	Cayman Islands	USD	1	100	Finance
	Strategic Investments International Limited	British Virgin Islands	USD	1	53	Overseas portfolio investment
	Zeedane Investments Limited	British Virgin Islands	USD	1	100	Overseas portfolio investment
☼⌘+	Guangzhou Aircraft Maintenance Engineering Company Limited	China	USD	65,000,000	50	Aircraft maintenance
✻	Hutchison Harbour Ring Limited	Bermuda/Hong Kong	HKD	894,944,470	72	Trading & manufacturing of toys
✻	Hutchison China MediTech Limited	Cayman Islands/China	USD	51,229,174	72	Holding company of pharmaceuticals and healthcare businesses
	Hutchison Whampoa (China) Limited	Hong Kong	HKD	15,000,000	100	Investment holding & China services
#	Metro Broadcast Corporation Limited	Hong Kong	HKD	1,000,000	50	Radio broadcasting
✻#	TOM Group Limited	Cayman Islands/ Hong Kong	HKD	389,327,056	24	Cross media

	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
	Telecommunications					
❋	Hutchison Telecommunications International Limited	Cayman Islands/ Hong Kong	HKD	1,195,540,719	50.1	Holding company
	Hutchison Global Communications Limited	Hong Kong	HKD	20	50.1	Fixed line communications
	Hutchison Telecommunications (Hong Kong) Limited	Hong Kong	HKD	20	50.1	Holding company & mobile telecommunications services
❋	Partner Communications Company Ltd.	Israel	NIS	1,573,208	25	Mobile telecommunications services
	PT. Hutchison CP Telecommunications	Indonesia	IDR	649,890,000,000	30	Mobile telecommunications services
	3 Italia S. p. A.	Italy	EUR	6,512,715,450	97	3G mobile multimedia services
	Hi3G Access AB	Sweden	SEK	10,000,000	60	3G mobile multimedia services
	Hutchison 3G Austria GmbH	Austria	EUR	35,000	100	3G mobile multimedia services
	Hutchison 3G UK Limited	United Kingdom	GBP	1	100	3G mobile multimedia services
❋	Hutchison Telecommunications (Australia) Limited	Australia	AUD	1,045,193,771	52	Holding company & 3G multimedia services

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 and e-commerce business is international, and not attributable to a principal place of operation.

Except Hutchison International Limited which is 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and jointly controlled entities are held indirectly.

❋ Company listed on the Stock Exchange of Hong Kong except Partner Communications Company Ltd. which is listed on the Tel Aviv Exchange and quoted on the Nasdaq Stock Market, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange, Husky Energy Inc. which is listed on the Toronto Stock Exchange, Hutchison China MediTech Limited which is listed on the Alternative Investment Market of London Stock Exchange and Hutchison Telecommunications International Limited which is also listed on the New York Stock Exchange.

Associated companies

✡ Jointly controlled entities

⌘ Equity joint venture registered under PRC law

⚐ Cooperative joint venture registered under PRC law

⌖ Wholly owned foreign enterprise (WOFE) registered under PRC law

+ The accounts of these subsidiary and associated companies and jointly controlled entities have been audited by firms other than PricewaterhouseCoopers. The aggregate net assets, turnover (excluding share of associated companies and jointly controlled entities) attributable to shareholders of these companies not audited by PricewaterhouseCoopers amounted to approximately 11.6% and 7.3% of the Group's respective items.

Schedule of Principal Properties

at 31 December 2007

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Hutchison House, 10 Harcourt Road, Hong Kong	IL 8286	Long	100%	503,715	C	Existing
Cheung Kong Center, 2 Queen's Road, Central, Hong Kong	IL 8887	Medium	100%	1,263,363	C	Existing
Aon China Building, 29 Queen's Road, Central, Hong Kong	IL 2317	Long	100%	258,751	C	Existing
Cavendish Centre, 23 Yip Hing Street, Wong Chuk Hang, Hong Kong	AIL 399	Long	100%	342,868	I	Existing
Aberdeen Centre, Aberdeen, Hong Kong	AIL 302 & 304	Long	100%	345,026	C	Existing
Provident Centre, Wharf Road, Hong Kong	IL 8465	Long	100%	209,768	C	Existing
Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong	IL 8885	Medium	39%	343,081	H	Existing
Trust Tower, 1/F-20/F, 68-74 Johnston Road, Wan Chai, Hong Kong	IL 4280 & RP of Sec A of ML 64A	Long	43%	56,260	C	Existing
One and Two Harbourfront and The Harbour Plaza Hong Kong, Hung Hom, Kowloon	Sec A, B & RP of HHML 6 and extension thereto	Long Long	100% 100%	862,988 510,392	C H	Existing Existing
Harbour Plaza Metropolis, Hung Hom Bay, Kowloon	KIL 11077	Medium	50%	461,310	H	Existing
Hunghom Bay Centre, Hung Hom, Kowloon	RP of HHML 1	Long	100%	80,402	C	Existing
Whampoa Garden, Hung Hom, Kowloon	KIL 10750 Sec A-H & Sec J-L	Long	100%	1,713,990	C	Existing
Sheraton Hong Kong Hotel & Towers, Salisbury Road, Tsim Sha Tsui, Kowloon	KIL 9172	Long	39%	729,945	H	Existing
The Kowloon Hotel, 19-21 Nathan Road, Kowloon	KIL 10737	Medium	50%	329,486	H	Existing
Victoria Mall, Canton Road, Kowloon	RP of KIL 11086	Medium	43%	168,002	C	Existing
9 Chong Yip Street, Kwun Tong, Kowloon	KTIL 444	Medium	64%	124,724	C	Existing
Hutchison Logistics Centre Kwai Chung, New Territories	M/F to 6/F on KCL No 4 G/F on KCL No 4	Medium Medium	88% 66%	4,705,141 737,394	C/W C/W	Existing Existing
Watson Centre, 16-24 Kung Yip Street, Kwai Chung, New Territories	KCTL 258	Medium	100%	687,200	I	Existing
99 Cheung Fai Road at Container Terminal No 9, Tsing Yi, New Territories	TYTL 139	Medium Medium	53% 100%	59,713 300,268	C C	Existing Existing
Rambler Crest and Hotel Development, Tsing Yi, New Territories	TYTL 140	Medium	70%	485,206	H/C	Existing
Shopping Centre of Belvedere Garden,						
Phase 1	TWTL 308	Medium	100%	21,340	C	Existing
Phase 2	TWTL 316 (Plot A)	Medium	65%	120,039	C	Existing
Phase 3	TWTL 316 (Plot B)	Medium	100%	131,945	C	Existing
Castle Peak Road, Tsuen Wan, New Territories						
Watson House, Wo Liu Hang Road, Shatin, New Territories	STTL 61	Medium	100%	280,900	C/W	Existing
Horizon Suite Hotel at Tolo Harbour, Ma On Shan, New Territories	STTL 461	Medium	49%	602,784	H	Existing
Watson's Water Centre, 6 Dai Li Street, Tai Po Industrial Estate, New Territories	Tai Po Town Lot 1 Sec B SS2	Medium	100%	255,138	I	Existing
Food distribution depot, Sheung Shui, New Territories	FSSTL 97	Medium	100%	142,394	I	Existing
Caribbean Coast, Tung Chung, New Territories (site area approx 730,876 sq ft)	TCTL 5	Medium Medium	50% 50%	53,820 113,022	C R	Existing 2008 (60%)

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
A residential development at Hung Shui Kiu, Yuen Long, New Territories (site area approx 175,367 sq ft)	Lot No. 2064 in DD121	Medium	50%	536,855	R	2010 (5%)
Cement manufacturing plant, Tap Shek Kok, Tuen Mun, New Territories	TMTL 201	Medium	85%	1,645,331	I	Existing
Oriental Plaza, Dong Chang An Jie, Beijing, China	Dong Chang An Jie, Beijing	Medium	18%	4,389,768	C	Existing
		Medium	18%	614,333	H	Existing
		Medium	18%	1,162,889	SA	Existing
Great Wall Hotel, 10 North Dong Sang Hun Road, Chao Yang District, Beijing, China	Chaoyang District Beijing	Medium	49.8%	898,800	H	Existing
The Greenwich, Yao Jia Yuan Lu Bei, Chaoyang District, Beijing, China (site area approx 2,882,094 sq ft)	Chaoyang District, Beijing					
	Phases 1A & 1B	Long	50%	59,431	R	Existing
	Commercial	Medium	50%	25,586	C	2008 (98%)
	Phase 1C	Long	50%	949,120	R	2009 (1%)
	Phase 2	Long	50%	1,618,187	R	2010 (1%)
A residential development at Shisanling, Beijing, China (site area approx 2,759,106 sq ft)	Shisanling, Beijing	Long	50%	861,104	R	2010 (1%)
Metropolitan Plaza, Chongqing, China	Ba Yi Lu, Chongqing	Medium	50%	1,511,515	C	Existing
Harbour Plaza Chongqing, China	Ba Yi Lu, Chongqing	Medium	50%	556,972	H	Existing
Beverly Hills, Jiangbei, Chongqing, China	Yubei, Chongqing Phases 1-2	Medium	50%	34,141	R	Existing
Cape Coral, Nanan, Chongqing, China (site area approx 1,380,070 sq ft)	Nanan, Chongqing					
	Phase 1A	Medium	48%	427,732	C	2008 (50%)
	Phase 1A	Medium	48%	825,164	R	2008 (30%)
	Phase 1B	Medium	48%	1,190,466	R	2009 (30%)
	Phase 2	Medium	48%	1,641,286	R/C	2009 (3%)
A residential development at Douxi, Chongqing, China (site area approx 4,811,720 sq ft)	Douxi, Chongqing					
	Phases 1-2	Medium	50%	1,531,021	R	2009 (1%)
	Phases 3-5	Medium	50%	2,857,412	R	2011 (1%)
	Commercial	Medium	50%	27,308	C	2009 (3%)
A commercial and residential development at YangJiaShan, Chongqing, China (site area approx 11,208,991 sq ft)	YangJiaShan, Chongqing					
	Phases 1.1-1.2	Medium	48%	4,548,857	R/C	2010 (1%)
	Phase 1.3	Medium	48%	2,274,283	R/C	2011 (1%)
	Phases 2-5	Medium	48%	26,418,036	R/C	2019 (1%)
Le Parc, Chengdu High-Tech Zone Chengdu, China (site area approx 7,339,065 sq ft)	Chengdu High-Tech Zone					
	Phase 1A	Long	50%	757,992	R	2008 (77%)
	Phase 1B	Long	50%	1,309,797	R	2008 (61%)
	Phases 2-9	Long	50%	19,379,285	R/C	2016 (2%)
Regency Oasis, Wenjiang, Chengdu, China (site area approx 4,018,482 sq ft)	Wenjiang, Chengdu					
	Phase 1A	Long	50%	1,496,061	R	2008 (65%)
	Phase 1B	Long	50%	2,026,949	R/C	2009 (3%)
	Phase 2	Long	50%	1,751,254	R	2010 (2%)
The Riverside and Metropolitan Plaza Guangzhou, China (site area approx 767,265 sq ft)	Huangsha MTR Station Podium					
	Phase 2	Long	50%	1,086,347	R	2008 (33%)
	Phase 3	Long	50%	828,457	R	2009 (17%)
	Phase 4	Long	50%	837,682	R	2009 (15%)
	Commercial	Long	50%	936,644	C	2008 (74%)
Cape Coral, Panyu, Guangzhou, China (site area approx 4,753,003 sq ft)	Da Shi, Panyu					
	Residential					
	Phases 1 & 2	Long	50%	333,699	R	Existing
	Phase 3	Long	50%	1,457,634	R	2010 (1%)
	Phase 4	Long	50%	1,677,861	R	2010 (1%)
	Commercial					
	Phase 1	Long	50%	19,805	C	Existing
	Phase 4	Long	50%	16,146	C	2010 (1%)

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Zengcheng Project, Guangzhou, China (site area approx 22,740,374 sq ft)	Zengcheng Project, Guangzhou	Long	50%	3,601,998	R/C	2012 (1%)
International Toys & Gifts Center, Huang Pu District, Guangzhou, China (site area approx 3,457,989 sq ft)	Nangang Village Head of Lang Bridge, Huang Pu District, Guangzhou					
	Phase 1	Medium	30%	468,135	C	Existing
	Phases 2 & 3	Medium	30%	1,844,269	C	2010 (1%)
Jinkeng Village, Zhongxin Town, Luogang District, Guangzhou, China (site area approx 2,427,750 sq ft)	Phase 1	Long	40%	1,629,898	R/C	2009 (1%)
	Phase 2	Long	40%	865,797	R/C	2010 (1%)
Laguna Verona, Dongguan, Guangdong, China (site area approx 36,093,551 sq ft)	Hwang Gang Lake, Dongguan					
	Commercial	Long	49.8%	9,321	C	Existing
	Phase D Stage 1	Long	49.8%	1,069,114	R/C	2009 (1%)
	Phase D Stage 2	Long	49.8%	945,492	R	2009 (1%)
	Phase G Stage 1	Long	49.8%	1,384,268	R	2009 (10%)
	Phase G Stage 1	Long	49.8%	90,416	C	2009 (17%)
	Other Phases	Long	49.8%	17,437,044	R/C	2014 (1%)
Harbour Plaza Golf Club, Dongguan, Guangdong, China	Hwang Gang Lake, Dongguan Golf course	Medium	50%	14,257,654	G	Existing
Le Parc (Huangpu Yayuan), Futian, Central District, Shenzhen, China	Central District, Shenzhen	Long	50%	102,953	C	Existing
Regency Park (Guan Hu Yuan), Guanlan, Baoan, Shenzhen, China (site area approx 4,045,594 sq ft)	Baoan District, Shenzhen					
	Phase 1	Long	50%	616,411	R	2008 (6%)
	Phases 2-3	Long	50%	1,077,554	R	2009 (3%)
Le Sommet (Yu Feng Yuan), Feng Huang Shan, Shenzhen, China (site area approx 2,407,822 sq ft)	Ping Hu, Longgang District, Shenzhen					
	Phase 1	Long	50%	688,216	R/C	2008 (10%)
	Phase 2	Long	50%	544,390	R	2009 (1%)
	Phase 3	Long	50%	784,832	R/C	2009 (1%)
	Phase 4	Long	50%	1,114,053	R	2010 (1%)
Huaqiangbei Development, Huaqiangbei, Futian District, Shenzhen, China (site area approx 184,118 sq ft)	Shennan Road, Huaqiangbei	Medium	40%	1,488,590	C	2011(15%)
	Futian District, Shenzhen	Medium	40%	444,653	R	2010 (20%)
Heng Keng Reservoir Development, Guanlan, Shenzhen, China (site area approx 916,911 sq ft)	South of Heng Keng Reservoir Guanlan, Baoan District, Shenzhen	Long	50%	1,602,622	R/C	2010 (1%)
A residential development at Aotou, Daya Bay, Huizhou, China (site area approx 861,664 sq ft)	Aotou, Daya Bay District, Huizhou	Long	50%	2,558,081	R/C	2013 (1%)
Horizon Cove, Tang Jia Bay, Zhuhai, China (site area approx 4,797,114 sq ft)	Tang Jia Bay, Zhuhai					
	Phases 1 & 3B	Long	50%	82,042	C	Existing
	Phase 4	Long	50%	1,082,515	R	2008 (60%)
	Commercial	Medium	50%	24,567	C	Existing
A residential development at Qiao Island, Zhuhai, China (site area approx 2,152,760 sq ft)	Qiao Island, Zhuhai					
	Phase 1A	Long	50%	306,004	R	2009 (10%)
	Phase 1B	Long	50%	641,985	R	2010 (10%)
	Phase 2A	Long	50%	324,959	R	2011 (6%)
	Phase 2B	Long	50%	700,142	R	2011 (6%)
	Phase 3	Long	50%	583,570	R	2012 (6%)
A residential development, Yinhuwan, Jiangmen, China (site area approx 14,351,730 sq ft)	Yinhuwan, Jiangmen					
	Phase 1	Long	45%	1,165,806	R	2010 (1%)
	Phase 2	Long	45%	776,888	R	2011 (1%)
	Phase 3	Long	45%	1,165,806	R	2012 (1%)
	Phase 4	Long	45%	1,165,806	R	2014 (1%)
	Commercial/Hotel	Medium	45%	290,623	C/H	2012 (1%)

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
The Center, Xuhui, Shanghai, China	Changshu Lu/Changle Lu, Xuhui District, Shanghai	Medium	62%	963,336	C	Existing
Westgate Mall & Tower, Mei Long Zhen, Shanghai, China	Nanjing Xi Lu/ Jiang Ning Lu, Shanghai	Medium	30%	1,099,361	C	Existing
Seasons Villas, Pudong Huamu, Shanghai, China (site area approx 2,653,180 sq ft)	Huamu Road, Pudong, Shanghai					
	Phases 1-4, 5, 6, 6A & 6B	Long	50%	1,150,855	R	Existing
	Phase 4A	Long	50%	16,146	R	2008 (99%)
Regency Park, Pudong Huamu, Shanghai, China (site area approx 4,924,375 sq ft)	Huamu Road, Pudong, Shanghai					
	Phase 2A	Medium	50%	61,903	C	Existing
	Phase 2B	Medium	50%	112,880	C/SA	2009 (10%)
	Phases 6A & 8A	Medium	50%	74,582	C	2008 (10%)
	Phase 7	Medium	50%	249,494	R	2008 (50%)
	Phase 8	Medium	50%	58,006	R	2008 (10%)
Maison des Artistes, Gubei, Shanghai, China (site area approx 546,037 sq ft)	Gubei Road, Shanghai					
	Phase 1	Long	50%	104,710	R	2008 (80%)
	Phases 2, 3C & Commercial	Long	50%	1,102,127	R/C	2008 (50%)
	Phase 3D	Long	50%	472,229	R	2008 (20%)
Century Avenue, Shanghai, China (site area approx 547,339 sq ft)	Lot 2-4, Century Avenue, Pudong, Shanghai	Medium	25%	2,331,665	C	2010 (4%)
A residential development at Maqiao, Shanghai, China (site area approx 2,804,626 sq ft)	Kun Yang Road (N), Maqiao Town, Ming Hang Area, Shanghai					
	Phase 1A	Long	43%	14,402	R	2008 (1%)
	Phases 1B & 2	Long	43%	462,359	R	2009 (1%)
A commercial development at Xin Zha Road, Shanghai, China (site area approx 156,376 sq ft)	Xin Zha Road/Datian Road, Jing An Area, Shanghai	Long	30%	623,450	C	2010 (1%)
A commercial & residential development at Zhen Ru Fu Zhong Xin (A3 to A6), Putuo District, Shanghai, China (site area approx 1,908,013 sq ft)	Putuo District, Shanghai A3 to A6	Long	50.4%	1,549,987	R	2016 (1%)
		Medium	50.4%	5,392,664	C	2016 (1%)
		Medium	50.4%	807,285	H	2016 (1%)
A commercial development at Lujiazui, Pudong New District, Shanghai, China (site area approx 100,082 sq ft)	Lujiazui, Pudong New District, Shanghai	Medium	50%	861,104	C	2011 (1%)
The Greenwich, Xian, China (site area approx 5,176,674 sq ft)	Xian Hi-Tech Industrial Development Zone					
	Phase 1A	Long	50%	1,226,018	R	2008 (60%)
	Phase 1B	Long	50%	1,452,747	R/C	2009 (40%)
	Phase 2A	Medium	50%	1,375,495	R/C	2010 (5%)
	Phase 2B	Medium	50%	1,319,620	R/C	2010 (1%)
	Phase 3A	Medium	50%	1,741,357	R/C	2010 (1%)
	Phase 3B	Medium	50%	1,048,050	R/C	2010 (1%)
	Phase 4A	Long	50%	1,624,688	R	2010 (1%)
	Phase 4B	Long	50%	1,437,279	R/C	2011 (1%)
A residential development at Changsha, China (site area approx 5,989,301 sq ft)	Wangcheng Jinxing Dadao, Changsha	Long	50%	6,970,109	R/C	2011 (1%)
A residential development at Jingyuetan, Changchun, China (site area approx 9,910,123 sq ft)	Jingyuetan, Changchun					
	Phase 1	Medium	50%	615,614	R	2008 (30%)
	Phase 2	Medium	50%	1,048,136	R	2009 (1%)
	Phase 3	Medium	50%	1,793,346	R	2010 (1%)
	Phase 4	Medium	50%	867,907	R/C	2011 (1%)

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
A commercial & residential development at Nanguan, Changchun, China (site area approx 2,214,114 sq ft)	Nanguan, Changchun					
	Phase 1	Medium	50%	1,050,708	R/C	2009 (1%)
	Phase 2	Medium	50%	1,083,925	R/C	2010 (1%)
	Phase 3	Medium	50%	747,955	R/C	2011(1%)
A commercial & residential development at Xiaogangwan, Qingdao, China (site area approx. 3,355,938 sq ft)	Xiaogangwan, Qingdao Phases 1-5	Long	45%	9,899,908	R/C	2013 (1%)
A commercial & residential development at Wuhan, China (site area approx 1,140,274 sq ft)	Hualou Jie, Wuhan	Long	50%	3,946,773	R/C	2011 (1%)
A commercial & residential development at Wuhan, China (site area approx 379,036 sq ft)	Laopupian, Wuhan	Long	50%	1,751,765	R/C	2011 (1%)
A commercial & residential development at Tianjin, China (site area approx 211,153 sq ft)	Yingkoudao, Tianjin	Medium	40%	2,744,726	R/C	2010 (12%)
Albion Riverside, United Kingdom	Wandsworth, London	Freehold	45%	79,242*	C	Existing
A commercial & residential development at Lots Road, Chelsea, London, United Kingdom (site area approx 384,199 sq ft)	Chelsea/Fulham, London	Freehold	48%	770,550*	R	2013 (1%)
		Freehold	48%	85,532*	C	2013 (1%)
Marina Bay, Marina Boulevard/Central Boulevard Singapore (site area approx 574,045 sq ft)	Land Parcel 662, Singapore					
	Phase 1	Long	17%	2,626,367	R/C	2010 (5%)
	Phase 2	Long	17%	2,088,177	R/C	2012 (1%)
A residential development at Silver Point, Grand Bahama Island (site area approx 18 acres)	Silver Point, Grand Bahama Island	Freehold	90%	294,800	R	2011 (5%)
The Westin and Sheraton at Our Lucaya Beach & Golf Resort in Freeport, Grand Bahama, Bahamas	Lucaya, Freeport, Grand Bahama Island	Freehold	100%	1,027,494	H	Existing
		Freehold	100%	320 acres	G	Existing
Container Terminal No 4, Kwai Chung, New Territories	KCL No 4	Medium	53%	70 acres	CT	Existing
Container Terminal No 6, Kwai Chung, New Territories	KCL No 6	Medium	53%	71 acres	CT	Existing
Container Terminal No 7, Kwai Chung, New Territories	KCL No 7 and extension	Medium	53%	85 acres	CT	Existing
Container Terminal No 8, East, Kwai Chung, New Territories	KCL No 8	Medium	27%	74 acres	CT	Existing
Container Terminal No 9, Tsing Yi, New Territories	TYTL 139 TYL 9 (co-grantee)	Medium	53%	47 acres	CT	Existing
Mid-Stream Terminal, Stonecutters Island, Hong Kong	KCTL No 479	Medium	80%	360,000	CT	Existing
River Trade Terminal, Tuen Mun, New Territories	TMTL No 393	Medium	40%	7,000,000	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases I & II)	Yantian, Shenzhen	Medium	38%	13,947,657	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases III & Expansion)	Yantian, Shenzhen	Medium	34%	24,310,000	CT	2009 (60%)
Container Terminal at West Port of Yantian 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

Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal at Dayabay, Huizhou, Guangdong,China	Dayabay, Huizhou, Guangdong	Medium	27%	5,597,417	CT	Existing
Container Terminal at Jiuzhou, Zhuhai, Guangdong, China	Lovers Avenue South, Zhuhai, Guangdong	Medium	40%	1,659,592	CT	Existing
Multi purpose Terminal at Zhuhai Port, Gaolan, Zhuhai, Guangdong, China	Zhuhai Port, Zhuhai, Guangdong	Medium	40%	2,238,891	CT	Existing
Container Terminal at Zhuchi Port, Shantou, Guangdong, China	Zhuchi Port, Shantou, Guangdong	Medium	56%	4,582,505	CT	Existing
Container Terminal at San Shan Port, Nanhai, Guangdong, China	San Shan Island, Nanhai, Guangdong	Medium	40%	4,256,425	CT	Existing
Container Terminal at Gaosha Port, Jiangmen, Guangdong, China	Gaoshawei, Baishi Administration Area, Jiangmen, Guangdong	Medium	40%	1,337,675	CT	Existing
Container Terminal at Haicang Port, Xiamen, Fujian, China	Haicang Port Zone, Xiamen, Fujian	Medium	39%	5,016,444	CT	Existing
Container Terminal at Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai, China	Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai	Medium	30%	8,983,662	CT	Existing
Container Terminal at Waigaoqiao, Phase V, Shanghai, China	Waiqaoqiao, Phase V, Pudong, Shanghai	Medium	40%	17,534,372	CT	Existing
Container Terminals at Beilun, Ningbo, Zhejiang, China	Beilun, Ningbo, Zhejiang	Medium	39%	8,140,591	CT	Existing
Multi-Purpose Container Terminal at Laem Chabang, Thailand	A2, Laem Chabang	Medium	70%	1,829,825	CT	Existing
Multi Purpose Terminal at Laem Chabang, Thailand	C0, Laem Chabang	Medium	64%	78 acres	CT	Existing
Container Terminal at Laem Chabang, Thailand	A3, C1, C2, D1, D2, D3, Laem Chabang	Medium	64%	359 acres	CT	2011 (35%)
Container Terminals at Thi Vai-Cai Mep Port Area, Ba Ria-Vung, Tau Province, Vietnam	Lot No.105 (Map Street No.08) Phu My Town, Tan Thanh District, Ba Ria-Vung Tau Province, Vietnam	Medium	56%	3,631,171	CT	2010 (50%)
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT1 & CT2 Tanjung Priok, Jakarta	Medium	41%	246 acres	CT	2010 (40%)
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT3 Tanjung Priok, Jakarta	Medium	38%	76 acres	CT	Existing
Container Terminal at Port Klang, Selangor, Malaysia	Westports, Port Klang, Palau Indah	Medium	25%	1,450 acres	CT	Existing
Container Terminal at Karachi, Pakistan (Phases I & II)	Berth Nos 28 to 30 West Wharf	Medium	80%	1,466,284	CT	Existing
Container Terminal at Karachi, Pakistan (Phase III)	Berth Nos 26 to 27 West Wharf	Medium	80%	1,336,084	CT	2008 (40%)
Container Terminal at 1116, Jwachon-dong, Dong-ku, Busan, South Korea	Busan, Busan-si	Medium	80%	160 acres	CT	Existing
Container Terminal at 624, Gamman-Dong Nam-ku, Busan, South Korea	Gamman, Busan-si	Medium	80%	37 acres	CT	Existing
Container Terminal at 775, Doi-dong, Gwangyang, Cheonnam, South Korea	Gwangyang, Gwangyang-si	Medium	80%	51 acres	CT	Existing
Container Terminal at 780-2, Doi-dong Gwangyang, Gwangyang-si, Joellanam-do, South Korea	Gwangyang, Gwangyang-si					
	Phase II-1(2-1)	Medium	71%	3,476,856	CT	Existing
	Phase II-2 (2-2)	Medium	71%	5,737,351	CT	Existing

Schedule of Principal Properties

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Description	Lot number	Lease term	Group's interest	floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal at Felixstowe, United Kingdom	Felixstowe, County of Suffolk	Long Freehold	80% 80%	540 acres 250 acres	CT CT	Existing Existing
Container Terminal at Thamesport, United Kingdom	Isle of Grain County of Kent	Long	80%	210 acres	CT	Existing
Multi purpose freight & passenger port & Bathside Bay Land, Harwich, United Kingdom	Harwich, County of Essex	Freehold Freehold	80% 80%	185 acres 250 acres	P CT	Existing 2016 (25%)
Container Terminal at Rotterdam, The Netherlands	Home Terminal, Rotterdam Delta Terminal, Rotterdam Euromax Terminal	Medium Long Long	78% 78% 78%	166 acres 655 acres 211 acres	CT CT CT	Existing Existing 2008 (35%)
Inland Container Terminal at Venlo, The Netherlands	TCT Venlo Terminal	Freehold	78%	16 acres	CT	Existing
Inland Container Terminal at Willebroek, Belgium	TCT Belgium Terminal, Willebroek	Freehold	78%	25 acres	CT	Existing
Inland Container Terminal at Duisburg, Germany	DeCeTe Terminal, Duisburg	Long	41%	43 acres	CT	Existing
Container Terminal at Muelle Principe de Espana, Barcelona, Spain	Terminal de Catalunya, S.A. Barcelona, Spain	Medium	56%	4,708,113	CT	Existing
Container Terminal at Gdynia, Poland	Port of Gdynia Poland	Long	79%	46 acres	CT	2015 (33%)
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	30% 30%	1,207,731 2,004,848	CT CT	Existing Existing
Container Terminal at Veracruz, Mexico	Recinio portuario, Zona II Puerto de Veracruz, Veracruz	Medium	80%	4,492,133	CT	Existing
Container Terminal at Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	80%	1,552,508	CT	Existing
Cruise Port & Marina at Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	80%	2,043,011	P	Existing
Container Terminal at Manzanillo, Mexico	CT Zone I Manzanillo	Medium	80%	461,853	CT/D	Existing
Container Terminal at Manzanillo, Mexico	CT Zone II Manzanillo	Medium	80%	178,842	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 Medium Medium	80% 80% 80%	2,220,024 1,658,941 3.049,416	CT CT CT	Existing Existing 2010 (65%)
Multi Purpose Terminal at Manta Ecuador	Port of Manta, Ecuador	Medium	76%	1,671,635	CT/P	Existing
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
Freeport Development Company, 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	Existing
Container Terminal at Freeport, Bahamas	Freeport, Grand Bahama Island	Long	48%	168 acres	CT	Existing

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

* Total net floor area for UK projects

A = Airport C = Commercial CT = Container Terminal D = Depot G = Golf Course H = Hotel I = Industrial I/O = Industrial/Office

P = Cruise Port SA = Serviced Apartment R = Residential W = Warehouse

Ten Year Summary

	1998	1999	2000	2001	2002	2003	2004	2005	2006	**2007**
CONSOLIDATED PROFIT AND LOSS ACCOUNT										
HK$millions										
Revenue	51,383	55,442	57,022	61,460	75,235	104,921	134,595	182,584	183,812	**218,726**
Profit attributable to shareholders of the Company	7,317	117,882	34,335	9,547	11,944	7,913	12,978	14,343	20,030	**30,600**
Dividends	4,962	6,318	7,375	7,375	7,375	7,375	7,375	7,375	7,375	**7,375**
CONSOLIDATED BALANCE SHEET										
HK$millions										
ASSETS										
Non-current assets										
Fixed assets	34,796	33,431	34,962	50,695	91,008	123,508	147,603	124,243	140,181	**181,342**
Investment properties	23,172	28,704	29,208	27,138	27,155	25,892	31,741	38,557	41,657	**43,680**
Leasehold land	20,930	24,790	24,628	29,200	29,968	31,027	31,037	32,374	35,293	**36,272**
Telecommunications licences	–	–	80,039	78,152	89,581	98,943	103,060	84,624	89,077	**91,897**
Telecommunications postpaid customer acquisition and retention costs	–	–	–	–	–	1,647	6,823	6,172	10,532	**8,771**
Goodwill	–	–	–	333	7,838	8,583	10,577	17,959	21,840	**31,520**
Brand names and other rights	–	–	1,071	1,807	2,034	1,929	1,559	3,579	7,582	**10,901**
Associated companies	19,786	25,395	37,997	36,899	45,055	50,662	54,887	65,334	74,954	**75,545**
Interests in joint ventures	39,607	34,193	38,634	37,146	33,598	37,233	35,756	37,284	38,507	**39,725**
Deferred tax assets	80	425	720	974	1,725	5,372	12,259	15,635	17,159	**17,619**
Other non-current assets	3,335	3,261	7,645	7,851	6,550	7,682	8,230	4,426	3,762	**5,082**
Liquid funds and other listed investments	21,956	172,906	127,446	71,204	75,597	63,929	66,503	60,669	66,251	**69,192**
	163,662	323,105	382,350	341,399	410,109	456,407	510,035	490,856	546,795	**611,546**
Net current assets (liabilities)	4,298	17,108	9,632	41,805	(1,813)	65,209	45,899	22,083	40,535	**45,060**
Total assets less current liabilities	167,960	340,213	391,982	383,204	408,296	521,616	555,934	512,939	587,330	**656,606**
Non-current liabilities										
Bank and other debts	71,880	80,662	107,004	129,018	141,569	230,182	254,779	233,454	260,970	**260,086**
Interest bearing loans from minority shareholders	705	640	338	575	1,099	5,885	5,096	5,429	12,030	**12,508**
Deferred tax liabilities	7,263	8,204	8,675	10,259	10,237	10,357	11,674	13,750	15,019	**17,957**
Pension obligations	–	–	–	131	2,105	1,943	2,424	2,323	2,378	**1,468**
Other non-current liabilities	–	–	916	1,541	2,522	2,408	2,167	4,354	6,368	**5,929**
	79,848	89,506	116,933	141,524	157,532	250,775	276,140	259,310	296,765	**297,948**
Net assets	88,112	250,707	275,049	241,680	250,764	270,841	279,794	253,629	290,565	**358,658**
CAPITAL AND RESERVES										
Share capital	969	969	1,066	1,066	1,066	1,066	1,066	1,066	1,066	**1,066**
Reserves	80,494	243,222	245,915	210,055	216,202	236,741	250,105	242,488	272,728	**308,948**
Total shareholders' funds	81,463	244,191	246,981	211,121	217,268	237,807	251,171	243,554	273,794	**310,014**
Minority interests	6,649	6,516	28,068	30,559	33,496	33,034	28,623	10,075	16,771	**48,644**
Total equity	88,112	250,707	275,049	241,680	250,764	270,841	279,794	253,629	290,565	**358,658**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	**2007**
PERFORMANCE DATA										
Earnings per share for profit attributable to shareholders of the Company – (HK$)	1.72	27.65	8.05	2.24	2.80	1.86	3.04	3.36	4.70	**7.18**
Dividends per share – (HK$)	1.16	1.48	1.73	1.73	1.73	1.73	1.73	1.73	1.73	**1.73**
Dividend cover	1.5	18.7	4.7	1.3	1.6	1.1	1.8	1.9	2.7	**4.2**
Return on average shareholders' funds (%)	8.8%	72.4%	14.0%	4.2%	5.6%	3.5%	5.3%	5.8%	7.7%	**10.5%**
Current ratio	1.2	1.5	1.2	1.8	1.0	1.7	1.5	1.3	1.4	**1.3**
Net debt / Net total capital (%) (1)	31.5%	0.1%	N/A	0.4%	16.0%	22.4%	32.4%	36.2%	33.4%	**25.8%**
Net assets attributable to shareholders of the Company per ordinary share – book value (HK$)	19.1	57.3	57.9	49.5	51.0	55.8	58.9	57.1	64.2	**72.7**
Number of shares (million)	3,875.8	3,875.8	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	**4,263.3**

(1) Net debt is defined on the Consolidated Cash Flow Statement. Net total capital is defined as total bank and other debts plus total equity and loans from minority shareholders net of total cash, liquid funds and other listed investments as shown on the Consolidated Cash Flow Statement. In 2000, N/A represents total cash, liquid funds and other listed investment exceeds total bank and other debts.

Information for Shareholders

Listing

The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited.

Stock Code

The Stock Exchange of Hong Kong Limited	013

Public Float Capitalisation

As at 31 December 2007	Approximately HK$181,327 million (approximately 48% of the issued share capital of the Company)

Financial Calendar

Payment of 2007 Interim Dividend	5 October 2007
2007 Final Results Announcement	27 March 2008
Closure of Register of Members	15 May 2008 - 22 May 2008
Annual General Meeting	22 May 2008
Payment of 2007 Final Dividend	23 May 2008
2008 Interim Results Announcement	August 2008

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Investor Information

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

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