Hutchison Telecom
Hong Kong Holdings

2009 Annual Report

Steady Growth
Delivering Value

Hutchison Telecommunications Hong Kong Holdings Limited (Stock Code : 215)

A Hutchison Whampoa Company

Corporate Information

BOARD OF DIRECTORS

Chairman and Non-executive Director

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

Deputy Chairman and Non-executive Director

LUI Dennis Pok Man, BSc

Executive Director

WONG King Fai, Peter, MSc, FHKIE
Chief Executive Officer

Non-executive Directors

CHOW WOO Mo Fong, Susan, BSc

Frank John SIXT, MA, LLL

LAI Kai Ming, Dominic, BSc, MBA

MA Lai Chee, Gerald, BCom, MA
(Alternate to LAI Kai Ming, Dominic)

Independent Non-executive Directors

CHEONG Ying Chew, Henry, MSc, BSc
(Also Alternate to WONG Yick Ming, Rosanna)

LAN Hong Tsung, David, Member-CPPCC, GBS, ISO, JP

WONG Yick Ming, Rosanna, PhD, DBE, JP

AUDIT COMMITTEE

CHEONG Ying Chew, Henry *(Chairman)*

LAN Hong Tsung, David

WONG Yick Ming, Rosanna

REMUNERATION COMMITTEE

FOK Kin-ning, Canning *(Chairman)*

CHEONG Ying Chew, Henry

LAN Hong Tsung, David

COMPANY SECRETARY

Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCIS, FCS(PE)

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

Contents

	Corporate Information
2	Corporate Profile
4	Shining Achievements
6	Financial Highlights
8	Chairman's Statement
10	Operations Review
24	Management Discussion and Analysis
26	Group Capital Resources and Other Information
28	Staff and Community
30	The Board and Management
36	Changes in Information of Directors
37	Report of the Directors
59	Corporate Governance Report
69	Independent Auditor's Report
71	Consolidated Income Statement
72	Consolidated Statement of Comprehensive Income
73	Consolidated Statement of Financial Position
75	Statement of Financial Position
76	Consolidated Statement of Changes in Equity
77	Consolidated Statement of Cash Flows
78	Notes to the Consolidated Financial Statements
138	List of Principal Subsidiaries
140	Financial Summary
	Information for Shareholders

Corporate Profile

Hutchison Telecommunications Hong Kong Holdings Limited (Stock Code : 215) is a leading integrated telecommunications service operator based in Hong Kong. As a member of the Hutchison Whampoa Group, we deploy the latest technologies to offer world-class telecommunications services and solutions that set market trends and steer industry development. We provide customers in Hong Kong and Macau with advanced mobile services under the **3** brand, and sophisticated fixed-line telecommunications solutions to corporate, international and carrier customers in Hong Kong and overseas as well as comprehensive broadband, voice and International Direct Dialing ("IDD") services to local residential customers under the HGC brand.

Mobile Operations in Hong Kong and Macau

In Hong Kong, we provide GSM dual-band and 3G mobile telecommunications services under the **3** brand through our subsidiary, Hutchison Telephone Company Limited ("HTCL"). As of 31 December 2009, our mobile operation in Hong Kong captured over 1.4 million 3G subscribers which is the largest 3G service provider operating via a 3G network that covers most of the population in Hong Kong.

Benefiting from a significant influx of visitors from Hong Kong and mainland China, our Macau business provides GSM dual-band and 3G mobile telecommunications services under the **3** brand through a wholly-owned subsidiary of HTCL, Hutchison Telephone (Macau) Company Limited.

We offer a diverse mobile portfolio with a sharp focus on data-centric services integrated with Internet and PC offerings. Fundamental communications services include local voice, Short Message Service ("SMS"), Multi-Media Messaging Service ("MMS"), IDD and international roaming, while our 3G network enables us to offer advanced broadband-based services. As a leader in 3G and mobile broadband services, we offer an array of advanced

• Our Tsing Yi office building

• Listed on the Main Board of The Stock Exchange of Hong Kong Limited on 8 May 2009 mobile handsets plus a rich portfolio of data services and applications including music downloads, video streaming, mobile social networking, integrated messaging and location-based games.

Fixed-line Operations in Hong Kong

We have provided fixed-line telecommunications services locally and overseas through Hutchison Global Communications Limited ("HGC") since 1995. We offer a wide range of innovative IT, systems integration and telecommunications services and own one of the most extensive fibre-to-the-building ("FTTB") networks in Hong Kong, comprising over 5,000 kilometres of linear ducting and around 1 million kilometers of core fibre-optic cable. As well as enabling us to have an extensive broadband coverage in residential premises, our services are extended to multinational corporations and enterprises of all sizes, as well as local and international carriers.

HGC runs an advanced voice, data and Internet Protocol ("IP") network with premium network routings via submarine and terrestrial cables. In addition, HGC is the first operator in Hong Kong to provide connectivity on all four cross-border routes integrated with all three mainland China's tier-1 telecommunications operators – to the benefit of high-yield carrier, corporate and enterprise customers.

As well as offering local telephony, IDD, data transmission and Internet access services to residential and business customers in Hong Kong, we provide local and overseas carriers with connectivity on a wholesale basis, while extending international facilities to corporate customers in Hong Kong and overseas. We also provide leased-line connectivity to most of Hong Kong's mobile communications operators via our FTTB network.

• Appointed Nokia Siemens Network to commence 3G network modernisation and expansion project

Key Milestones

1984
- Granted a licence to operate an Advanced Mobile Phone Service ("AMPS") cellular radio telephone network in Hong Kong.

1985
- Commenced the provision of analogue mobile telecommunications services in Hong Kong.

1995
- Launched Global System for Mobile Communications ("GSM") services in Hong Kong.
- Launched fixed-line telecommunications services in Hong Kong under the HGC brand.

1998
- Unveiled Asia's first dual-band network in Hong Kong.

1999
- NTT DoCoMo made a strategic investment into our mobile business.

2001
- Launched a GSM dual-band mobile telecommunications service in Macau.

2002
- The first operator in Asia to launch a BlackBerry wireless email service in Hong Kong.

2004
- The first operator in Hong Kong to launch 3G services.
- Consolidated 3G and GSM dual-band mobile services under the **3** brand.
- Launched the world's first Inter-Autonomous System International Ethernet Service.

2005
- Introduced 100Mbps symmetrical residential broadband service.

2006
- Launched 3.6Mbps High-Speed Downlink Packet Access ("HSDPA") network in Hong Kong.
- Awarded a 3G licence in Macau.

2007
- Launched 3G services in Macau under the **3** brand.
- Partnered with NTT DoCoMo to provide i-mode™ services on an exclusive basis in Hong Kong and Macau.

2008
- Signed up as Apple Inc's first launch partner for iPhone™ 3G in Hong Kong and Macau.
- The first and only operator in Hong Kong to install fibre optic cable system in the Hong Kong-Shenzhen Western Corridor.

2009
- Acquisition of Broadband Wireless Access ("BWA") radio spectrum through the 50:50 jointly-controlled entity, Genius Brand Limited, with Hong Kong Telecommunications (HKT) Limited.
- Listed on the Main Board of The Stock Exchange of Hong Kong Limited by way of introduction.

2010
- Included as a constituent of Hang Seng Composite Index, Hang Seng Composite Industry Index – Telecommunications and Hang Seng Composite Small Cap Index.

Shining Achievements

Hong Kong Leaders' Choice - Excellent Brand of Telecommunications Services
Metro Finance

AV Awards - Mobile Telecom Service Provider of the Year
AV Magazine

Hong Kong Service Awards - Mobile Telecommunications
East Week

The Best of The Best Awards - Mobile Telecom Service Provider
Hi-Tech Weekly

U! Choice Awards - The Most Popular Telecom Service of Hong Kong's University Students
Metro Finance and Metro Info

The Outstanding Brand Awards - Mobile Network Operator
Economic Digest

Yahoo! Emotive Brand Awards - Mobile / Internet Service
Yahoo!

JAN FEB MAR APR MAY JUN

Mobile Business

Fixed-line Business

JAN FEB MAR APR MAY JUN JUL AUG SEP

Best of I.T. Award - The Best Cross-border Business Networking Services Award
PC Market

The Best of The Best Awards - Internet Service Provider
Hi-Tech Weekly

U! Choice Awards - The Most Popular Internet Service Provider of Hong Kong's University Students
Metro Finance and Metro Info

The 41st Distinguished Salesperson Award
Hong Kong Management Association

The Best SME Partners
Economic Digest

JUL

e-brand Awards - The Best of Telecommunication Service
e-zone

AUG

SEP

OCT

Hi-Tech King Awards - Mobile Internet Service Provider
Hi-Tech Weekly

Hi-Tech King Awards - Mobile Telecom Service Provider
Hi-Tech Weekly

NOV

DEC

The 6th Hong Kong and Macau Merchants of Integrity Award
Guangzhou Daily

Top Ten of The Most Popular Brands (Macau)
Guangzhou Daily

OCT

Hi-Tech King Awards - Internet Service Provider
Hi-Tech Weekly

NOV

Best Asian Wholesale Offering Award
Capacity

Best Partner for Servicing Chinese Corporation
China Telecom

Outstanding Preferred Partner
China Unicom

DEC

PRO Choice Awards - International Telecom Service Provider
Capital Weekly

PRO Choice Awards - Internet Service Provider
Capital Weekly

The Best for Home Award - The Best Telecom Service for Home
Take me HOME

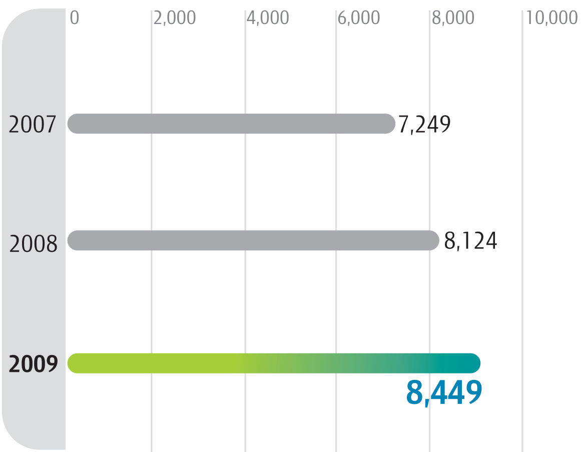
Corporate

Most Convincing and Coherent Strategy - Hong Kong and Best Corporate Governance - Hong Kong
Euromoney

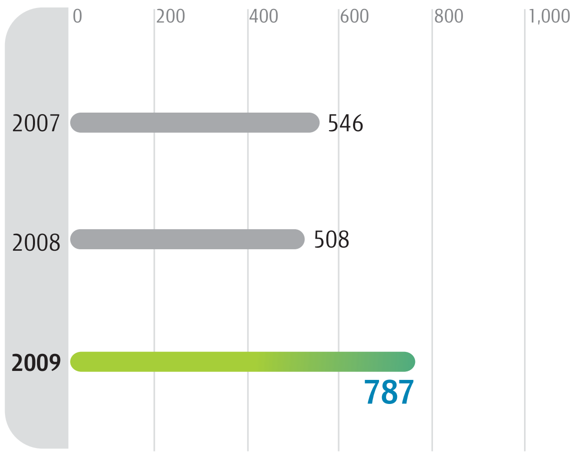
Financial Highlights

(in HK$ millions)

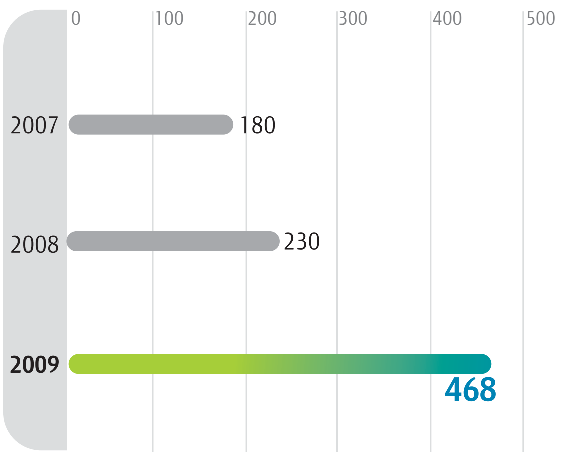
CONSOLIDATED TURNOVER



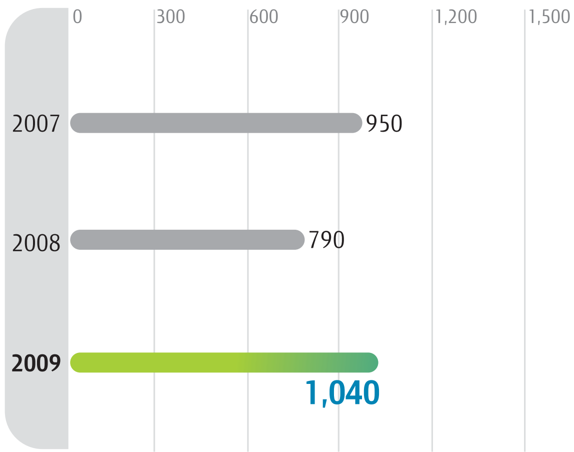
OPERATING PROFIT



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



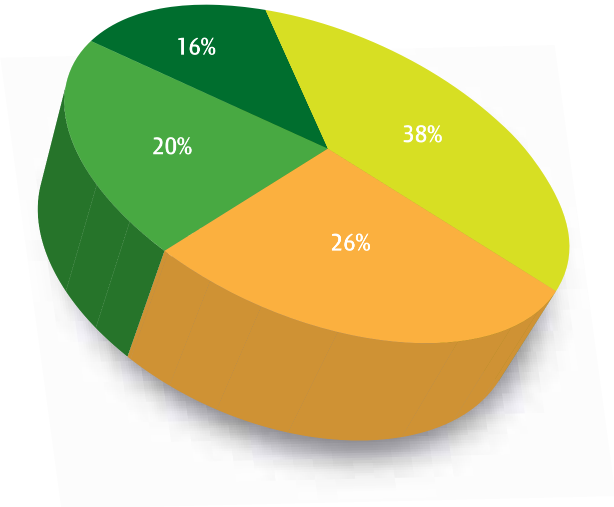
FREE CASHFLOW (EBITDA-CAPEX)



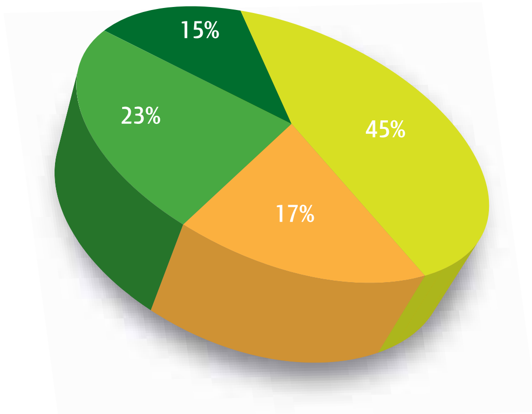
Note: Certain numbers above are restated for the impact of change in accounting policy as set out in the consolidated financial statements.

MOBILE REVENUE MIX BY SEGMENTS

2009



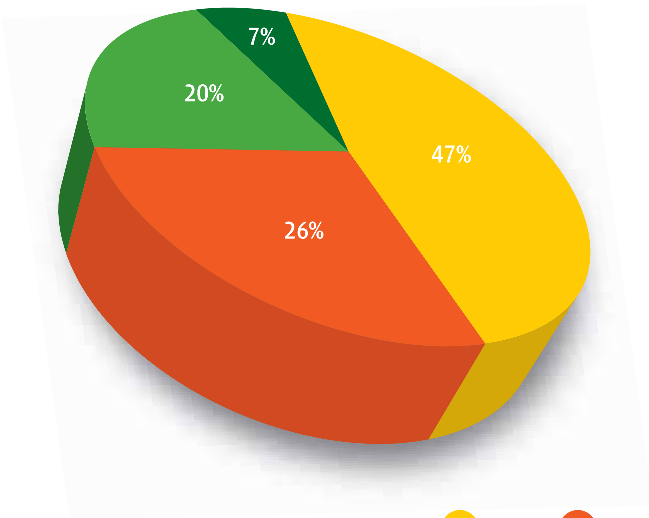
2008



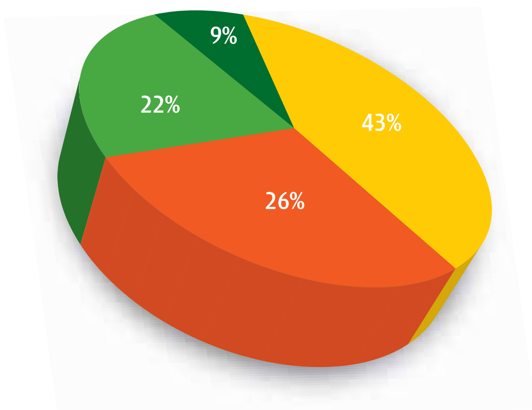
Voice Data Roaming Others

FIXED-LINE REVENUE MIX BY SEGMENTS

2009



2008



Carrier Corporate and Business Residential Others

Chairman's Statement

Following the spin-off from Hutchison Telecommunications International Limited, Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 8 May 2009. This represents a new chapter in a telecommunications success story that has developed under the all-pervasive Hutchison brand name.

Results

Consolidated turnover amounted to HK$8,449 million, representing a growth of 4% compared to HK$8,124 million for 2008. Profit attributable to equity holders of the Company was HK$468 million, a growth of 103% compared to HK$230 million for 2008. Basic earnings per share were 9.72 HK cents for the year, compared to 4.78 HK cents for 2008.

Dividends

The board of directors (the "Board") recommends the payment of a final dividend of 6.16 HK cents per share, for the year 2009 (2008 : Nil), or HK$297 million in total, to those persons registered as shareholders of the Company on Tuesday, 11 May 2010. This is equivalent to a dividend payout ratio of 75% of our profit attributable to equity holders. The proposed final dividend will be paid on Tuesday, 18 May 2010 following approval at the Annual General Meeting of the Company. The register of members will be closed from Friday, 7 May 2010 to Tuesday, 11 May 2010, both days inclusive.

Financial Review

Although 2009 was a challenging year following the financial tsunami, our businesses have remained resilient. We achieved steady year-on-year turnover growth of 4% and total operating expenses in 2009 were held steady at HK$7,662 million, comparable to HK$7,616 million in 2008. Depreciation and amortisation decreased 7% to HK$1,288 million in 2009 from HK$1,390 million in 2008.

Interest and other finance costs in 2009 decreased 17% to HK$184 million compared to HK$223 million in 2008, mainly reflecting lower market interest rates. Taxation decreased 16% to HK$61 million compared to HK$73 million in 2008.

In view of the solid businesses growth in 2009, profit attributable to equity holders of the Company was HK$468 million compared to HK$230 million in 2008, representing an encouraging increase of 103%.

Business Review

Mobile business – Hong Kong and Macau

We have continued to strengthen our customer profile and achieve steady growth in turnover and margin, despite the dampening effect of economic difficulties and an all-round decline in spending and travelling. Our mobile customer base in Hong Kong and Macau grew 10% to approximately 3 million.

The year under review saw the powerful **3** brand enjoying continued prominence as the top 3G service provider in Hong Kong and the second largest mobile operator in Macau. Our innovative approach to the latest technologies, creative marketing efforts and focus on value-for-money services have well positioned that the **3** brand as the most suitable option for those seeking to enhance everyday lifestyles with iPhones, other smartphones and mobile broadband data products.

Fixed-line business – Hong Kong

Our fixed-line business has grown to command a prominent market share with its extensive fibre-to-the-building network. Such constantly-enhanced fixed-line network addresses the needs of a diversity of entities that range from submarine cable operators, international carriers, local mobile operators and data centres. This activity benefits from a strategy that entails tailoring solutions to a wide spread of industries that include professional services, logistics and media, as well as financial services and the public sector.

Further afield, we provide an advanced voice-data-IP network that links our home market with the rest of the world and carries traffic between internationally-dispersed geographies. In addition, we continue to explore the potential of forming more strategic alliances with other operators in the region.

Outlook

During a challenging and competitive year, we achieved steady growth and solid progress into network rollout. We have built an advanced and integrated mobile and fixed-line infrastructure that can meet growing demand for bandwidth and broadband service applications. At the same time, we benefit from a strong financial position and healthy operating cash flow.

We are well positioned to explore and capitalise on opportunities generated by upwardly-spiraling demand for bandwidth and an increasing appetite for mobile data services. This bodes well for the future development of our businesses, as well as reinforcement of our market leadership in an economic environment that has yet to make a full recovery.

Finally, I would like to take this opportunity to express my gratitude to the Board and all staff members for their dedication, professionalism and determination to succeed.

FOK Kin-ning, Canning
Chairman

Hong Kong, 8 March 2010

Operations Review

MOBILE BUSINESS

A mobile pioneer in Hong Kong and Macau

Year 2009 saw the pre-eminent **3** brand reigning as Hong Kong's No.1 3G service provider and Macau's second largest mobile communications operator in subscriber numbers, despite a gloomy economic landscape.

Hong Kong's fiercely-competitive mobile communications arena gave rise to a 2009 subscriber penetration rate of more than 170% – one of the highest in the world. Our total mobile customer base in Hong Kong and Macau grew to approximately 3 million during the year under review, representing a 10% increase from 2008.

Formidable challenges such as a decline in roaming traffic and downward pressure on voice tariffs were effectively offset by **3**'s growth in data revenue. This was generated largely by continued momentum of our first-mover advantage among iPhone users, along with effective marketing programmes and data product promotions.

The energy pumped into iPhone and smartphone initiatives, in conjunction with provision of ultra-high speed mobile broadband service and attractive data tariffs during 2009, helped bring about a substantial increase in **3**'s share of Hong Kong's high-end mobile user community and produced a more than 50% upturn in data revenue.

Building on our market leadership position and strong brand in Hong Kong and Macau, **3** continues to focus on iPhone and smartphone developments, as well as integrated data-enabled devices and data service packages designed to generate loyalty and enhance benefits.

• **3** Pro Shop features a wide range of handsets, smartphones and data products

• Overwhelming response of iPhone™ 3G at the first day sales gala

Mobile customer base grew to approximately **3 million**

Spearheading the smartphone trend

After seizing the initiative in the iPhone market in 2008, we sustained our position as a trendsetter and the preferred choice of service provider for a new and rapidly-growing data community. We reinforced our first-mover advantage with launch of iPhone™ 3GS in July 2009, thereby maintaining our momentum and attracting more sophisticated high-yield data users to the **3** brand.

During 2009, we also launched a wide range of smartphone models and innovative data driven devices which successfully contributed to our strong growth in data revenue.

We strategically built a strong smartphone customer base by pursuing a differentiated marketing strategy to set us apart from competitors. Industry leading initiatives included launch of flexible payment-and-installment bank offers, data usage plans with a maximum charge cap, unlimited Wi-Fi usage, a daily pass for unlimited data roaming and a handset replacement plan, as well as the 3Smart Club to offer unsurpassed iPhone services.

• **3** Macau supported the World Telecommunication and Information Society Day

• First to introduce iPhone™ 3GS in Hong Kong and Macau

• Planet 3 mobile portal presents an exciting collection of multimedia contents in 15 channels

• KKBOX Music Service boasting the world's largest library of Chinese music was unveiled in Hong Kong and Macau

Winning data services

2009 saw significant growth of higher margin non-voice revenues derived from High Speed Downlink Packet Access ("HSDPA") mobile broadband services.

We sought to distinguish our 3reedom range of USB modems from other data products in the market by appealing to a desire for speed and style. This involved packaging USB modems in a range of colourful "skins" to win the attention of individuals looking for personalisation. We further caught the market's attention by launching Yahoo! 3reedom, a joint promotion with Yahoo! that rewarded USB modem subscribers with free access to a range of Yahoo! content.

These chic data cards, complemented by a bundled netbook option, made available throughout the extensive Hutchison Whampoa retail network continued to be highly popular and encouraged further uptake of mobile broadband services.

In response to the shift of competition from voice to data, our strategy also focused on marketing a range of highly-competitive data tariffs, which sharpened our competitive edge in the mobile data space. We firstly introduced a tariff plan in the form of the highly-flexible EasyPlus VAS Package for HSDPA handsets, which came complete with a maximum charge cap for data usage. Evolving from EasyPlus VAS Data Plan and catering for the increasing popularity of smartphones, the launch of "infinitum" voice and data integrated tariff with data charge cap further offered a total solution for enjoying seamless communication and peace-of-mind mobile surfing experience.

• Promotion of unsurpassed applications for iPhone™ 3GS

• An impressive array of stylish 3reedom and Yahoo! 3reedom USB modems

Data revenue over 50% upturn

Compelling multimedia content

In order to maximise the customer experience with our ultra-high speed mobile broadband network, we unveiled the KKBOX Music Service in November 2009, based on our exclusive partnership with Taiwan's largest online music provider. As a prime example of genuine fixed-mobile convergence, this gave rise to the world's first iPhone and Android-enabled unlimited music download service. The development opened up access to more than a million downloadable tracks and the world's largest library of Chinese music, comprising more than 220 Taiwan and Hong Kong recording labels, in addition to international labels.

In the mobile content market, we continued to maintain our leading presence by forging a partnership with an array of world-class 3G content providers. A rich mix of mobile multimedia content was delivered via our Planet 3 Portal, amounting to some 300 items of infotainment via 15 channels.

Keeping the **3** brand as a champion of mobile social networking, our launches of avant-garde INQ social mobile phones and Social King, along with Social Unlimited and Buddy Unlimited packages, had been well received by young customers. These put the hottest social media such as Facebook, YouTube, Skype, Windows Live Messenger, Yahoo! Search, MMS email and 3g mail at customers' fingertips to remain connected to their social circles from anywhere and at any time.

Unsurpassed roaming

During the year, **3** focused on serving sophisticated data users and preparing for a roaming comeback. Responding to recessionary conditions that impacted negatively on roaming revenues in 2009, we created an unsurpassed unlimited data roaming day-pass package, such that users are able to enjoy unlimited data roaming in mainland China or certain other countries across Asia, Europe and North America. These help drive up our data roaming revenues with increasing penetration of smartphones and dongles.

In fact, we continue to negotiate with other roaming operators in order to make **3** the preferred roaming partner when serving inbound visitors. We also stimulate outbound roaming usage by creating attractive bundles and applications with an emphasis on data.

• INQ Mini 3G, the second social mobile phone developed by INQ Mobile

Distinctive experience

Impressive sales reach has also played a central role in making our product-and-service portfolio available to the market. This has been achieved via a retail network encompassing more than 300 points of sale throughout branded shops, franchises and dealerships, as well as via the efforts of our well-trained corporate and direct consumer sales teams.

A dedicated team has been established to serve our sophisticated high-end users. As well as providing this customer grouping with professional after-sales support with round-the-clock hotline service, priority counters at designated 3Shops and dedicated account managers, we introduced the prestigious 3Supreme Club as a loyalty platform. Specially tailored for our iPhone users, establishment of the 3Smart Club delivers an unprecedented iPhone experience with round-the-clock customer service, the latest updates and exclusive privileges.

In another move designed to integrate telecommunications and credit card services and provide a host of exclusive mobile and spending benefits, we teamed up with DBS Bank (Hong Kong) Limited and Visa to launch the 3Everyday COMPASS VISA, offering high-value benefits and unique features. As well as providing Visa

• **3** Hong Kong, DBS Bank and Visa jointly presented a co-branded credit card – 3Everyday COMPASS VISA

• 3Supreme Club members joining the Golf Experience Day

• Professional sales and after-sales services available via a strong retail network

• Unrivalled data roaming day-pass for customers to enjoy unlimited data roaming

PayWave convenience and an interactive platform on handset portal, this exclusive card entitles holders to a hefty discount on the standalone purchase of 3G handsets, along with free Wi-Fi and DBS 3G banking services.

Far-sighted planning

Our expectation of ever-rising data speeds translates into a need to promote the mobile broadband experience with vigour, while underpinning our appeal to the market with constant upgrades on network service quality.

Ongoing network enhancement will also help consolidate our leading position to manage growing data needs. A 3G network modernisation and expansion project began in 2009 after HTCL appointed Nokia Siemens Networks as sole vendor and service partner. Deployment of Evolved High Speed Packet Access ("HSPA+") technology throughout our 3G infrastructure will provide a number of benefits, including the ability to deliver speeds up to 42Mbps.

Genius Brand Limited, a 50:50 joint-venture between HTCL and Hong Kong Telecommunications (HKT) Limited, was among the three bidders awarded a 4G licence in January 2009 to deploy next-generation wireless broadband technology, Long-Term Evolution ("LTE"). Genius Brand Limited acquired a block of 30MHz spectrum, which will enable us to build a LTE network that will deliver higher data speeds and offer a range of multimedia services.

FIXED-LINE BUSINESS

Overview

Providing fixed-line telecommunications services locally and overseas since 1995 through Hutchison Global Communications Limited ("HGC"), we offer sophisticated fixed-line telecommunications solutions to corporate, international and carrier customers in Hong Kong and overseas, as well as comprehensive broadband, voice and IDD services to local residential customers.

We own one of the most extensive fibre-to-the-building ("FTTB") networks in Hong Kong. Comprising around 1 million kilometers of core optical-fibre cabling running through more than 5,000 kilometers of ducting, this infrastructure enables us to achieve a coverage of over 3,000 corporate and public buildings – meeting the needs of banks, governmental bodies, educational institutions, data centres and others.

Exemplifying HGC's standing in the local telecommunications industry, we are Hong Kong's leading optical-fibre carrier of land-based mobile traffic – known as backhaul – between switching centres and network cell sites run by mobile operators. In addition, our constantly-enhanced cross-border network linking Hong Kong to mainland China and our international network system address the requirements of submarine cable operators, carriers and multinational corporations.

In 2008, we launched the territory's first Hong Kong-Shenzhen Western Corridor optical-fibre cable system. This is HGC's fourth such cross-border routing and makes HGC the first player in Hong Kong to integrate four cross-border routes with the networks of all three of mainland China's tier-1 telecommunications operators.

In 2004, HGC launched the world's first Inter-Autonomous System International Ethernet service, which has flourished into a very well-adopted facility in the international telecommunications arena.

International Business Division

Serving multinational corporations and telecommunications carriers via the International Business Division ("IBD"), HGC provides an advanced voice, data and IP network that links our home market with the rest of the world, as well as to carry traffic between internationally-dispersed geographies. We provide scalable capacity and advanced solutions to meet ever-increasing bandwidth demand.

The customer base of IBD includes telecommunications carriers, service providers and enterprises – all served via various sub-units.

Reaching around the world

Developing HGC as an international hub, our network reach has been extended to areas such as Indonesia, Malaysia, the Philippines, Singapore, Japan, South Korea, Taiwan, Vietnam, Thailand and Cambodia – and stretches to the United States of America and the United Kingdom via co-operation with carriers around the world.

• HGC unveiled new fibre optic cable system at Hong Kong-Shenzhen Western Corridor. Officiating at the ceremony included Mrs. Marion Lai, Director-General of OFTA, along with the senior management from China Telecom and HGC

• Supported Conexus Mobile Alliance to present new benefits for its member customers

This has involved positioning Hong Kong as a transit hub and enhancing the territory's standing as a geographical focal point, while providing network routings that span the globe via submarine and terrestrial cable facilities offering a high degree of resilience.

Providing world-class data solutions

Our services include International Private Leased Circuits ("IPLC"), Global Ethernet Private Line ("GEPL"), Virtual Private Line Service ("VPLS"), IP Virtual Private Network ("IPVPN"), IP transit, IP peering, backhaul capacity long-term lease and voice interconnect offerings. Our Internet network capacity has been expanded to more than 100 gigabits and involves peering with major Internet content providers.

Established in early 2009, the carrier-neutral HutchConnect platform in Hong Kong serves international telecommunications carriers with a one-stop-shop capacity management solution that handles myriad requirements.

During 2009, we co-operated with telecommunications operators that interconnect their submarine cable capacities with our HGC network in Hong Kong and overseas, in order to provide world-class connectivity solutions to corporations and wholesale carriers.

Capturing needs from multinational corporate customers, also launched during 2009 was the one-stop-shop Information and Communications Technologies ("ICT") solution to provide a consultancy-based service to corporations requiring support for implementation of applications, unified communications, network redundancy and backup, as well as round-the-clock monitoring to ensure business continuity.

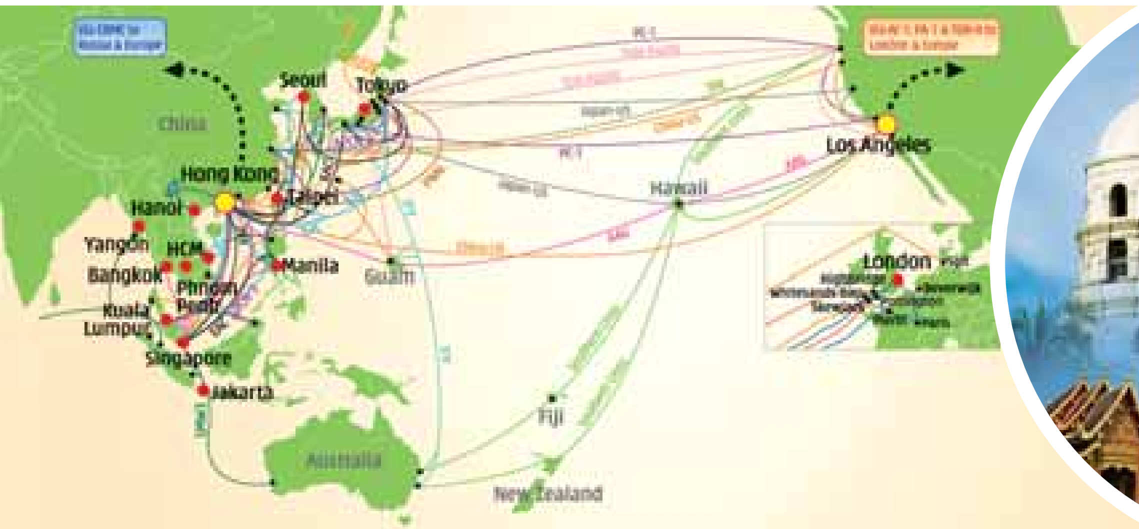
Acclaimed as a high-quality voice and video carrier

In the voice space, HGC has established interconnections with more than 200 carriers and extended direct mobile connections with over 100 operators throughout more than 50 countries. In addition, a HGC international video-routing platform has been set up to connect with some 60 locations and 130 operators around the world.

Riding on the membership of the Conexus Mobile Alliance ("Conexus"), which was established with 11 mobile operations in Asia, HGC develops international roaming and corporate mobile services to enhance member customers' roaming experience. Conexus also achieves this by way of new applications, as well as product packages such as a data flat-rate plan. As one of Asia's biggest mobile alliances, Conexus addresses a total customer base of over 240 million mobile users.

HGC's Common International Platform ("CIP") links the mobile networks of the members of its parent company, Hutchison Whampoa Limited – while interconnecting with its own voice/video gateway – with the aim of providing globally-dispersed mobile operators with premium-grade voice services via an advanced international calling platform. This enables us to guarantee Caller Line Identification ("CLI") and offer a video-calling capability. Direct connection within CIP also enables end-to-end quality control of call and video calling.

Our IDD Buffet solution enables service providers to offer attractive monthly packages featuring unlimited IDD service to residential users. Now covering more than 20 countries, IDD Buffet represents a revolutionary change from the traditional per-minute charging formula applied by most carriers.



• HGC global network reach

Fibre-to-the-building network covers over **3,000** corporate and public buildings

Wholesale and Business Market Division

Pursuing a strategy that entails tailoring solutions to specific sectors, we identify the unique needs of our business customers to design comprehensive solutions that run over HGC's optical-fibre backbone.

Serving sophisticated needs of modern business

This sector-specific strategy empowers us to penetrate a wide range of industries such as professional services, logistics, media, as well as financial services and governmental communities. The Wholesale and Business Market Division serves customers via five units known as Corporate Market, Business Market, Wholesale Market, School Market and Data Centre Business.

• Dedicated corporate sales team to serve the corporate market

Corporate market

Maintaining a strong presence in banking and finance, government and public sectors, we provide Metro Ethernet and high-speed data network services.

Working to an account management model, HGC provides total telecommunications solutions that utilise a range of technologies from traditional copper networks to fibre infrastructure – all according to the specific needs of the corporate world.

As well as providing basic connectivity and bandwidth, we strive to meet the diverse needs of our corporate and large enterprise customers by offering a range of specialised services. A prime example is Talk Central, a unified communications solution that brings all standard office communications together into one easy-to-manage interface.

In addition, HGC was the first player in Hong Kong to launch the Microsoft Exchange email-on-demand service as part of a standard business broadband package that helps derive cost and operational efficiencies. The service also offers built-in protection and data security features that ensure business continuity and regulatory compliance.

• HGC delivers round-the-clock customer hotline service

Business market

HGC has developed a telecommunications solution consultancy approach for the small-to-medium enterprise ("SME") market, which we serve via call-centre personnel skilled in cross-selling and generating customer loyalty for basic telephony, IDD and broadband services.

The call-centre operations have also been acted as an outsourcing provider for SMEs, such that customers are able to benefit from call-centre services to gather market intelligence, better manage the sales and support needs of their own customers. This extended service also represents a steadily developing revenue stream for the future.

Wholesale market

Backbone infrastructure made up of 100% optical-fibre enables us to command the largest share of Hong Kong market in providing backhaul services to local and international carriers.

As well as being able to rapidly upgrade leased lines serving cellular base stations to a scalable 10Mbps-100Mbps Fast Ethernet capability, HGC is well positioned to meet the terabit backhaul bandwidth needs of the near future that are being driven by upwardly-spiraling date usage.

School market

As the first local operator with an extensive fibre-to-the-school capability, HGC has been addressing the growing demand of primary and secondary institutions since 2003 and works to empower local education with state-of-the-art ICT.

In fact, an optical-fibre network able to reach the vast majority of local schools positions HGC well to support the Hong Kong Government's plans to roll out a large-scale eLearning operation. Schools have already been running video-conferencing application on HGC's network to facilitate cross-border working relationship among students, as well as virtual seminars. HGC's terrestrial school network is complemented by our 3reedom mobile broadband service, which provides wireless connectivity beyond the confines of classroom walls. In addition, HGC provides educational institutions with a 24/7 Managed Security service so that staff and students are able to go online without having to worry about viruses, malware, hacking attacks and malicious websites.

Data centre business

We have been serving the data centre needs of local and international corporate customers, such as the banking and finance sector, since 2000 and now run facilities in Hong Kong Island and New Territories. A new operation scheduled to go live at Wong Chuk Hang in early 2010 will cover 20,000 square feet – expandable to 120,000 square feet – to the benefit of predominately financial services players and international enterprises. Our offer to the market includes basic co-location and facilities management offerings. We also field a dedicated team to provide value-added managed services and operational outsourcing offerings to address customer requirements in terms of efficiency and cost control.

• Pioneered HD Education Collaboration Platform for local schools

• Network Operation Centre of HGC

• HGC provides high-speed broadband connection for Hong Kong households

Optical-fibre duct cabling over **5,000 km**

Consumer Market Division

Our Consumer Market Division provides a comprehensive range of services spanning local and IDD voice call service, a global interconnectivity experience and residential broadband service renowned for speedy access.

Speed and mobility

Riding on the edge of one of the most extensive FTTB networks in the territory, HGC is able to provide a range of high-speed broadband connection up to 100Mbps for Hong Kong households. In the last year, we witnessed a booming demand of consumer subscription and upgrade towards higher bandwidth with growing sophisticated usage on the Internet such as multimedia streaming, uploading, downloading, HD video viewing, as well as simultaneous multiple family member usage and multi-tasking.

On top of new acquisitions, we observed a strong will to upgrade to higher speed at contract renewals, hence an elevation to both our retention rate and ARPU. In 2009, our 50Mbps and 100Mbps subscriptions registered a robust increase compared to 2008.

On the other front, the flourishing emergence of new gadgets like smartphones and netbooks had lifted demand of broadband usage both on the move and within households. HGC consumer broadband stands out from the crowd in this respect by providing a modem with built-in Wi-Fi capability for high-speed customers so that their family members could enjoy wireless home broadband usage without worry for additional routers.

• Promotion of 100Mbps residential broadband service

• 3.0 Shop addresses the growing demand for mobile data and broadband

In addition, Wi-Fi is available to HGC subscribers even while out and about. With collaboration from a Wi-Fi service provider, HGC broadband customers are able to enjoy free Wi-Fi Internet access in shopping malls and throughout chains of outlets. An unlimited outdoor Wi-Fi plan is available to heavy users who spend much of their time on the move.

Channel and service expansion

In the year under review, HGC successfully expanded its exposure and sales channels in the marketplace. Other than 3Shops, prominent display was gained in ParknShop, Watsons and Fortress outlets. In all, over 100 additional retail sales points were established during the year, coupled with new 3.0 Shops, which opened to address mobile data and fixed broadband consumer demands.

Besides Internet connection, HGC also launched a series of infotainment services during 2009, including an attractive TVB PayVision full-programme bundle, a jetso-filled gaming site GAMEON and the biggest Chinese song fixed-mobile convergent music channel KKBOX. HGC will continue to look for and roll out unique and popular services in the years to come.

• Promotion of unlimited and free Wi-Fi Internet access

A future of expansion and development

Running a forefront telecoms business, HGC positioned itself as carriers' carrier. Expanding on a horizontal perspective, HGC aims to strengthen our cooperation with other international operators and increase our geographical coverage for telecommunications carriers, service providers and enterprises around the world. From a vertical expansion perspective, we strive to deliver high-value services to cope with emerging complexity in enterprise applications and apply the newest technology to engineer cost effective solutions for our customers.

Responding to surging demand for data service in the commercial arena, we expect backhaul revenues from local and international carriers to maintain momentum and represent a key driver for growth going forward. HGC will focus sharply on meeting demand for ever-more sophisticated services, such as in the field of fixed-mobile convergence, while crafting total voice-and-data solutions that embrace bandwidth, hosting, Customer Premises Equipment ("CPE") and one-stop-shop support. We also plan to develop more off-the-shelf solutions to enable our SME customers to reap the full benefits of a new era of data connectivity.

At the same time, HGC will work to acquire corporate customers at home and abroad, partly by providing managed services that will enhance our ability to support higher-value services in terms of IT and systems integration.

In response to pressure on pricing caused by drastic competitor tactics in the consumer market, HGC will focus on affordable high-speed propositions to customers, alongside lower-speed options. This falls in line with our ongoing strategy of segmenting and demonstrating value-for-money when catering to differing needs.

• We continue to expand our foothold across the globe and steer the development of fixed-mobile convergence

Management Discussion and Analysis

Financial Review

Turnover of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2009 was HK$8,449 million, representing an increase of 4% compared to HK$8,124 million in 2008. The increase in turnover was mainly attributable to growing demand for mobile and fixed-line broadband services. The Group reported an operating profit of HK$787 million for the year under review, representing an increase of 55% compared to HK$508 million in 2008. The increase in operating profit was mainly attributable to a steady turnover growth coupled with effective cost management.

In 2009, the Group adopted a new accounting policy to expense all customer acquisition costs (CAC) and customer retention costs (CRC) as other operating expenses in the income statement as incurred, instead of capitalising and amortising these costs over the minimum enforceable contractual period. Such change in policy has been accounted for retrospectively, resulting in decreased value of other intangible assets amounting to HK$828 million (2008: HK$758 million) and a net decrease of profit attributable to equity holders of HK$52 million (2008: HK$200 million). The change allows closer alignment of income and cash flow statements, and provides greater comparability with the results of other major telecommunications operators.

Depreciation and amortisation expenses decreased by 7% to HK$1,288 million for the year ended 31 December 2009 as a result of more fully depreciated assets. Other operating expenses amounted to HK$4,974 million, which is comparable to 2008.

Interest and finance costs for the year ended 31 December 2009 amounted to HK$184 million, a decrease of 17% compared to HK$223 million in 2008. This decrease was in line with the decrease in market interest rates.

Share of losses from jointly-controlled entities during the year ended 31 December 2009 was HK$16 million compared to HK$11 million in 2008. Taxation for the year ended 31 December 2009 was HK$61 million compared to HK$73 million in 2008.

Overall, the Group recorded a net profit attributable to equity holders for the year ended 31 December 2009 of HK$468 million, representing an increase of 103% compared to HK$230 million in 2008.

Business Review

The Group engages in mobile business and fixed-line business.

Mobile business in Hong Kong and Macau

Although year 2009 was a challenging year for the mobile telecommunications industry, and despite the dampening effect of global economic turmoil, turnover of our mobile operations increased 3% to HK$5,578 million compared to HK$5,395 million in 2008. We maintained a leading position in the 3G Hong Kong market with a customer base of over 1.4 million as at 31 December 2009, representing a 12% growth from the beginning of the year. Total customer base in Hong Kong and Macau was approximately 3 million, with the number of postpaid customers reaching 1.9 million, accounting for over 60% of the total customer base.

An all-round decline in spending and travelling resulted in lower roaming revenue. Nevertheless, we see continued demand for data usage from sophisticated customers, such as those using iPhones, other smartphones and mobile broadband data products.

EBITDA increased 14% from HK$1,002 million to HK$1,138 million, attributable to growth in turnover, and effective cost management.

CAPEX totalled HK$413 million which demonstrated our continued commitment to network excellence.

Fixed-line business in Hong Kong

Our fixed-line business comprises three main segments – international and local carriers, corporate and business, and residential. The international and local carriers segment involves product and service areas such as International Private Leased Circuits ("IPLC"), data and IDD. Our corporate and business segment focuses on leased-line, voice, data, broadband and IDD services, serving mainly large corporations and telecommunications operators. The residential segment provides voice, broadband and IDD services to the mass market.

Thanks to years spent on developing a formidable optical-fibre capability, we own one of the most extensive fibre-to-the-building telecommunications infrastructure in Hong Kong. Turnover increased 6% to HK$3,221 million compared to HK$3,035 million in 2008, mainly as a result of our strategic investment in markets holding high-growth potential. This enabled us to broaden our customer base by appealing to higher-yield carriers, corporate and enterprise customers.

EBITDA increased 4% from HK$995 million to HK$1,031 million, due to increased contribution from international and local carriers segment offset by lower interconnection revenue following the demolishment of interconnection payment arrangement in 2009.

CAPEX was HK$623 million in 2009 compared to HK$523 million in 2008, which largely represents our revenue-driven investment planning.

Prospects

We pledge to serve customers with leading-edge mobile connectivity, infotainment and applications. Our state-of-the-art fibre-to-the-building infrastructure, modernised 3G network, together with newly awarded 4G license well position us to capture the growing demand for broadband services and complex service applications.

The combined effect of these factors will enable us to remain in the vanguard of Hong Kong's dynamic telecommunications industry, while benefiting from strong financial position and healthy operating cash flows. This positive positioning will serve our commitment to deliver value to our shareholders by generating steady growth.

Group Capital Resources and Other Information

Treasury Management

The Group's primary treasury and funding policies focus on liquidity management maintaining optimal level of liquidity with cost efficient funding of the operations of its subsidiaries. The treasury function operates as a centralised service for managing the Group's funding needs and monitoring the Group's financial risk, including interest rate and foreign exchange risks, and default credit risks.

The Group cautiously plans to use 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 and invest in financial products, including hedge funds or similar vehicles for speculative purposes.

Cash Management and Funding

In general, financings are raised mainly in bank borrowings to meet the funding requirements of the Group's operating subsidiaries. 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 exposes to interest rate risk relating to Hong Kong dollars borrowings. The Group manages its interest rate exposure with a focus on reducing its overall cost of debt including exposure to changes in interest rates.

Foreign Currency Exposure

The Group mainly operates telecommunications services in Hong Kong and Macau with transactions denominated in Hong Kong dollars and Macau Pataca. The Group is exposed to other currency exposures, primarily with certain trade receivables/payables and bank deposits denominated in United States dollars and Euro.

Credit Exposure

The Group operates a central cash management system for all of its subsidiaries. Surplus funds are to be managed in a prudent manner, usually in the form of deposits with banks or financial institutions attaining a minimum credit rating of AA-/Aa3 as rated by Standard & Poor's and Moody's to manage counterparty risk, any deviation of such rating is to be approved by senior management. Alternatively, surplus funds can be invested in marketable securities such as United States Treasury Bills or Commercial Papers/Certificates of Deposits issued by credit-worthy counterparties with short term ratings at or above A1/P1 and longterms ratings at or above AA-/Aa3 as rated by Standard & Poor's and Moody's. The selected counterparties and investment products must be approved by the Company's Chief Financial Officer.

The Group is also exposed to counterparties credit risk from its operating activities, which is continuously monitored by management.

Liquidity and Debt Profile

The cash and cash equivalents amounted to HK$268 million at 31 December 2009 (2008: HK$272 million), 78% of which were denominated in Hong Kong dollars, 15% in United States dollars with remaining in various other currencies. As at 31 December 2009, the Group had bank borrowings of HK$4,358 million (2008: HK$5,220 million) which was denominated in Hong Kong dollars and repayable in three years. The gearing ratio, calculated based on the net debt divided by total shareholders' equity, was 44% as at 31 December 2009.

Cash Flows

The Group maintains a healthy financial position benefiting from steady growth in cash flows. During the year ended 31 December 2009, the Group's net cash generated from operating activities and used in investing activities amounted to HK$2,153 million (2008: HK$1,694 million) and HK$1,202 million (2008: HK$904 million) respectively. The Group's major outflows of funds during the year under review included payments for the purchase of property, plant and equipment, repayment of borrowings and the investment in a jointly-controlled entity, which holds the Broadband Wireless Access ("BWA") spectrum licence.

Capital Structure

On 3 August 2007, the date of incorporation of the Company, the authorised share capital of the Company was US$50,000 divided into 50,000 shares of US$1 each. On the date of incorporation, one share was issued at par for cash. On 6 April 2009, the Company's authorised share capital was increased by HK$2,500 million by the creation of 10 billion shares of HK$0.25 each. 32 shares of HK$0.25 each were issued at par for cash to Hutchison Telecommunications International (Cayman) Holdings Limited ("HTI Cayman"). On the same date, the original issued one share of US$1 was repurchased by the Company at par for cancellation; and all the unissued shares of US$1 each in the Company's original authorised share capital of US$50,000 were cancelled. On 6 April 2009, the Company entered into an agreement with HTI Cayman that, subject to the approval of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the spin-off of the Company and the Listing Committee of the Stock Exchange granting approval for the listing of the shares of the Company on the Main Board of the Stock Exchange, 4,814,346,176 shares of the Company would be allotted and issued, credited as fully paid, to HTI Cayman as consideration for the capitalisation of the payable to HTI Cayman amounting to approximately HK$12,418 million. The above conditions were fulfilled and the aforesaid shares were issued on 7 May 2009. As a result, HK$1,204 million and HK$11,214 million were recognised as share capital and share premium during the year ended 31 December 2009, respectively.

Charges on Group Assets

As at 31 December 2009, none of the Group's assets is under financial charges.

Capital Expenditure

Capital expenditure on property, plant and equipment for the year of 2009 was HK$1,035 million, compared to HK$1,108 million in 2008, reflecting our continued investment in network upgrade and expansion to support business growth.

Contingent Liabilities

As at 31 December 2009, the Group had contingent liabilities in respect of performance guarantees amounting to HK$637 million (2008: HK$512 million) and financial guarantees amounted to HK$16 million (2008: HK$39 million). Included in contingent liabilities were mainly performance bonds issued to the Office of the Telecommunications Authority of Hong Kong in respect of our 3G and BWA spectrum licence obligations.

Staff and Community

Employee Development and Compensation

As of 31 December 2009, the Group was staffed by a total of 1,732 employees for the year, including directors' emoluments, of HK$644 million.

We believe the quality of our people is crucial to maintaining a leadership position in the market. With this in mind, we seek to attract and retain talented individuals who are committed to achieving the Company's goals and objectives in a working environment that nurtures values such as fairplay, respect and integrity. Compensation packages are competitive, with individuals rewarded according to performance and an annually-reviewed framework of salary, working conditions, bonuses and incentive systems. Benefits include medical cover, provident funds, retirement plans, long-service awards and a share option scheme.

Heavy emphasis placed on career development manifests itself as extensive and ongoing training according to needs. We also encourage employees to take part in work-life balance activities and community service. During the year under review, these included employee outings, sport, volunteering and supporting charitable organisations.

Corporate Social Responsibility

As a socially-minded corporate citizen, we support numerous worthy community projects, charity programmes and environmental protection schemes. Since 2003, we have been awarded the Caring Company accreditation by the Hong Kong Council of Social Service in recognition of our community involvement and commitment.

Sponsorship of psychological rehabilitation project

Aiming to serve psychological rehabilitation efforts among survivors of the Sichuan earthquake, Hutchison Global Communications Limited ("HGC") sponsored the Sichuan-Hong Kong Psychological Health Information Network Programme organised by The Youth Foundation in June 2009.

Joining forces with China Telecom, HGC provided a cross-border transmission service, powered by our optical-fibre network connecting Sichuan and Hong Kong. The idea was to facilitate provision of "zero distance" psychology and medical consultancy in remote areas via video conferencing.

• A group of staff members enjoying great fun in an employee outing

• Organisation of team-building workshops to enhance team cohesion

Inaugurated in August 2008, our optical-fibre network at the Hong Kong-Shenzhen Western Corridor, along with several other cross-border routings, were able to connect medical experts with the needy and provide a distance-training in counselling.

Supporting community projects

Making our video-conferencing capability available to "Solar Project 2009" organised by Radio Television Hong Kong, HGC enabled Hong Kong Chief Executive Donald Tsang to boost morale among Form-5 students in face-to-face fashion in the run-up to release of HKCEE results.

Participation in the Education Bureau's "HWL Knowledge Quest Project" has included company visits for secondary students, with a view to providing a better understanding of our business and presenting the career development opportunities on offer.

Promoting environmental protection

Supporting for the World Wide Fund for Nature Hong Kong "Earth Hour" programme in March 2009 involved a SMS broadcast among customers and switching lights off among our 3Shops.

3 Hong Kong launched an environment-friendly mobile handset in October 2009. The model comes complete with recycled plastic casing and a low-electricity consumption battery, as well as "EcoMate" and CO_2 calculator features.

Supporting charity programmes

We continue to be a key corporate contributor to the Community Chest of Hong Kong in terms of fundraising events, while supporting the work of the Hong Kong Red Cross by organising blood donation sessions for our employees.

During the course of 2009, we have assisted a number of governmental, social and charitable organisations by publicising social welfare programmes, health promotions and fundraising events via SMS campaigns and bill-insert collateral. Among those served by us have been the Security Bureau's Narcotics Division, Department of Health, Civil Aid Service, World Wide Fund for Nature Hong Kong, Children's Cancer Foundation, Changing Young Lives Foundation and more.

• HGC sponsored video conferencing service for RTHK's "Solar Project 2009"

• Active participation in the community services to help the needy

• Sponsored and supported the "zero distance" psychology and medical consultation for Sichuan earthquake survivors

The Board and Management

FOK Kin-ning, Canning

Chairman and Non-executive Director

FOK Kin-ning, Canning, aged 58, has been the Chairman and a Non-executive Director of the Company since 4 March 2009. He is also the Chairman of the Remuneration Committee of the Company. He is an executive director and the group managing director of Hutchison Whampoa Limited ("HWL"), the chairman of Hutchison Harbour Ring Limited ("HHR"), Hutchison Telecommunications (Australia) Limited ("HTAL"), Hutchison Telecommunications International Limited ("HTIL") and Hongkong Electric Holdings Limited ("HEH") and the co-chairman of Husky Energy Inc. ("Husky"). He is also the deputy chairman of Cheung Kong Infrastructure Holdings Limited ("CKI"). In addition, he is a non-executive director of Cheung Kong (Holdings) Limited ("CKH"), and a director of Hutchison International Limited ("HIL") and Ommaney Holdings Limited ("OHL"). The aforementioned three companies (namely CKH, HIL, OHL) and HWL are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"). He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Australian Institute of Chartered Accountants.

LUI Dennis Pok Man

Deputy Chairman and Non-executive Director

LUI Dennis Pok Man, aged 59, has been the Deputy Chairman and a Non-executive Director of the Company since 4 March 2009. He is an executive director and the chief executive officer of HTIL. Mr Lui first joined Hutchison Paging Limited in 1986 and became its managing director in 1993. He was the managing director of Hutchison Telecommunications (Hong Kong) Limited ("HTHK", a subsidiary of the Company), in charge of the mobile telecommunications, fixed-line, multi-media, Internet and paging businesses in Hong Kong, China, Taiwan and Macau from 1996 to April 2000. He rejoined the Hutchison Whampoa group in May 2001. Prior to taking up the position with the group, he was the group managing director of HTI (1993) Holdings Limited overseeing the telecommunications operations and new business development of the Hutchison Whampoa group. He holds a Bachelor of Science degree.

WONG King Fai, Peter

Executive Director and Chief Executive Officer

WONG King Fai, Peter, aged 61, has been an Executive Director and the Chief Executive Officer of the Company since 4 March 2009. He is currently, and has been since March 2004, an executive director of Hutchison Global Communications Holdings Limited (a subsidiary of the Company). He joined the Hutchison Whampoa group in 1996 as technical director of HTHK and was promoted to the position of fixed network director of HTHK in 1998 where he was responsible for the establishment of infrastructure, service and market development of its fixed network business. He was the chief executive officer of Hutchison Global Communications Limited ("HGC", a subsidiary of the Company) from 2000 to 2005, and is currently the chief executive officer of HTHK. Before joining HTHK, Mr Wong gained extensive telecommunications experience with Cable & Wireless Hongkong Telecom through various senior roles. He holds a Master's degree in Telecommunications from the University of Birmingham, the United Kingdom and is a Fellow of The Hong Kong Institution of Engineers.

CHOW WOO Mo Fong, Susan

Non-executive Director

CHOW WOO Mo Fong, Susan, aged 56, has been a Director of the Company since 2007 and designated as a Non-executive Director of the Company since 4 March 2009. She is an executive director and the deputy group managing director of HWL, an executive director of CKI, HHR and HEH, a director of HTAL and a non-executive director of TOM Group Limited ("TOM Group") and HTIL. In addition, she is a director of HIL, OHL and Hutchison Telecommunications Investment Holdings Limited ("HTIHL"), all of which and HWL are substantial shareholders of the Company within the meaning of Part XV of the SFO. She is a solicitor and holds a Bachelor's degree in Business Administration.

Frank John SIXT

Non-executive Director

Frank John SIXT, aged, 58, has been a Non-executive Director of the Company since 4 March 2009. He is an executive director and the group finance director of HWL, the non-executive chairman of TOM Group, an executive director of CKI and HEH, a non-executive director of CKH and HTIL, and a director of HTAL and Husky. In addition, he is a 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, Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust, HIL, OHL and HTIHL, all of which and CKH and HWL are 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

Non-executive Director

LAI Kai Ming, Dominic, aged 56, has been a Non-executive Director of the Company since 4 March 2009. He is an executive director of HWL, the deputy chairman of HHR, and a director of HTAL. He has over 26 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

CHEONG Ying Chew, Henry

Independent Non-executive Director and Alternate Director

CHEONG Ying Chew, Henry, aged 62, has been an Independent Non-executive Director of the Company since 3 April 2009 and Alternate Director to Dr Wong Yick Ming, Rosanna, an Independent Non-executive Director of the Company since 8 March 2010. He is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He is an independent non-executive director of CKH, CKI, CNNC International Limited, Excel Technology International Holdings Limited, New World Department Store China Limited, SPG Land (Holdings) Limited and TOM Group and an executive director and the deputy chairman of Worldsec Limited. He is a member of the Securities and Futures Appeals Tribunal in Hong Kong. He is also a member of Disciplinary Panel A of Hong Kong Institute of Certified Public Accountants and a member of Advisory Committee of the Securities and Futures Commission. Mr Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

LAN Hong Tsung, David

Independent Non-executive Director

LAN Hong Tsung, David, aged 69, has been an Independent Non-executive Director of the Company since 3 April 2009. He is a member of the Audit Committee and the Remuneration Committee of the Company. He is currently the chairman of David H T Lan Consultants Limited. He is also an independent non-executive director of CKI, HHR, ARA Asset Management (Prosperity) Limited (as manager of Prosperity Real Estate Investment Trust), SJM Holdings Limited and Nanyang Commercial Bank, Limited. He is also a senior advisor of Mitsui & Company (Hong Kong) Limited. Mr Lan was the Secretary for Home Affairs of the Hong Kong Special Administrative Region Government till his retirement in July 2000. He had served as a civil servant in various capacities for 39 years. He was awarded the Gold Bauhinia Star Medal (GBS) on 1 July 2000. In January 2003, he was appointed National Committee Member of the Chinese People's Political Consultative Conference, the People's Republic of China. Mr Lan is a Chartered Secretary and a Fellow Member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He received his Bachelor of Arts degree from the University of London, the United Kingdom and completed the Advanced Management Program (AMP) of the Harvard Business School, Boston. He was also a Visiting Fellow at Queen Elizabeth House, University of Oxford.

WONG Yick Ming, Rosanna

Independent Non-executive Director

WONG Yick Ming, Rosanna, aged 57, has been an Independent Non-executive Director of the Company since 3 April 2009. She is a member of the Audit Committee of the Company. She is currently a member of the National Committee of the Chinese People's Political Consultative Conference, and serves as a member of the Judicial Officers Recommendation Commission and Commission on Strategic Development, both of the Government of the Hong Kong Special Administrative Region. She is also a Court member of the Hong Kong University of Science and Technology. With The University of Hong Kong, she is an elected member of the Council and an ex-officio member of the Court. She is the executive director of The Hong Kong Federation of Youth Groups, a director of The Hongkong and Shanghai Banking Corporation Limited and an independent non-executive director of CKH. In addition, she is a member of the Mars Global Independent Advisory Group of Mars, Incorporated. She holds a Doctor of Philosophy degree in Sociology from the University of California (Davis), the United States of America and has been awarded Honorary Doctorates from The Chinese University of Hong Kong, The Hong Kong Polytechnic University, The University of Hong Kong, The Hong Kong Institute of Education and the University of Toronto in Canada.

MA Lai Chee, Gerald

Alternate Director

MA Lai Chee, Gerald, aged 42, has been Alternate Director to Mr Lai Kai Ming, Dominic, a Non-executive Director of the Company since 9 June 2009. He joined CKH in February 1996 and is currently director, corporate strategy unit and chief manager, corporate business development. He is also a non-executive director of ARA Asset Management (Prosperity) Limited (as manager of Prosperity Real Estate Investment Trust). He is also an alternate director of ARA Trust Management (Suntec) Limited (as manager of Suntec Real Estate Investment Trust), and ARA Asset Management (Singapore) Limited (as manager of Fortune Real Estate Investment Trust). He has over 20 years of experience in banking, investment and portfolio management, real estate development and marketing as well as managing IT related ventures and services. Mr Ma holds a Bachelor of Commerce degree in Finance and a Master of Arts degree in Global Business Management.

Edith SHIH

Company Secretary

Edith SHIH, aged 58, has been the Company Secretary of the Company since November 2007. Ms Shih is the head group general counsel and the company secretary of HWL. She is an executive director and the company secretary of HHR and a non-executive director and the company secretary of Hutchison China MediTech Limited. In addition, she is a director of HIL as well as a director and the company secretary of various HWL group companies. She holds a Bachelor of Science degree in Education, Master of Arts degrees and a Master of Education degree. She is a qualified solicitor in Hong Kong, England and Wales and Victoria, Australia and a Fellow of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

TAN Yuen Chun, Jennifer

Chief Financial Officer

TAN Yuen Chun, Jennifer, aged 46, has been the Chief Financial Officer of the Group since August 2005 and joined the HWL group in May 1996. Ms Tan has been the finance director of HTHK since 2000 and was appointed the Chief Financial Officer of HTHK and HGC in 2005. Before joining the Group, Ms Tan gained extensive financial management experience with various Fortune 500 multinational corporations. She is a qualified accountant and holds a Master's degree in Business Administration from the University of Warwick in the United Kingdom. She is member of several professional accounting associations, including the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Ms Tan has almost 14 years' experience in telecommunications.

LUNG Pui Ying, Amy

Chief Operating Officer (Mobile)

LUNG Pui Ying, Amy, aged 50, has been the Chief Operating Officer (Mobile) of the Group since May 2007, after having joined the HWL group in July 2001 as director of operations of OHL. She then became consumer market commercial director of Hong Kong operations. Prior to joining the HWL group, Ms Lung held various management positions at a number of mobile communications operators in Hong Kong, dealing with local and international projects. She holds a Master of Business Administration degree from Newport University. Ms Lung has more than 20 years' experience in telecommunications.

CHUNG Yiu Man, Daniel

Chief Technology Officer (Mobile)

CHUNG Yiu Man, Daniel, aged 42, has been the Chief Technology Officer (Mobile) of the Group since joining in June 2008. He is responsible for network engineering, operations and IT development aspects of mobile business and has more than 15 years' experience in telecommunications.

HO Wai Ming

Chief Executive Officer (Macau)

HO Wai Ming, aged 56, has been the Chief Executive Officer (Macau) of the Group since April 2008 and is responsible for mobile business in Macau. He joined the Group in March 1994 and has more than 25 years' experience in telecommunications.

KWOK Wing Pong, Andrew

International Business Director

KWOK Wing Pong, Andrew, aged 49, has been the International Business Director since joining in June 2002. He is responsible for the international business segment of fixed network business and has more than 25 years' experience in telecommunications.

LEE Yat Lung, Andrew

Commercial Director, Wholesale and Business Market

LEE Yat Lung, Andrew, aged 40, has been the Commercial Director, Wholesale and Business Market since August 2005 and is responsible for the wholesale, carrier and corporate segments of fixed network business. Mr Lee joined the Group in June 2002 and has more than 15 years' experience in telecommunications.

CHIANG Yung Hon, Byron

Head of Fixed Network Services and Operations

CHIANG Yung Hon, Byron, aged 44, has been the Head of Fixed Network Services and Operations since May 2009 and is responsible for network engineering, operations and product development aspects of fixed network business. Mr Chiang joined the Group in November 2003 and has more than 15 years' experience in telecommunications.

KWOK Tze Wing, Oswald

Legal and Regulatory Affairs Director

KWOK Tze Wing, Oswald, aged 49, has been the Legal and Regulatory Affairs Director of the Group since he joined in June 2002 and is responsible for legal and regulatory affairs. He has more than 20 years' experience in legal affairs.

NG May Yuk, Frances

General Manager, Corporate Communications

NG May Yuk, Frances, aged 49, has been the General Manager, Corporate Communications since re-joining in 2009. She is responsible for all corporate communications and has more than 20 years' experience in public relations, 10 years of which were spent serving the Group.

WONG Chong Sang, Edward

General Manager, Human Resources

WONG Chong Sang, Edward, aged 46, has been the General Manager, Human Resources since December 2001 and is responsible for human resources and development. He joined the Group in April 2001 and has more than 20 years' experience in human resources management.

Changes in Information of Directors

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

Name of Director	Details of Changes
Fok Kin-ning, Canning	Resigned as the chairman and a director of Partner Communications Company Ltd.[1] on 28 October 2009
Lui Dennis Pok Man	Resigned as a director of Partner Communications Company Ltd.[1] on 28 October 2009
Wong King Fai, Peter[2]	Total emoluments (including bonus) for the period from 4 March 2009 to 31 December 2009 were HK$8.64 million
Chow Woo Mo Fong, Susan	Resigned as a director of Partner Communications Company Ltd.[1] on 28 October 2009
Frank John Sixt	Resigned as a director of Partner Communications Company Ltd.[1] on 28 October 2009
Cheong Ying Chew, Henry	- Appointed as a member of Disciplinary Panel A of Hong Kong Institute of Certified Public Accountants - Appointed as Alternate Director to Wong Yick Ming, Rosanna, an Independent Non-executive Director of the Company, on 8 March 2010
Wong Yick Ming, Rosanna	Appointed as - a member of the Commission on Strategic Development, the Government of the Hong Kong Special Administrative Region - a member of the Mars Global Independent Advisory Group of Mars, Incorporated - an elected member of the Council of The University of Hong Kong - an ex-officio member of the Court of The University of Hong Kong - a Court member of the Hong Kong University of Science and Technology

Notes:

1. *A company listed on NASDAQ Global Select Market and on the Tel Aviv Stock Exchange*

2. *Appointed as Executive Director on 4 March 2009*

Report of the Directors

The Directors have pleasure in submitting to shareholders their report and statement of the audited financial statements for the year ended 31 December 2009.

Principal Activities

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out on pages 138 to 139.

Group Profit

The consolidated income statement is set out on page 71 and shows the Group profit for the year ended 31 December 2009.

Dividends

An interim dividend of 1.12 HK cents per share was paid to shareholders on 10 September 2009.

The Directors recommend the declaration of a final dividend at the rate of 6.16 HK cents per share, or HK$297 million in total, payable on 18 May 2010 to those persons registered as shareholders on 11 May 2010. The Register of Members will be closed from 7 May 2010 to 11 May 2010, both days inclusive.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in Note 23 to the consolidated financial statements.

Charitable Donations

There were no donations to charitable organisations by the Group during the year (2008: HK$0.03 million).

Property, Plant and Equipment

Particulars of the movements of property, plant and equipment are set out in Note 13 to the consolidated financial statements.

Share Capital

Details of the share capital of the Company are set out in Note 22 to the consolidated financial statements.

Directors

The Board of Directors of the Company (the "Board") as at 31 December 2009 comprised nine Directors: Mr Fok Kin-ning, Canning (Chairman and Non-executive Director), Mr Lui Dennis Pok Man (Deputy Chairman and Non-executive Director), Mr Wong King Fai, Peter (Executive Director), three Non-executive Directors, namely Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt and Mr Lai Kai Ming, Dominic (Mr Ma Lai Chee, Gerald is Alternate Director to Mr Lai Kai Ming, Dominic), and three Independent Non-executive Directors, namely, Mr Cheong Ying Chew, Henry, Mr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna.

On 4 March 2009, Messrs Chan Ting Yu, Robin Sng Cheng Khoong, Edmond Wai Leung Ho and Richard Waichi Chan resigned as Directors of the Company. On the same day, Mr Fok Kin-ning, Canning, Mr Lui Dennis Pok Man, Mr Frank John Sixt and Mr Lai Kai Ming, Dominic were appointed as Non-executive Directors of the Company, Mr Wong King Fai, Peter was appointed as an Executive Director of the Company, and Mrs Chow Woo Mo Fong, Susan was designated as a Non-executive Director of the Company.

On 3 April 2009, Mr Cheong Ying Chew, Henry, Mr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna were appointed as Independent Non-executive Directors of the Company.

Mr Ma Lai Chee, Gerald was appointed as Alternate Director to Mr Lai Kai Ming, Dominic on 9 June 2009.

Mr Cheong Ying Chew, Henry, an Independent Non-executive Director, was appointed as Alternate Director to Dr Wong Yick Ming, Rosanna on 8 March 2010.

The Board expresses its gratitude to Messrs Chan Ting Yu, Robin Sng Cheng Khoong, Edmond Wai Leung Ho and Richard Waichi Chan for their valuable contributions to the Company.

In accordance with Article 83(3) of the Company's Articles of Association, Mr Fok Kin-ning, Canning, Mr Lui Dennis Pok Man, Mr Wong King Fai, Peter, Mr Frank John Sixt, Mr Lai Kai Ming, Dominic, Mr Cheong Ying Chew, Henry, Mr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

In accordance with Article 84(1) of the Company's Articles of Association, Mrs Chow Woo Mo Fong, Susan will retire by rotation at the forthcoming annual general meeting and being eligible, offer herself for re-election.

The Company received confirmations 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 "Stock Exchange") (the "Listing Rules"). The Company considered all the Independent Non-executive Directors as independent.

The Directors' biographical details are set out on pages 30 to 33.

Directors' Service Contracts

None of the Directors 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.

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

Pursuant to a facility agreement dated 25 November 2008 between Hutchison Telecommunications International Limited ("HTIL", being the then intermediate holding company of the Company before the listing of the shares of the Company on the Stock Exchange on 8 May 2009 (the "Listing Date")) and certain subsidiaries of Hutchison Whampoa Limited ("HWL", being the ultimate holding company of HTIL and of the Company, which together with its subsidiaries, the "HWL Group"), such members of the HWL Group committed to make available to HTIL and certain of its subsidiaries (together, the "HTIL Group") which at that time included Hutchison Telephone Company Limited ("HTCL", an indirect 75.9%-owned subsidiary of the Company) a senior secured term loan/revolving facility for a maximum aggregate amount of US$2.5 billion (or approximately HK$19,376 million) (the "US$2.5 billion HWL Secured Facility").

As security in support of the US$2.5 billion HWL Secured Facility, HTCL agreed to cross guarantee, or procure certain members of the Group to provide security over their assets, for the HTIL Group's borrowings (the "HTCL Cross Guarantee and Security") and certain members of the HTIL Group agreed to do likewise for HTCL's borrowings.

As contemplated by the listing document dated 20 April 2009 issued by the Company (the "Listing Document") and pursuant to an agreement dated 17 April 2009 between HTCL and certain members of the HWL Group and of the HTIL Group for varying the original terms of the US$2.5 billion HWL Secured Facility, the HTCL Cross Guarantee and Security (which would otherwise constitute a connected transaction for the Company under the Listing Rules by virtue of each member of the HTIL Group being an associate of a substantial shareholder of the Company) was released with effect from the Listing Date and thereby ceased to constitute connected transactions for the Company under the Listing Rules. During the year ended 31 December 2009, HTCL could have been required to itself provide, or procure that certain members of the Group to provide, security over their assets in respect of HTCL's borrowings, if any, under the US$2.5 billion HWL Secured Facility subject to a maximum liability of US$710 million (or approximately HK$5,500 million) if there had been any HTCL's borrowings under the US$2.5 billion HWL Secured Facility. As at 31 December 2009, no such borrowings had been made.

Continuing Connected Transactions

During the year ended 31 December 2009, the Group undertook the following continuing connected transactions (the "Continuing Connected Transactions"):

(i) Provision of data centre services to the HWL Group

Prior to the Listing Date, Hutchison GlobalCentre Limited ("Hutchison GlobalCentre", a subsidiary of the Company) entered into master service agreements with members of the HWL Group (including A.S. Watson & Company Limited, Hutchison International Limited ("HIL") and Metro Broadcast Corporation Limited) which prescribe the framework terms upon which Hutchison GlobalCentre and the relevant members of the HWL Group may, from time to time, enter into separate service orders to provide data centre services to the HWL Group. Pursuant to the master service agreements, which are terminable at any time by either party giving no less than 30 days' prior written notice to the other, such data centre services include data centre facilities (such as power supply, telecommunications connectivity, air-conditioning, fire prevention and security systems), hardware and software management and co-location services. The relevant members of the HWL Group are required to pay Hutchison GlobalCentre monthly charges in advance for subscription and in arrears for usage of such data centre services. The amount of monthly charges and the initial term of duration for the provision of such data centre services, which are automatically renewable for successive additional terms unless either party terminates by notification, are separately determined and agreed between the relevant members of the HWL Group and Hutchison GlobalCentre in individual service orders, which are executed as and when such data centre services are required.

Each member of the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(ii) Provision of mobile telecommunications services to the HWL Group

Members of the Group have been providing before the Listing Date, and may continue to provide, mobile telecommunications services, including international direct dialling ("IDD") and roaming services and other value-added services, to members of the HWL Group. The HWL Group is required to pay, on a monthly basis, subscription charges in advance and usage charges in arrears, pursuant to invoices issued by the relevant member of the Group. The provision of such services is terminable at any time by either party giving no less than 30 days' prior written notice to the other. The transactions entered or to be entered into during a term of three years commencing on the Listing Date (the "3-year Term") between the Group and the HWL Group are or will be subject to the master agreement dated 17 April 2009 between the Company and HIL (the "HWL Master Agreement").

Each member of the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(iii) Supply of mobile telecommunications products and the related support to the HTIL Group

Members of the Group have been supplying before the Listing Date, and may continue to supply, certain mobile telecommunications products including handsets hardware and other accessories and the related support to the HTIL Group, in return for purchase price and the related support fee payable within 30 days after receipt of invoices. The transactions entered or to be entered into during the 3-year Term between the Group and the HTIL Group are or will be subject to the master agreement dated 17 April 2009 between the Company and HTIL (the "HTIL Master Agreement").

Each of HTIL and its subsidiaries is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(iv) Provision of telecommunications and Internet services to each of the HWL Group and Cheung Kong (Holdings) Limited ("CKH") and its subsidiaries (collectively, the "CKH Group")

Members of the Group have been providing before the Listing Date, and may continue to provide, local and international fixed-line telecommunications services, Internet access bandwidth with value-added services, and Internet and web-hosting services to members of the HWL Group or the CKH Group. The transactions entered or to be entered into during the 3-year Term between the Group and the HWL Group are or will be subject to the HWL Master Agreement while those between the Group and the CKH Group are or will be subject to the master agreement dated 17 April 2009 between the Company and CKH (the "CKH Master Agreement").

Each of CKH and of the members of HWL Group and CKH Group is a connected person of the Company by virtue of being a substantial shareholder (in the case of CKH) or an associate of a substantial shareholder (in the case of each member of the HWL Group and the CKH Group) of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(v) Roaming arrangements between the Group and each of the HWL Group, the HTIL Group and NTT DoCoMo, Inc. ("DoCoMo") and its subsidiaries (collectively, the "DoCoMo Group")

Prior to the Listing Date, members of the Group entered into agreements with DoCoMo and members of each of the HWL Group and the HTIL Group to provide roaming services, whereby customers of members of the Group and each of the HWL Group, the HTIL Group and the DoCoMo Group may roam on each other's networks while travelling abroad. While each pair of roaming partners amongst the groups will settle, after set-off, the roaming charges each month in arrears depending on the aggregate volume of roaming services incurred by their customers on each other's networks, no set-off will be made between different pairs of roaming partners amongst the same groups. The provision of such services is terminable at any time by either party giving no less than six months' prior written notice to the other.

The transactions entered or to be entered into during the 3-year Term between the Group and each of the HWL Group and the HTIL Group are or will be subject to the HWL Master Agreement and the HTIL Master Agreement respectively.

Each member of the HWL Group and HTIL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. DoCoMo is a connected person of the Company by virtue of being a substantial shareholder of certain subsidiaries of the Company and each of DoCoMo's subsidiaries is a connected person of the Company by virtue of being an associate of DoCoMo. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(vi) Provision of dealership services by the HWL Group

Under an agreement dated 27 May 2004 between A. S. Watson Group (HK) Limited ("Watson", a member of the HWL Group) and Hutchison 3G Services (HK) Limited ("H3GSHK", a subsidiary of the Company), Watson was appointed as a non-exclusive dealer for H3GSHK to sell, at retail outlets operated by Fortress in Hong Kong, 3G handsets and/or telecommunications services provided by H3GSHK. This agreement, which commenced on 3 March 2004 and would have continued until 31 December 2009, was transferred by H3GSHK to HTCL with effect from 1 July 2005. On 2 April 2009, Watson entered into an agreement with HTCL to extend the term of the foregoing agreement for a further two years until 31 December 2011 subject to automatical renewal for successive periods of three years each, unless terminated earlier by either party.

Watson is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(vii) Supply of promotional items by the HWL Group

It is the Group's marketing strategy to offer cash coupons of PARKnSHOP, Fortress and/or Watsons (each a division of Watson) to certain newly joined and renewal customers of the mobile and fixed-line services of the Group. Pursuant to a master agreement dated 12 February 2009 between the Company and Watson, which is subject to an initial term of three years and thereafter automatically renewed for successive periods of three years each unless terminated earlier by either party, members of the Group have been purchasing before the Listing Date, and may continue to purchase, those coupons from the relevant members of the HWL Group at face value with a reasonable discount for bulk purchase as and when required by the relevant members of the Group.

Each member of the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(viii) Provision of bill collection services by the HWL Group

Under an agreement dated 26 February 2004 between Watson and Hutchison Telecommunications (Hong Kong) Limited ("HTHK", a subsidiary of the Company) as duly authorised agent of HTCL, Watson was appointed as an agent of HTHK to receive, at retail outlets operated by Watson in Hong Kong, customer payments for services rendered by HTCL.

Under an agreement dated 31 October 2002 between Watson's The Chemist (Macau) Limited ("Watson's Macau", a subsidiary of HWL) and Hutchison Telephone (Macau) Company Limited ("Hutchison Macau", a subsidiary of the Company), Watson's Macau was appointed as an agent of Hutchison Macau to receive, at retail outlets operated by Watson's Macau in Macau, customer payments for services rendered by Hutchison Macau.

Under an agreement dated 1 November 2002 between Watson and Hutchison Global Communications Limited ("HGC", a subsidiary of the Company), as amended, Watson was appointed as an agent for HGC and its subsidiaries to receive, at retail outlets operated by Watson in Hong Kong, customer payments for services rendered by HGC and its subsidiaries.

The aforesaid transactions entered or to be entered into during the 3-year Term between the Group and the HWL Group are or will be subject to the HWL Master Agreement.

Each of Watson and Watson's Macau is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(ix) Provision of global procurement services by the HWL Group

Prior to the Listing Date, various members of the Group entered into 3G cost sharing agreements with members of the HWL Group pursuant to which members of the HWL Group and of the Group together participate in global procurement and development projects for the acquisition and development of information technology platforms and software solutions and applications, hardware, content and other services in connection with the roll-out and ongoing operation of the 3G business of the members of the Group. Under these 3G cost sharing agreements, the Group has the absolute discretion (but not obligation whether as to revenue, volume commitment or otherwise) and the HWL Group has the obligation to allow the Group, if it so wishes, to participate in any cost-sharing activities. The relevant members of the Group will bear the appropriate proportion of the total external and internal costs and expenses incurred in connection with such joint procurement activities. In connection with the performance by such members of the Group of some of the underlying contracts in relation to global procurement activities, members of the HWL Group have provided guarantees in favour of counterparties thereunder in return for a guarantee fee and a management fee payable to the HWL Group at normal commercial rates.

Each member of the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(x) Provision of telecommunications products and services by the HWL Group

Members of the HWL Group have been providing before the Listing Date, and may continue to provide, HGC, HTCL and Hutchison Macau with contents and local and international fixed-line telecommunications services such as IDD services and international private leased circuits ("IPLC"), in return for monthly IDD service fee payable in arrears based on usage and monthly service fee for the IPLC payable in advance. The transactions entered or to be entered into during the 3-year Term between the Group and the HWL Group are or will be subject to the HWL Master Agreement.

Each member of the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xi) Provision of treasury management services by the HTIL Group

Pursuant to an agreement dated 15 May 2008 between HTCL and HTIL, HTIL agreed to provide certain treasury management services to HTCL including general treasury functions to meet and match the financing needs of HTCL. This agreement was terminated on 14 May 2009 by mutual agreement. The transactions entered or to be entered into during the 3-year Term between the Group and the HTIL Group are or will be subject to the HTIL Master Agreement.

HTIL is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xii) Provision of telecommunications products and services by the CKH Group

HGC has been collaborating with Videofone Company Limited ("Videofone", a member of the CKH Group) to provide bundled video phone fixed-line package to HGC's customers before the Listing Date. In consideration of Videofone's supply of the underlying handsets and other incidental services, HGC is required to pay Videofone an agreed ratio of revenue received from its video phone fixed-line package customers after deducting the related costs incurred for the provision of such service (including the acquisition costs of purchasing the handsets from Videofone). The aforesaid transactions entered or to be entered into during the 3-year Term between the Group and the CKH Group are or will be subject to the CKH Master Agreement.

Videofone is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xiii) Provision of lease and licence arrangements by each of the HWL Group and the CKH Group

Members of the Group, as lessees or licensees, have been entering into prior to the Listing Date, and may in the future from time to time renew and enter into, various lease and licence arrangements with members of the HWL Group or of the CKH Group, as landlords or licensors, in respect of building spaces and other premises for use by members of the Group as offices or for other business purposes. The transactions entered or to be entered into during the 3-year Term between the Group and each of the HWL Group and the CKH Group are or will be subject to the HWL Master Agreement and the CKH Master Agreement respectively.

The lease and licence arrangements are on terms no less favourable to the Group than those offered by landlords and licensors which are independent third parties.

Each of CKH and member of the HWL Group and the CKH Group is a connected person of the Company by virtue of being a substantial shareholder (in the case of CKH) and an associate of a substantial shareholder (in the case of each member of the HWL Group and the CKH Group) of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xiv) Provision of office equipment and support by each of the HWL Group and the CKH Group

Members of the Group have been purchasing before the Listing Date, and may continue to purchase, the following office equipment and supports from members of the HWL Group and the CKH Group from time to time:–

(a) certain office supplies and supports from bigboXX.com Limited (a subsidiary of the HWL Group) and Watsons Water (a division of Watson) including stationery, computer supplies, records management services, office supplies, office relocation services, food and beverages, groceries and distilled water at the prices as offered by the relevant subsidiaries of the HWL Group;

(b) travel services from Hutchison-Priceline (Travel) Limited (a subsidiary of the HWL Group) to arrange for bookings and reservations of air tickets and hotel accommodations at fees offered by Hutchison-Priceline (Travel) Limited;

(c) certain IT-related services such as development of IT platforms, software solutions and applications services and other professional services from Vanda IT Solutions & Systems Management Limited and its subsidiaries (each a then subsidiary of the HWL Group and collectively as the "then Vanda Group") at fees offered by the then Vanda Group;

(d) certain advertising and promotional services from Metro Broadcast Corporation Limited (an associate of HWL), at fees offered by Metro Broadcast Corporation Limited; and

(e) services from AMTD Risk Management Limited ("AMTD", an affiliate of the CKH Group) for procuring various insurance policies for the benefit of the telecommunications business of the Company at fees offered by AMTD.

Transactions (a) to (d) entered or to be entered into during the 3-year Term between the Group and bigboXX.com Limited, Watsons Water, Hutchison-Priceline (Travel) Limited, the then Vanda Group and Metro Broadcast Corporation Limited respectively are or will be subject to the HWL Master Agreement. Transaction (e) entered or to be entered into during the 3-year Term between the Group and AMTD is or will be subject to the CKH Master Agreement.

The then Vanda Group was, and each of bigboXX.com Limited, Hutchison-Priceline (Travel) Limited, Metro Broadcast Corporation Limited and AMTD is, a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xv) Procurement of HWL Group Supplies and Group Supplies between the HWL Group and the Group

Pursuant to the HWL Master Agreement, HIL will procure relevant members of the HWL Group (which, for the purpose of the HWL Master Agreement, include entities controlled, directly or indirectly, as to more than 50% by HIL and such other entities in which HIL is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of voting power at general meetings in such entities) to provide or acquire (as appropriate), and the Company will procure relevant members of the Group (which, for the purpose of the HWL Master Agreement, include entities controlled, directly or indirectly, as to more than 50% by the Company and such other entities in which the Company is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of voting power at general meetings in such entities ("Company JCE(s)")) to acquire or provide (as appropriate), the following range of products and services of the HWL Group or of the Group and such other products or services as may be agreed from time to time (the "HWL Group Supplies" and the "Group Supplies", respectively) on a non-exclusive basis as and when reasonably requested by relevant members of the Group or of the HWL Group:–

(a) the HWL Group Supplies include (i) intellectual property rights licensing; (ii) roaming services; (iii) bill collection services; (iv) telecommunications products (such as contents); (v) local and international fixed-line telecommunications services (including IDD services and international private leased circuits); (vi) leasing and licensing of offices, building spaces, car parks and warehouses; (vii) distilled water, food and beverages, groceries; stationeries, office supplies; computer supplies; printing services; records management services; office relocation services; (viii) hotel services; travel and transportation services; (ix) IT-related services (including IT platforms development services, software solutions and applications development services and other professional services); (x) marketing, advertising and promotional services; and (xi) collaboration on the development of video and radio programmes; and

(b) the Group Supplies include (i) mobile telecommunications products (including mobile handsets, accessories and related products); (ii) mobile telecommunications services (including IDD and roaming services and other value-added services); (iii) telecommunications and Internet services (including local and international fixed-line telecommunications services, Internet access bandwidth with value-added services, and Internet and web-hosting services); (iv) roaming services; and (v) procurement of local and international fixed-line telecommunications services.

Each member of the HWL Group (which include entities controlled, directly or indirectly, as to more than 50% by HIL and such other entities in which HIL is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of the voting power at general meetings in such entities) is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xvi) Procurement of HTIL Group Supplies and Group Supplies between the HTIL Group and the Group

Pursuant to the HTIL Master Agreement, HTIL will procure relevant members of the HTIL Group (which, for the purpose of the HTIL Master Agreement, include entities controlled, directly or indirectly, as to more than 50% by HTIL and such other entities in which HTIL is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of voting power at general meetings in such entities) to provide or acquire (as appropriate), and the Company will procure relevant members of the Group (which, for the purpose of the HTIL Master Agreement, include entities controlled, directly or indirectly, as to more than 50% by the Company and the Company's JCE(s)) to acquire or provide (as appropriate), the following range of products and services of the HTIL Group or of the Group and such other products or services as may be agreed from time to time (the "HTIL Group Supplies" and the "Group Supplies", respectively) on a non-exclusive basis as and when reasonably requested by relevant members of the Group or of the HTIL Group:–

(a) the HTIL Group Supplies include (i) leasing and licensing of offices, building spaces, car parks and warehouses; (ii) roaming services; and (iii) general treasury management services; and

(b) the Group Supplies include (i) data centre services (including data centre facilities (such as power supply, telecommunications connectivity, air-conditioning, fire prevention and security systems), hardware and software management and co-location services); (ii) mobile telecommunications services (including local voice, IDD and roaming services and other value-added services); (iii) telecommunications and Internet services (including local and international fixed-line telecommunications services, Internet access bandwidth with value-added services, Internet and web-hosting services); (iv) mobile telecommunications products (including handsets hardware and other accessories) and the related support; and (v) roaming services.

Each member of the HTIL Group (which include entities controlled, directly or indirectly, as to more than 50% by HTIL and such other entities in which HTIL is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of the voting power at general meetings in such entities) is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xvii) Procurement of CKH Group Supplies and Group Supplies between the CKH Group and the Group

Pursuant to the CKH Master Agreement, CKH will procure relevant members of the CKH Group (which, for the purpose of the CKH Master Agreement, includes entities controlled, directly or indirectly, as to more than 50% by CKH and such other entities in which CKH is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of voting power at general meetings in such entities), to provide or acquire (as appropriate), and the Company will procure relevant members of the Group (which, for the purpose of the CKH Master Agreement, include entities controlled, directly or indirectly, as to more than 50% by the Company and the Company's JCE(s)) to acquire or provide (as appropriate), the following range of products and services of the CKH Group or of the Group and such other products or services as may be agreed from time to time (the "CKH Group Supplies" and the "Group Supplies", respectively) on a non-exclusive basis as and when reasonably requested by relevant members of the Group or of the CKH Group:–

(a) the CKH Group Supplies means (i) procurement of local and international fixed-line IDD services; (ii) handsets and other incidental services; (iii) handsets replacement plan services; (iv) leasing and licensing of offices, building spaces, car parks and warehouses; and (v) business risks management services (including insurance brokerage) and joint marketing activities; and

(b) the Group Supplies means (i) mobile telecommunications services (including local voice, IDD and roaming services and other value-added services); (ii) marketing services and bill collection services (including those in relation to the handset replacement plan); and (iii) telecommunications and Internet services (including local and international fixed-line telecommunications services, Internet access bandwidth with value-added services, and Internet and web-hosting services).

Each member of the CKH Group (which include entities controlled, directly or indirectly, as to more than 50% by CKH and such other entities in which CKH is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of the voting power at general meetings in such entities) is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xviii) Supply of handsets and other devices by H3G Procurement Services S.à r.l. to the Group

On 27 March 2007, HTCL entered into a handset supply agreement with H3G Procurement Services S.à r.l. ("H3G Procurement", a subsidiary of the HWL Group) pursuant to which HTCL may elect to purchase handsets and other devices related to its 3G business. Any offer of handsets or other devices by H3G Procurement to HTCL will be on substantially the same terms and conditions as the terms and conditions offered by the vendors to H3G Procurement, other than as to unit prices which may include an additional amount which is primarily attributable to the costs incurred by H3G Procurement in procuring and testing the handsets, and in product, technical and vendor management generally. HTCL is not obligated to purchase any handsets under the agreement with H3G Procurement. The initial term of the agreement is three years commencing from 1 January 2007 and thereafter automatically renewed for three successive periods of three years each unless terminated earlier by either party.

H3G Procurement is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xix) Provision of financial assistance by the HWL Group

Pursuant to an amended and restated facility agreement dated 17 April 2009 between HTCL and members of the HWL Group and the HTIL Group, members of the HWL Group committed to make available to HTCL a senior secured term loan facility of up to US$710 million (or approximately HK$5,500 million) (the "Facility") from 30 March 2009 which, once utilised, will fall due on 30 June 2010.

Each member of the HTIL Group and the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The Facility remained unutilised until it was cancelled on 14 May 2009. The Facility which, if utilised, would have constituted a continuing connected transaction for the Company under the Listing Rules.

Grant of Waiver

On 17 April 2009, the Stock Exchange granted to the Company a conditional waiver from strict compliance with the announcement and/or independent shareholders' approval requirements as stipulated in Chapter 14A of the Listing Rules for the Continuing Connected Transactions based on the information provided in the Company's submission dated 6 April 2009 (as updated by a subsequent submission dated 16 April 2009 by the Company) and the Listing Document.

Annual Review of Continuing Connected Transactions

The aggregate amounts for the year ended 31 December 2009 attributable to the respective Continuing Connected Transactions which are subject to the annual review requirements under the Listing Rules are as follows:

	Continuing Connected Transactions	Aggregate amount for the year ended 31 December 2009 (HK$ millions)
(A)	Provision of data centre services under item (i)	19
(B)	Procurement of products and services between the HWL Group and the Group under the HWL Master Agreement under item (xv), provision of mobile telecommunications services to the HWL Group under item (ii), provision of telecommunications and Internet services to the HWL Group under item (iv), roaming arrangements between the Group and the HWL Group under item (v), provision of bill collection services by the HWL Group under item (viii), provision of telecommunications products and services by the HWL Group under item (x), provision of lease and licence arrangements by the HWL Group under item (xiii) and provision of office equipment and support by the HWL Group under item (xiv), all together in the form of:	
	(a) acquisition from the HWL Group	(a) 115
	(b) provision by the Group	(b) 108
(C)	Procurement of products and services between the HTIL Group and the Group under the HTIL Master Agreement under item (xvi), supply of mobile telecommunications products and the related support to the HTIL Group under item (iii), roaming arrangements between the Group and the HTIL Group under item (v) and provision of treasury management services by the HTIL Group under item (xi), all together in the form of:	
	(a) acquisition from the HTIL Group	(a) 7
	(b) provision by the Group	(b) 35

Continuing Connected Transactions			Aggregate amount for the year ended 31 December 2009 (HK$ millions)
(D)	Procurement of products and services between the CKH Group and the Group under the CKH Master Agreement under item (xvii), provision of telecommunications and Internet services to the CKH Group under item (iv), provision of telecommunications products and services by the CKH Group under item (xii), provision of lease and licence arrangements by the CKH Group under item (xiii) and provision of business risks management services by the CKH Group under item (xiv), all together in the form of:		
	(a)	acquisition from the CKH Group	(a) 15
	(b)	provision by the Group	(b) 58
(E)	Roaming arrangements between the Group and the DoCoMo Group under item (v):		
	(a)	expenses chargeable to the Group	(a) Nil
	(b)	revenue chargeable to the DoCoMo Group	(b) 19
(F)	Provision of dealership services by the HWL Group under item (vi)		30
(G)	Supply of promotional items by the HWL Group under item (vii)		19
(H)	Provision of global procurement services by the HWL Group under item (ix)		14
(I)	Supply of handsets and other devices by H3G Procurement under item (xviii):		
	(a)	purchases	(a) 8
	(b)	rebates	(b) 12
(J)	Provision of financial assistance by the HWL Group to the Group under item (xix)		Nil

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 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 to the effect that the Continuing Connected Transactions (i) have received approval of the Board; (ii) are in accordance with the pricing policies of the Group if such transactions involved provision of goods and services by the Group; (iii) are entered into in accordance with the terms of the relevant agreements governing such transactions; and (iv) do not exceed the respective cap amounts as referred to in the Listing Document.

A summary of the related party transactions entered into by the Group during the year ended 31 December 2009 is contained in Note 33 to the consolidated financial statements. The transactions summarised in paragraph (b) to such Note fall under the definition of continuing connected transactions under the Listing Rules and none of the transactions summarised in paragraph (c) to such Note falls under the definition of either connected transaction or continuing connected transaction under the Listing Rules.

The Company has complied with the disclosure requirements, to the extent they are not waived by the Stock Exchange and disclosed above, in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2009 and since the Listing Date.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2009, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been 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 they were 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 as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules 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 in American Depositary Shares	Approximate % of shareholding
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	1,202,380 *(Note 1)*	-	0.0250%
Lui Dennis Pok Man	Beneficial owner	Personal interest	9,100,000	-	0.1890%
Wong King Fai, Peter	Beneficial owner	Personal interest	2,666,667	-	0.0554%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	250,000	-	0.0052%
Frank John Sixt	Beneficial owner	Personal interest	-	255,000 *(Note 2)*	0.0053%

Notes:

1. *Such ordinary shares were held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.*

2. *17,000 American Depositary Shares (each representing 15 ordinary shares) were held by Mr Frank John Sixt.*

(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

Mr Fok Kin-ning, Canning had, as at 31 December 2009, the following interests:

(i) corporate interests in 4,810,875 ordinary shares, representing approximately 0.113% of the then issued share capital, in HWL;

(ii) 5,100,000 ordinary shares, representing approximately 0.038% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("HTAL") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;

(iii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.056% of the then issued share capital, in Hutchison Harbour Ring Limited;

(iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.025% of the then issued share capital, in HTIL; and

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

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.

Mr Lui Dennis Pok Man in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in 9,100,000 ordinary shares, representing approximately 0.189% of the then issued share capital, in HTIL.

Mr Wong King Fai, Peter had, as at 31 December 2009, (i) family interests in 22,000 ordinary shares, representing approximately 0.0005% of the then issued share capital, in HWL held by his spouse; and (ii) in his capacity as a beneficial owner, personal interests in 2,666,667 ordinary shares, representing 0.055% of the then issued share capital, in HTIL.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2009, personal interests in (i) 150,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in HWL; and (ii) 250,000 ordinary shares, representing 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 2009, personal interests in (i) 50,000 ordinary shares, representing approximately 0.001% of the then issued share capital, in HWL; (ii) 1,000,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HTAL; and (iii) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Lai Kai Ming Dominic in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in 50,000 ordinary shares, representing approximately 0.001% of the then issued share capital, in HWL.

Mr Lan Hong Tsung, David in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in 20,000 ordinary shares, representing approximately 0.0005% of the then issued share capital, in HWL.

Save as disclosed above, as at 31 December 2009, none of the Directors and Chief Executive of the Company and their respective associates had any interests or short positions 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.

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Directors or Chief Executive of the Company, as at 31 December 2009, other than the interests and short positions of the Directors or Chief Executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

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

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Hutchison Telecommunications Investment Holdings Limited ("HTIHL")	(i) Beneficial owner	2,619,929,104) *(Note 1)*)	
	(ii) Interest of a controlled corporation	394,063,149) *(Note 1)*)	62.60%
Hutchison Telecommunications Group Holdings Limited ("HTGHL")	Interest of controlled corporations	3,013,992,253 *(Note 1)*	62.60%
Ommaney Holdings Limited ("OHL")	Interest of controlled corporations	3,013,992,253 *(Note 1)*	62.60%
HIL	Interest of controlled corporations	3,013,992,253 *(Note 1)*	62.60%
HWL	Interest of controlled corporations	3,013,992,253 *(Note 1)*	62.60%
CKH	Interest of controlled corporations	3,066,084,840 *(Note 2)*	63.68%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	3,066,084,840 *(Note 3)*	63.68%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	3,066,084,840 *(Note 4)*	63.68%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	3,066,084,840 *(Note 4)*	63.68%

Name	Capacity	Number of shares held	Approximate % of shareholding
Li Ka-shing ("Mr Li")	(i) Founder of discretionary trusts and interest of controlled corporations	3,066,238,120) *(Note 5)*))	
	(ii) Interest of controlled corporations	266,621,499) *(Note 6)*)	69.22%
Mayspin Management Limited ("Mayspin")	Interest of controlled corporations	266,621,499 *(Note 7)*	5.53%
Yuda Limited ("Yuda")	Beneficial owner	266,375,953 *(Note 8)*	5.53%

(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
T. Rowe Price Associates, Inc. and its affiliates	Investment manager	386,090,000	8.02%

Notes:

1. *HTIHL is a direct wholly-owned subsidiary of HTGHL, which in turn is a direct wholly-owned subsidiary of OHL, which in turn is a direct wholly-owned subsidiary of HIL, which in turn is a direct wholly-owned subsidiary of HWL. By virtue of the SFO, HWL, HIL, OHL and HTGHL were deemed to be interested in the 2,619,929,104 ordinary shares of the Company which HTIHL had direct interest and the 394,063,149 ordinary shares of the Company held by a wholly-owned subsidiary of HTIHL.*

2. *Certain subsidiary companies of CKH together hold one-third or more of the issued share capital of HWL. By virtue of the above, CKH was therefore taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested as a substantial shareholder of the Company under the SFO. CKH was also interested in the share capital of the Company through certain wholly-owned subsidiary companies of CKH.*

3. *TUT1, as trustee of The Li Ka-Shing Unity Trust ("UT1"), together with certain companies which TUT1 as trustee of UT1 was entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("related companies"), hold more than one-third of the issued share capital of CKH. By virtue of the above and the interest of TUT1 as trustee of UT1 and its related companies in the shares in CKH, TUT1 as trustee of UT1 was therefore taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested (together with CKH's interest in the share capital of the Company through certain wholly-owned subsidiary companies) as a substantial shareholder of the Company under the SFO.*

4. *Each of TDT1 as trustee of a discretionary trust ("DT1") and TDT2 as trustee of another discretionary trust ("DT2") holds units in UT1. By virtue of the above and its interest of holding units in UT1, each of TDT1 as trustee of DT1 and TDT2 as trustee of DT2 was taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested (together with CKH's interest in the share capital of the Company through certain wholly-owned subsidiary companies) as a substantial shareholder of the Company under the SFO.*

5. *Mr Li is the settlor of each of DT1, DT2 and two discretionary trusts ("DT3" and "DT4") and may be regarded as a founder of each of DT1, DT2, DT3 and DT4 for the purpose of the SFO. Mr Li is also interested in one-third of the entire issued share capital of two companies owning the entire issued share capital of TUT1, TDT1, TDT2, Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"), Li Ka-Shing Castle Trustee Corporation Limited as trustee of DT3 and Li Ka-Shing Castle Trustcorp Limited as trustee of DT4 where appropriate. By virtue of the above and as a director of CKH, Mr Li was taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested and held by TUT3 as trustee of UT3 (together with CKH's interest in the share capital of the Company through certain wholly-owned subsidiary companies) as a substantial shareholder of the Company under the SFO.*

6. *Such ordinary shares were held by companies of which Mr Li is interested in the entire issued share capital.*

7. *Mayspin is a company wholly-controlled by Mr Li. Such interest is duplicated in that of Mr Li held by the companies described in Note 6 above.*

8. *Yuda is a direct wholly-owned subsidiary of Mayspin, which in turn is a company wholly-controlled by Mr Li. Such interest is duplicated in that of Mr Li held by one of the companies described in Note 6 above.*

Save as disclosed above and so far as is known to the Directors or Chief Executive Officer of the Company, as at 31 December 2009, there was no other person (other than the Directors or Chief Executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Directors' Interests in Competing Business

During the year ended 31 December 2009, the following Directors of the Company had interests in the following business (apart from the Company's businesses) conducted through the company named below, its 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 ended 31 December 2009 required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name	Name of company	Nature of interest	Nature of competing business
Ma Lai Chee, Gerald*	Beijing Net-Infinity Technology Development Company Limited	Director	Operate internet data centre business

* *appointed as Alternate Director to Mr Lai Kai Ming, Dominic on 9 June 2009*

As the Board is independent of the board of directors of the above entity, the Company has therefore been capable of carrying on its businesses independently of, and at arm's length from, the above business.

During the year, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan and Mr Frank John Sixt, all being Non-executive Directors, were directors of HWL and HTIL, and certain of their subsidiaries which were engaged in telecommunications businesses. Mr Lai Kai Ming, Dominic, a Non-executive Director, was also a director of HWL and certain of its subsidiaries. Mr Lui Dennis Pok Man, a Non-executive Director, was also a director of HTIL and certain of its subsidiaries. Mr Lui was also previously a director of a subsidiary of HWL in Argentina (resigned in December 2009). Mr Wong King Fai, Peter, an Executive Director, was previously an executive director of HTIL (resigned on 8 May 2009).

In connection with the listing of the Company on the Stock Exchange, the Company, on 17 April 2009, entered into non-competition agreements with HWL and HTIL respectively, whereby the parties thereto agreed, inter alia, to clearly delineate the respective geographical markets and businesses of each of HWL, HTIL and the Company within their respective territories for the purpose of implementing the non-competition restrictions. The exclusive territories of the Company comprised Hong Kong and Macau, the exclusive territories of HWL comprised Australia, New Zealand, the United States of America, Canada, Argentina and Western Europe (other than in Italy, specifically, in respect of the PLDT MVNO Arrangement[(Note)]) and the exclusive territories of HTIL comprised all the remaining countries of the world.

(Note) The co-operation agreement dated 12 March 2008 and made amongst, HGC, PLDT Global Corporation and PLDT Italy S.r.l. for the establishment of a Mobile Virtual Network Operator/reseller business for providing mobile telecommunications services in Italy.

Save as disclosed above, as at 31 December 2009, none of the Directors or their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

Share Option Scheme

The Company's share option scheme (the "Share Option Scheme"), conditionally approved and adopted by a resolution of the then sole shareholder of the Company passed on 6 April 2009, was approved at the extraordinary general meeting of HWL on 21 May 2009.

The purpose of the Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group, to continue and/or render improved service with the Group and/or to establish a stronger business relationship between the Group and such participants.

The Directors (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for shares of HK$0.25 each in the share capital of the Company:

(a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any Executive Director but excluding any Non-executive Director) of the Company, any of its subsidiaries or any entity in which any member of the Group holds any equity interest (the "Invested Entity");

(b) any Non-executive Directors (including Independent Non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;

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

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

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

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

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

For the avoidance of doubt, the grant of any options by the Company for the subscription of shares of the Company or other securities of the Group to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of share options under the Share Option Scheme.

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

The maximum number of shares of the Company to be allotted and issued is as follows:

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

(b) The total number of shares of the Company which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the relevant class of securities of the Company (or its subsidiaries) in issue, being 4,814,346,208 ordinary shares, as at the Listing Date (the "General Scheme Limit"). Based on the number of shares in issue of the Company on the Listing Date, the General Scheme Limit of the Share Option Scheme is 481,434,620 shares. As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 481,434,620, representing 10% of the existing issued share capital of the Company.

(c) Subject to sub-paragraph (a) above and without prejudice to sub-paragraph (d) below, the Company may seek approval of its shareholders in general meeting to refresh the General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to shareholders of the Company for that purpose) provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the relevant class of securities of the Company (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group previously granted under the Share Option Scheme and any other share option scheme of the Group) will not be counted.

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

The total number of shares of the Company issued and which may fall to be issued upon exercise of the share options under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of share options in excess of the Individual Limit in any such 12-month period up to and including the date of such further grant shall be subject to the approval by the shareholders in a general meeting of the Company (a circular containing the information required by the Listing Rules to be despatched to the shareholders of the Company for that purpose) with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of the share options to be granted (and share options previously granted to such participant) must be fixed before the approval of the shareholders and the date of the board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) of the Listing Rules.

A share option may be accepted by a participant within 21 days from the date of the offer of grant of the share option.

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

The subscription price for the shares under the Share Option Scheme shall be a price determined by the Directors but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange for trade in one or more board lots of the shares of the Company on the date of the offer of grant of the share options which must be a trading day; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange for trade in one or more board lots of the shares of the Company for the five trading days immediately preceding the date of the offer of grant of the share options which must be a trading day; and (iii) the nominal value of share of the Company. A nominal consideration of HK$1.00 is payable on acceptance of the grant of a share option.

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

The following share options were granted and remain outstanding under the Share Option Scheme during the year ended 31 December 2009:

Category of participants	Date of grant of share options [1]	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options	Exercise price of share options [2] HK$	Price of share of the Company at the grant date of share options [3] HK$	Price of share of the Company at the exercise date of share options HK$
Employees in aggregate	1.6.2009	-	4,750,000	-	-	4,750,000	1.6.2009 to 31.5.2019 (both dates inclusive)	1.00	0.96	N/A
Total		-	4,750,000	-	-	4,750,000				

Notes:

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

2. *The exercise price of the share options is subject to adjustment in accordance with the provisions of the Share Option Scheme.*

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

As at the date of this report, the Company had 4,750,000 share options outstanding under the Share Option Scheme, which represented approximately 0.10% of the shares of the Company in issue as at that date.

The fair value of share options granted for the year ended 31 December 2009 determined using the Black-Scholes model was approximately HK$0.27 each. The significant inputs into the model were an expected volatility of 49%, an expected dividend yield of 5.9%, an expected option life up to 6 years and an annual risk-free interest rate of 1.65%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the comparable companies over one and a half years immediately preceding the grant date.

Apart from the Share Option Scheme, at no time during the year ended 31 December 2009 was the Company or any of its subsidiaries or its holding company or a subsidiary of the Company's holding company a party to any arrangements whose objects are to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, Sale or Redemption of Shares

During the period from the Listing Date to 31 December 2009, neither the Company nor any of its subsidiaries had purchased or sold any of the listed securities of the Company. In addition, the Company did not redeem any of its listed securities during the period from the Listing Date to 31 December 2009.

Major Customers and Suppliers

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

During the year, the percentages of purchases attributable to the Group's major suppliers were as follows:

	Percentage of the Group's total purchases
The largest supplier	20%
Five largest suppliers combined	43%

As at 31 December 2009:

(a) Mrs Chow Woo Mo Fong, Susan, a Non-executive Director of the Company, held 46,762 shares in PCCW Limited, one of the five largest major suppliers of the Company; and

(b) HWL, a substantial shareholder of the Company, held 36,726,857 shares in PCCW Limited.

Save as disclosed above, none of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the major suppliers noted above.

Public Float

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, approximately 30.3% of the issued share capital of the Company was held by the public.

Auditor

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

By Order of the Board

Edith SHIH
Company Secretary

Hong Kong, 8 March 2010

Corporate Governance Report

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

The Company is fully compliant with all code provisions of the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") for the period from 8 May 2009 (date of listing of securities of the Company on the Stock Exchange) (the "Listing Date") to 31 December 2009. It has also adopted a number of recommended practices stated therein. The key corporate governance principles and practices of the Company are as follows:

The Board

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

The Board, led by the Chairman (Non-executive), Mr Fok Kin-ning, Canning, 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 Chief Executive Officer.

As at 31 December 2009, the Board comprised nine Directors, including the Chairman (Non-executive), the Deputy Chairman (Non-executive), an Executive Director cum Chief Executive Officer, three Non-executive Directors and three Independent Non-executive Directors. Biographical details of the Directors are set out in The Board and Management Section on pages 30 to 33.

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

The role of the Chairman and the Deputy Chairman are separate from that of the Chief Executive Officer. Such division of responsibilities helps to reinforce their independence and accountability.

The Chairman, Mr Fok Kin-ning, Canning, assisted by the Deputy Chairman, Mr Lui Dennis Pok Man, is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. The Chairman is responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors and Company Secretary. With the support of the Executive Director and the Company Secretary, the Chairman seeks to ensure that all Directors are properly informed of issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman also actively encourages Directors to be fully engaged in the Board's affairs and contribute to the Board's functions. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders and other stakeholders, as outlined later in the report.

The Chief Executive Officer, Mr Wong King Fai, Peter, 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 Chief Executive Officer 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 Chief Financial Officer, Ms Tan Yuen Chun, Jennifer and the executive management team of each core business division, the Chief Executive Officer 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 Chief Financial Officer, the Chief Executive Officer sees to it that the funding requirements of the businesses are met and closely monitors the operating and financial results of the businesses against plans and budgets, taking remedial action if necessary. He maintains an ongoing dialogue with the Chairman, the Deputy Chairman and all Directors to keep them fully informed of all major business development and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

The Board meets regularly, and at least four times a year with meeting dates scheduled at the beginning of the year. Between scheduled meetings, senior management of the Group provides information to Directors on a regular basis with respect to the activities and development in the businesses of the Group. Throughout the year, Directors participate in the consideration and approval of routine and operational matters of the Company by way of circular resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Company Secretary and other executives as and when required. Details of material or notable transactions of subsidiary and associated companies are provided to the Directors as appropriate. Whenever warranted, additional Board meetings are held. In addition, Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas. Furthermore, the Non-executive Directors (including the Independent Non-executive Directors) meet with the Chairman at least once a year without the presence of the Executive Director.

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and an agenda together 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 Board meetings in 2009 with a total 94% attendance.

	Name of Director	Attended/Eligible to attend
Chairman and Non-executive Director	Fok Kin-ning, Canning	4/4
Deputy Chairman and Non-executive Director	Lui Dennis Pok Man	4/4
Executive Director and Chief Executive Officer	Wong King Fai, Peter	4/4
Non-executive Directors	Chow Woo Mo Fong, Susan	3/4
	Frank John Sixt	3/4
	Lai Kai Ming, Dominic	4/4
Independent Non-executive Directors	Cheong Ying Chew, Henry	4/4
	Lan Hong Tsung, David	4/4
	Wong Yick Ming, Rosanna	4/4

In addition to regular Board meetings, the Chairman held two meetings with Non-executive Directors (including Independent Non-executive Directors) for the period from the Listing Date to 31 December 2009.

Any Director who is appointed by the Board to fill a casual vacancy shall hold office until the next general meeting of the Company, or in the case of an additional appointment, until the next annual general meeting of the Company, and shall be eligible for re-election at the relevant general meeting. All Directors are subject to retirement from office by rotation and re-election by shareholders at the annual general meeting at least about once every three years. In addition, Non-executive Directors are appointed for an initial term ending 31 December 2010, subject to possible re-election and renewal in accordance with the provisions of the Listing Rules and the Articles of Association of the Company.

None of the Directors 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). 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.

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as the Group's code of conduct regarding Directors' securities transactions.

In response to specific enquiries made of them, all Directors confirmed that they have complied with the Model Code in their securities transactions throughout the period from the Listing Date to 31 December 2009.

Board Committees

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

Company Secretary

The Company Secretary, Ms Edith Shih, is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to Directors of comprehensive meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committee, including any concerns raised or dissenting views voiced by any Director. The minutes are available for inspection by any Director at any reasonable time and on reasonable notice.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, she organises seminars on specific topics of significance and interest and disseminate relevant reading reference to the Directors for their information.

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

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

Accountability and Audit

Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and interim 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 pages 69 and 70 which acknowledges the reporting responsibility of the Group's Auditor.

Annual Report and Financial Statements

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 the applicable accounting standards and disclosure requirements of the Hong Kong Companies Ordinance.

Accounting Policies

The Directors consider that in preparing the financial statements, the Group has applied appropriate accounting policies that are consistently adopted and made judgements and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position of the Group upon which financial statements of the Group could be prepared in accordance with the Group's accounting policies.

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group.

Going Concern

The Directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

Audit Committee

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 Internal Audit Department of the Group's holding company, engage independent legal and other advisers and perform investigations as it determines is necessary.

The Audit Committee comprises three Independent Non-executive Directors who possess the relevant business and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of the Company. It is chaired by Mr Cheong Ying Chew, Henry with Mr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna as members.

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

Name of Member	Attended/Eligible to attend
Cheong Ying Chew, Henry *(Chairman)*	3/3
Lan Hong Tsung, David	3/3
Wong Yick Ming, Rosanna	3/3

During the period from the Listing Date to 31 December 2009, the Audit Committee met with the Chief Financial Officer and other senior management of the Group to review the interim results, the interim report and other financial, internal control and risk management matters of the Group. It considered and discussed the reports and presentations of Management, the Group's internal and external auditors, with a view of ensuring that the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards. It also met 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. In addition, the Committee holds regular private meetings with external auditor, the Chief Financial Officer and internal auditor separately without the presence of management of the Company.

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 internal auditor of the Group's holding company the work plan for their audits together with their resource requirements and considers the internal audit reports to the Audit Committee on the effectiveness of internal controls in the Group business operations. In addition, it receives the report from the Company Secretary 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.

External Auditor

The Audit Committee reviews and monitors the external auditor's independence and objectivity and effectiveness of the audit process. It receives each year the letter from the external auditor confirming their independence and objectivity and holds meetings with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditor.

The Group's policy regarding the engagement of PwC for the various services listed below is as follows:

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by external auditor.

- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, for example, audits of the Group's pension plans, due diligence and accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that it must or is best placed to undertake in their capacity as auditor.

- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group uses the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.

- Other services – include, for example, risk management diagnostics and assessments, and non-financial systems consultations. The external auditor is also permitted to assist management and the internal auditor of the Group's holding company 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 remuneration to PwC is shown in Note 8 to the consolidated financial statements. During the year ended 31 December 2009, the fees to PwC, amounting to HK$19 million, were primarily for audit services. Non-audit services, including but not limited to PwC's services rendered for acting as reporting accountants in connection with the Company's listing, amounted to HK$8 million, or 42% of the total fees.

Internal Control and Group Risk Management

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

In meeting its responsibility, the Board seeks to increase risk awareness across the Group's business operations and has put in place policies and procedures, including parameters of delegated authority, which provide a framework for the identification and management of risks. It also reviews and monitors the effectiveness of the systems of internal control to ensure that the policies and procedures in place are adequate. Reporting and review activities include review by the Executive Director 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 budgets, review by the Audit Committee of the ongoing work of the Internal Audit Department of the Group's holding company, as well as regular business reviews by Executive Director 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 Director.

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 Director as part of the Group's five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Director reviews monthly management reports on the financial results and key operating statistics of each business and holds 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, the Chief Financial Officer and members of the Group Finance Department have monthly meetings 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 subsidiary operations and the Group's Finance Department 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 Chief Financial Officer has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval prior to commitment by the Chief Financial Officer or Executive Director 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 Internal Audit Department of the Group's holding company, reporting 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. The Internal Audit Department of the holding company 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 Chief Executive Officer, the Chief Financial Officer and the senior management concerned as well as following up on all reports to ensure that all issues have been satisfactorily resolved. In addition, a regular dialogue is maintained with the Group's external auditor so that both are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by the internal audit function includes financial and operations reviews, recurring and surprise audits, fraud investigations and productivity efficiency reviews.

Reports from the external auditor on internal controls and relevant financial reporting matters are presented to the General Manager of the Internal Audit Department of the Group's holding company and, as appropriate, to the Chief Financial Officer. These reports are reviewed and the appropriate actions are taken.

Review of Internal Control System

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the period from the Listing Date to 31 December 2009, covering all material financial, operational and compliance controls and the risk management functions, and is satisfied that such systems are effective and adequate.

Legal Compliance

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

Group Risk Management

The Chief Executive Officer and the Group Risk Management Department of the Group's holding company have the responsibility of developing and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risks. The Group Risk Management Department of the Group's holding company, working with business operations worldwide, is responsible for arranging appropriate insurance coverage and organising Group wide risk reporting. Directors and Officers Liability Insurance is also in place to protect Directors and officers of the Group against their potential legal liabilities.

Workplace Safety

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

Remuneration of Directors and Senior Management

Remuneration Committee

The Remuneration Committee comprises three members with expertise in human resources and personnel emoluments. The Committee is chaired by the Chairman, Mr Fok Kin-ning, Canning with Messrs Cheong Ying Chew, Henry and Lan Hong Tsung, David, 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 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 of the Group. 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.

Members of the Remuneration Committee met in November 2009 to review background information on market data (including economic indicators, Watson Wyatt's 2010 projected salary increase for Hong Kong and 2010 Remuneration Review Guidelines of the Group), the Group's business activities and human resources issues, and headcount and staff costs. The Committee also reviewed and approved the 2009 and the proposed 2010 directors' fees, 2009 year end bonus and 2010 remuneration package of Executive Director and senior management of the Company and made recommendation to the Board on the proposed 2010 directors' fees for Non-executive Directors. Executive Director does not participate in the determination of his own remuneration.

Remuneration Policy

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

Directors' emoluments comprise payments to Directors from the Company and its subsidiaries. The amounts paid to each Director for 2009 are as follows:

Name of Director	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
Fok Kin-ning, Canning (1)(3)(6)	0.07	-	-	-	-	0.07
Lui Dennis Pok Man (1)(3)	0.06	-	-	-	-	0.06
Wong King Fai, Peter (3)	0.06	2.74	5.64	0.20	-	8.64
Chow Woo Mo Fong, Susan (1)	0.06	-	-	-	-	0.06
Frank John Sixt (1)(3)	0.06	-	-	-	-	0.06
Lai Kai Ming, Dominic (1)(3)	0.06	-	-	-	-	0.06
Cheong Ying Chew, Henry (2)(4)(5)(6)	0.12	-	-	-	-	0.12
Lan Hong Tsung, David (2)(4)(5)(6)	0.12	-	-	-	-	0.12
Wong Yick Ming, Rosanna (2)(4)(5)	0.10	-	-	-	-	0.10
Chan Ting Yu (7)	-	-	-	-	-	-
Robin Sng Cheng Khoong (7)	-	-	-	-	-	-
Edmond Wai Leung Ho (7)	-	-	-	-	-	-
Richard Waichi Chan (7)	-	-	-	-	-	-
Total:	0.71	2.74	5.64	0.20	-	9.29

Notes:

(1) Non-executive Directors
(2) Independent Non-executive Directors
(3) Appointed on 4 March 2009
(4) Appointed on 3 April 2009
(5) Members of the Audit Committee
(6) Members of the Remuneration Committee
(7) Resigned on 4 March 2009

Code of Conduct

The Group places utmost importance on employees' ethical, personal and professional standards. Every employee is provided with the Group's Code of Conduct booklet, and all employees are expected to adhere to the highest standards set out in the Code of Conduct including avoiding conflict of interest, discrimination or harassment and bribery etc. The employees are required to report any non-compliance with the Code of Conduct to the management.

Relationship with Shareholders and other Stakeholders

The Group actively promotes investor relations and communication with the investment community when the interim and year end financial results are announced and during the course of the year. Through its Chief Executive Officer and Chief Financial Officer, and the Investor Relations Department, the Group responds to requests for information and queries from the investment community including institutional shareholders, analysts and the media through regular briefing meetings, conference calls and presentations.

The Board is committed to providing clear and full information of the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports. Moreover, additional information is available to shareholders through the Investor Relations page on the Company'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 principal place of business a written request for such general meetings together with the proposed agenda items. All resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Company's Hong Kong Share Registrar. The results of the poll are published on the websites of the Company and the Stock Exchange. Financial and other information on the Group is made available on the Company's website, which is regularly updated.

Other corporate information is set out in the "Information for Shareholders" section of this annual report. This includes, among others, dates for key corporate events for 2010 and public float capitalisation as at 31 December 2009.

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

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions are welcome and can be addressed to the Investor Relations Manager by mail or by e-mail to the Group at ir@hthkh.com.

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 28 to 29.

By Order of the Board

Edith SHIH
Company Secretary

Hong Kong, 8 March 2010

Independent Auditor's Report

To the Shareholders of
HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 71 to 139, which comprise the consolidated and the Company's statements of financial position as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of 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 financial statements 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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 financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2009, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other matters

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 8 March 2010

Consolidated Income Statement

for the year ended 31 December 2009

	Note	2009 HK$ millions	(Restated) 2008 HK$ millions
Turnover	5	8,449	8,124
Cost of inventories sold		(756)	(698)
Staff costs	7	(644)	(630)
Depreciation and amortisation		(1,288)	(1,390)
Other operating expenses	8	(4,974)	(4,898)
Operating profit		787	508
Interest income	9	4	17
Interest and other finance costs	9	(184)	(223)
Share of results of jointly controlled entities	18	(16)	(11)
Profit before taxation		591	291
Taxation	10	(61)	(73)
Profit for the year		530	218
Attributable to:			
Equity holders of the Company		468	230
Minority interest		62	(12)
		530	218
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share):			
– basic	11	9.72	4.78
– diluted	11	9.72	4.78

Details of dividends to equity holders of the Company are set out in Note 12. The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2009

	2009 HK$ millions	(Restated) 2008 HK$ millions
Profit for the year	530	218
Other comprehensive income and net income recognised directly in equity		
Actuarial gains/(losses) of defined benefit plans	43	(97)
Total comprehensive income for the year, net of tax	573	121
Total comprehensive income attributable to:		
Equity holders of the Company	510	134
Minority interest	63	(13)
	573	121

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2009

	Note	2009 HK$ millions	(Restated) 2008 HK$ millions	(Restated) 2007 HK$ millions
ASSETS				
Non-current assets				
Property, plant and equipment	13	9,436	9,557	9,695
Goodwill	14	4,503	4,503	3,813
Other intangible assets	15	336	385	435
Other non-current assets	16	1,328	1,377	1,876
Deferred tax assets	17	368	368	368
Investments in jointly controlled entities	18	270	88	-
Total non-current assets		16,241	16,278	16,187
Current assets				
Cash and cash equivalents	19	268	272	275
Trade receivables and other current assets	20	1,085	1,137	1,493
Inventories	21	160	181	164
Total current assets		1,513	1,590	1,932
Total assets		17,754	17,868	18,119
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	22	1,204	-	-
Reserves	23	8,689	(2,949)	(3,083)
		9,893	(2,949)	(3,083)
Minority interest		(549)	(612)	(719)
Total equity		9,344	(3,561)	(3,802)

	Note	2009 HK$ millions	(Restated) 2008 HK$ millions	(Restated) 2007 HK$ millions
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	17	134	80	16
Borrowings	24	4,358	–	–
Other non-current liabilities	25	595	641	561
Total non-current liabilities		5,087	721	577
Current liabilities				
Trade and other payables	26	3,317	3,062	2,905
Payables to related companies	33(c)	-	12,418	13,743
Borrowings	24	-	5,220	4,688
Current income tax liabilities		6	8	8
Total current liabilities		3,323	20,708	21,344
Total liabilities		8,410	21,429	21,921
Total equity and liabilities		17,754	17,868	18,119
Net current liabilities		(1,810)	(19,118)	(19,412)
Total assets less current liabilities		14,431	(2,840)	(3,225)

LUI Dennis Pok Man
Director

WONG King Fai, Peter
Director

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2009

	Note	2009 HK$ millions	2008 HK$ millions
ASSETS			
Non-current assets			
Investments in subsidiaries, at costs	31	3,871	3,871
Total non-current assets		3,871	3,871
Current assets			
Receivables from related companies	33(c)	8,896	8,672
Other current assets		2	–
Cash and cash equivalents		1	–
Total current assets		8,899	8,672
Total assets		12,770	12,543
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	1,204	–
Reserves	23	11,487	–
Total equity		12,691	–
LIABILITIES			
Current liabilities			
Other payables		2	–
Payables to related companies	33(c)	77	12,543
Total current liabilities		79	12,543
Total equity and liabilities		12,770	12,543
Net current assets/(liabilities)		8,820	(3,871)
Total assets less current liabilities		12,691	–

LUI Dennis Pok Man
Director

WONG King Fai, Peter
Director

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

	Attributable to equity holders of the Company									
	Share capital HK$ millions	Share premium HK$ millions	Accumulated losses HK$ millions	Cumulative translation adjustments HK$ millions	Pension reserve HK$ millions	Employee share-based compensation reserve HK$ millions	Other reserves HK$ millions	Total HK$ millions	Minority interest HK$ millions	Total equity HK$ millions
As at 1 January 2009, previously reported	-	-	(2,329)	1	(83)	-	17	(2,394)	(443)	(2,837)
Effect of change in accounting policy (Note 2(b))	-	-	(555)	-	-	-	-	(555)	(169)	(724)
As at 1 January 2009, restated	-	-	(2,884)	1	(83)	-	17	(2,949)	(612)	(3,561)
Profit for the year	-	-	468	-	-	-	-	468	62	530
Issue of shares (Note 22(b))	1,204	11,214	-	-	-	-	-	12,418	-	12,418
Share issuance costs	-	(33)	-	-	-	-	-	(33)	-	(33)
Dividend paid (Note 12)	-	-	(54)	-	-	-	-	(54)	-	(54)
Actuarial gains of defined benefit plans	-	-	-	-	42	-	-	42	1	43
Employee share option scheme - value of services provided	-	-	-	-	-	1	-	1	-	1
As at 31 December 2009	1,204	11,181	(2,470)	1	(41)	1	17	9,893	(549)	9,344
As at 1 January 2008, previously reported	-	-	(2,759)	1	13	-	17	(2,728)	(581)	(3,309)
Effect of change in accounting policy (Note 2(b))	-	-	(355)	-	-	-	-	(355)	(138)	(493)
As at 1 January 2008, restated	-	-	(3,114)	1	13	-	17	(3,083)	(719)	(3,802)
Profit for the year	-	-	230	-	-	-	-	230	(12)	218
Relating to additional interest in subsidiaries acquired	-	-	-	-	-	-	-	-	120	120
Actuarial losses of defined benefit plans	-	-	-	-	(96)	-	-	(96)	(1)	(97)
As at 31 December 2008, restated	-	-	(2,884)	1	(83)	-	17	(2,949)	(612)	(3,561)

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2009

	Note	2009 HK$ millions	(Restated) 2008 HK$ millions
Cash flows from operating activities			
Cash generated from operations	27(a)	2,263	1,850
Interest and other finance costs paid		(101)	(147)
Tax paid		(9)	(9)
Net cash generated from operating activities		2,153	1,694
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,035)	(1,108)
Additions to other non-current assets		(51)	(81)
Proceeds from disposals of property, plant and equipment		3	9
Payment relating to investments in subsidiaries		-	(570)
Payment relating to investments in jointly controlled entities		(194)	(99)
Release of restricted cash deposits		-	452
Release of held-to-maturity securities		-	551
Repayment from/(loan to) the partner of a jointly controlled entity	20(c)	75	(75)
Interest received		-	17
Net cash used in investing activities		(1,202)	(904)
Cash flows from financing activities			
Proceeds from borrowings	27(b)	9,462	5,650
Repayment of loans	27(b)	(10,330)	(5,118)
Decrease in payables to related companies		-	(1,325)
Share issuance costs		(33)	-
Dividend paid to the Company's shareholders	12	(54)	-
Net cash used in financing activities		(955)	(793)
Decrease in cash and cash equivalents		(4)	(3)
Cash and cash equivalents at beginning of year		272	275
Cash and cash equivalents at end of year		268	272

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1 General information

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 August 2007 as a company with limited liability. The address of its registered office is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands.

The Company and its subsidiaries (together the "Group") are engaged in mobile telecommunications business in Hong Kong and Macau and fixed-line telecommunications business in Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 May 2009 and whose American depositary shares, each representing ownership of 15 shares, are eligible for trading in the United States of America only in the over-the-counter market.

These financial statements have been approved for issue by the Board of Directors on 8 March 2010.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared under the historical cost convention. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

As at 31 December 2009, the Group's current liabilities exceeded its current assets by approximately HK$1,810 million. The Group's future funding requirements can be met through a revolving and term credit facility of HK$5,000 million from a group of international commercial banks. The facility is available up to 2 December 2012. Based on the Group's history of its ability to obtain external financing, its operating performance and its expected future working capital requirements, there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2 Summary of significant accounting policies (Continued)

(b) Changes in accounting policies

New and amended standards adopted by the Group

During the year, the Group has adopted the following new or revised IFRS which are relevant to the Group's operations and are effective for accounting periods beginning on 1 January 2009:

IAS 1 (Revised)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing Costs
IFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
IFRS 7 (Amendment)	Financial Instruments: Disclosures
IFRS 1 and IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate

The adoption of the above new or revised IFRS has no material effect on the Group's results and financial position for current year and prior years.

Change in accounting policy for the customer acquisition and retention costs

Telecommunications customer acquisition and retention costs comprise the net costs to acquire and retain telecommunications customers.

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

2 Summary of significant accounting policies (Continued)

(b) Changes in accounting policies (Continued)

(i) Effect on the consolidated statement of financial position as at 31 December 2007

	Before change in accounting policy HK$ millions	Effect of change in accounting policy HK$ millions	Restated HK$ millions
ASSETS			
Non-current assets			
Property, plant and equipment	9,695	–	9,695
Goodwill	3,813	–	3,813
Other intangible assets	935	(500)	435
Other non-current assets	1,876	–	1,876
Deferred tax assets	368	–	368
Total non-current assets	16,687	(500)	16,187
Current assets			
Cash and cash equivalents	275	–	275
Trade receivables and other current assets	1,493	–	1,493
Inventories	164	–	164
Total current assets	1,932	–	1,932
Total assets	18,619	(500)	18,119
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	–	–	–
Reserves	(2,728)	(355)	(3,083)
	(2,728)	(355)	(3,083)
Minority interest	(581)	(138)	(719)
Total equity	(3,309)	(493)	(3,802)

2 Summary of significant accounting policies (Continued)

(b) Changes in accounting policies (Continued)

(i) Effect on the consolidated statement of financial position as at 31 December 2007 (Continued)

	Before change in accounting policy HK$ millions	Effect of change in accounting policy HK$ millions	Restated HK$ millions
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	23	(7)	16
Other non-current liabilities	561	-	561
Total non-current liabilities	584	(7)	577
Current liabilities			
Trade and other payables	2,905	-	2,905
Payables to related companies	13,743	-	13,743
Borrowings	4,688	-	4,688
Current income tax liabilities	8	-	8
Total current liabilities	21,344	-	21,344
Total liabilities	21,928	(7)	21,921
Total equity and liabilities	18,619	(500)	18,119
Net current liabilities	(19,412)	-	(19,412)
Total assets less current liabilities	(2,725)	(500)	(3,225)

2 Summary of significant accounting policies (Continued)

(b) Changes in accounting policies (Continued)

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

	Before change in accounting policy HK$ millions	Effect of change in accounting policy HK$ millions	Restated HK$ millions
Turnover	8,124	-	8,124
Cost of inventories sold	(698)	-	(698)
Staff costs	(630)	-	(630)
Depreciation and amortisation	(1,987)	597	(1,390)
Other operating expenses	(4,043)	(855)	(4,898)
Operating profit	766	(258)	508
Interest income	17	-	17
Interest and other finance costs	(223)	-	(223)
Share of results of jointly controlled entities	(11)	-	(11)
Profit before taxation	549	(258)	291
Taxation	(75)	2	(73)
Profit for the year	474	(256)	218
Attributable to:			
Equity holders of the Company	430	(200)	230
Minority interest	44	(56)	(12)
	474	(256)	218
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share):			
– basic	8.93	(4.15)	4.78
– diluted	8.93	(4.15)	4.78

2 Summary of significant accounting policies (Continued)

(b) Changes in accounting policies (Continued)

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

	Before change in accounting policy HK$ millions	Effect of change in accounting policy HK$ millions	Restated HK$ millions
ASSETS			
Non-current assets			
Property, plant and equipment	9,557	–	9,557
Goodwill	4,478	25	4,503
Other intangible assets	1,143	(758)	385
Other non-current assets	1,377	–	1,377
Deferred tax assets	368	–	368
Investments in jointly controlled entities	88	–	88
Total non-current assets	17,011	(733)	16,278
Current assets			
Cash and cash equivalents	272	–	272
Trade receivables and other current assets	1,137	–	1,137
Inventories	181	–	181
Total current assets	1,590	–	1,590
Total assets	18,601	(733)	17,868
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	–	–	–
Reserves	(2,394)	(555)	(2,949)
	(2,394)	(555)	(2,949)
Minority interest	(443)	(169)	(612)
Total equity	(2,837)	(724)	(3,561)

2 Summary of significant accounting policies (Continued)

(b) Changes in accounting policies (Continued)

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

	Before change in accounting policy HK$ millions	Effect of change in accounting policy HK$ millions	Restated HK$ millions
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	88	(8)	80
Other non-current liabilities	641	-	641
Total non-current liabilities	729	(8)	721
Current liabilities			
Trade and other payables	3,062	-	3,062
Payables to related companies	12,418	-	12,418
Borrowings	5,220	-	5,220
Current income tax liabilities	9	(1)	8
Total current liabilities	20,709	(1)	20,708
Total liabilities	21,438	(9)	21,429
Total equity and liabilities	18,601	(733)	17,868
Net current liabilities	(19,119)	1	(19,118)
Total assets less current liabilities	(2,108)	(732)	(2,840)

2 Summary of significant accounting policies (Continued)

(b) Changes in accounting policies (Continued)

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

	Estimated effect of change in accounting policy - increase/(decrease) in profit attributable to equity holders of the Company HK$ millions
Turnover	-
Cost of inventories sold	-
Staff costs	-
Depreciation and amortisation	725
Other operating expenses	(795)
Operating profit	(70)
Interest income	-
Interest and other finance costs	-
Share of results of jointly controlled entities	-
Profit before taxation	(70)
Taxation	3
Profit for the year	(67)
Attributable to:	
Equity holders of the Company	(52)
Minority interest	(15)
	(67)
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share):	
- basic	(1.08)
- diluted	(1.08)

2 Summary of significant accounting policies (Continued)

(b) Changes in accounting policies (Continued)

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

	Estimated effect of change in accounting policy - increase/(decrease) in respective items HK$ millions
ASSETS	
Non-current assets	
Property, plant and equipment	-
Goodwill	25
Other intangible assets	(828)
Other non-current assets	-
Deferred tax assets	-
Investments in jointly controlled entities	-
Total non-current assets	(803)
Current assets	
Cash and cash equivalents	-
Trade receivables and other current assets	-
Inventories	-
Total current assets	-
Total assets	(803)
EQUITY	
Capital and reserves attributable to equity holders of the Company	
Share capital	-
Reserves	(607)
	(607)
Minority interest	(184)
Total equity	(791)

2 Summary of significant accounting policies (Continued)

(b) Changes in accounting policies (Continued)

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

	Estimated effect of change in accounting policy - increase/(decrease) in respective items HK$ millions
LIABILITIES	
Non-current liabilities	
Deferred tax liabilities	(9)
Other non-current liabilities	-
Total non-current liabilities	(9)
Current liabilities	
Trade and other payables	-
Payable to a related company	-
Borrowings	-
Current income tax liabilities	(3)
Total current liabilities	(3)
Total liabilities	(12)
Total equity and liabilities	(803)
Net current liabilities	3
Total assets less current liabilities	(800)

2 Summary of significant accounting policies (Continued)

(c) New/revised standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of approval of these financial statements, the following new/revised standards, amendments to standards and interpretations to existing standards have been issued but are not effective for the year ended 31 December 2009:

IFRSs (Amendments) [(1)]	Improvements to IFRSs
IAS 1 (Amendment) [(1)]	Presentation of Financial Statements
IAS 24 (Revised) [(2)]	Related Party Disclosures
IAS 27 (Revised) [(1)]	Consolidated and Separate Financial Statements
IAS 38 (Amendment) [(1)]	Intangible Assets
IFRS 2 (Amendment) [(1)]	Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised) [(1)]	Business Combinations
IFRS 5 (Amendment) [(1)]	Measurement of Non-Current Assets (or Disposal Groups) Classified as Held-for-sale
IFRS 9 [(3)]	Financial Instruments
IFRIC 17 [(1)]	Distribution of Non-cash Assets to Owners
IFRIC 19 [(2)]	Extinguishing Financial Liabilities with Equity Instruments

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

The impact of adoption of these new/revised standards, amendments to standards and interpretations to existing standards in future periods is not currently known or cannot be reasonably estimated.

(d) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (Note 2(k)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

2 Summary of significant accounting policies (Continued)

(d) Subsidiaries (Continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2(m)). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(e) Minority interest

Minority interest at the end of reporting period, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, is presented in the consolidated statement of financial position separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group is presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

(f) Jointly controlled entities

A jointly controlled entity is a contractual agreement 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 involves the establishment of a separate entity. The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting.

(g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2 Summary of significant accounting policies (Continued)

(h) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity (cumulative translation adjustments).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, such exchange differences that were recognised in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 Summary of significant accounting policies (Continued)

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Property, plant and equipment are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives.

Buildings	50 years
Telecommunications infrastructure and network equipment	2-35 years
Motor vehicles	4 years
Office furniture and equipment and computer equipment	5-7 years
Leasehold improvements	Over the unexpired period of the lease or at annual rate of 15%, whichever is the shorter

Subsequent costs on property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Construction in progress is stated at cost, which includes borrowing costs incurred to finance the construction, and is proportionally attributed to the qualifying assets.

The assets' residual values and useful lives are reviewed, and adjusted if applicable, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(m)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating expenses" in the consolidated income statement.

(j) Leased assets

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

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

2 Summary of significant accounting policies (Continued)

(k) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is reported in the consolidated statement of financial position as a separate asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The Group allocates goodwill to each of its business segments.

The increase in the Group's proportionate share of the underlying equity of a subsidiary is accounted for using the carrying value of the subsidiary's assets and liabilities. The difference between the amount paid for the additional equity interest of a subsidiary and the increase in the share of the carrying values of the subsidiary's assets and liabilities is recognised as goodwill.

(l) Other intangible assets

(i) Telecommunications licences

The Group owns the rights to use and operate specified spectrums over a certain period of time through annual minimum fees plus a variable portion depending on the future revenues from the services. Licence fees payments, the discounted value of the fixed annual fees to be paid over the licence period, and certain other direct costs incurred prior to the date the asset is ready for its intended use are capitalised. Capitalised licence fees are amortised from the date the asset is ready for its intended use until the expiration of the licence.

Interest is accreted on the fixed annual fees and charged to interest expense. Variable licence fees are recognised as period costs.

(ii) Patent

Acquired patent is stated at cost less accumulated amortisation and impairment losses. Patent with finite useful life is amortised from the date it is available for use and over its estimated useful life of 10 years.

2 Summary of significant accounting policies (Continued)

(m) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, and are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(n) Financial assets

The Group classifies its financial assets in the following categories: held-to-maturity financial assets and loans and receivables. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

(i) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. They are included in non-current assets, except for those with maturities within 12 months from the end of the reporting period, which are classified as current assets.

(ii) 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 with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the end of reporting period which are classified as non-current assets.

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Held-to-maturity financial assets and loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 Summary of significant accounting policies (Continued)

(n) Financial assets (Continued)

(iii) Impairment of financial assets

The Group assesses at each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are impaired and impairment losses are incurred only if there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets' carrying amount and the present value of estimate future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision account. A provision for doubtful debts of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. The amount of provision is determined based on historical data of payment statistics for aged receivable balances. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the consolidated income statement. Changes in the carrying amount of the provision account are recognised in the consolidated income statement.

(o) Cash and cash equivalents

Cash and cash equivalents represent cash on hand and in banks and all demand deposits placed with banks with original maturities of three months or less from the date of placement or acquisition.

(p) Inventories

Inventories consist of handsets and phone accessories and are valued using the first-in, first-out method. Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(q) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for doubtful debts (Note 2(n)(iii)).

(r) Trade payables

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

2 Summary of significant accounting policies (Continued)

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method except for borrowing costs capitalised for qualifying assets (Note 2(i)).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Taxation and deferred taxation

Taxation is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences (including tax losses) can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and jointly controlled entities, except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2 Summary of significant accounting policies (Continued)

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(x) Employee benefits

(i) Pension plans

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

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the year in which they occur in the consolidated statement of comprehensive income.

Past-service costs are recognised immediately in the consolidated income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The Group's contributions to the defined contribution plans are charged to the consolidated income statement in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

2 Summary of significant accounting policies (Continued)

(x) Employee benefits (Continued)

(ii) Share-based payments

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting period, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably committed itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(y) Revenue recognition

The Group recognises revenue on the following bases:

(i) Sales of services are recognised in the accounting period in which the services are rendered.

(ii) Sales of hardware are recognised upon delivery to customers.

(iii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

3 Financial risk management

(a) Financial risk factors

The Group is exposed to market risk (from changes in interest rates and currency exchange rates), credit risk and liquidity risk. Interest rate risk exists with respect to the Group's financial assets and liabilities bearing interest at floating rates. Interest rate risk also exists with respect to the fair value of fixed rate financial assets and liabilities. Exchange rate risk exists with respect to the Group's financial assets and liabilities denominated in a currency that is not the entity's functional currency. No instruments are held by the Group for speculative purposes.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Foreign currency exposure

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with the surplus funds placed with banks as deposits, trade receivables and trade payables denominated in United States dollars ("US$") and Euro ("EURO"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The table below summarises the foreign exchange exposure on the net monetary position of the above assets and liabilities, expressed in the Group's presentation currency of HK$.

	2009 HK$ millions	2008 HK$ millions
US$	**309**	145
EURO	**36**	35
Total net exposure: net assets	**345**	180

As at 31 December, a 10% strengthening/weakening of the currencies of the above assets and liabilities against HK$ would have increased/decreased post-tax profit for the year by the amounts as shown below. This analysis assumes that all other variables remain constant.

	2009 HK$ millions	2008 HK$ millions
US$	**26**	12
EURO	**3**	3
	29	15

There is no foreign currency transaction risk that would affect equity directly. The 10% movement represents management's assessment of a reasonably possible change in foreign exchange rates over the period until the next annual reporting period.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Interest rate exposure

The Group's main interest risk exposures relate to its borrowings and investments of surplus funds placed with banks as deposits. The Group manages its interest rate exposure of borrowings with a focus on reducing the overall cost of debt and interest rate exposure of investments of surplus funds by placing such balances with various maturities and interest rate terms.

As at 31 December, the carrying amount of the Group's financial assets and liabilities where their cash flows are subject to interest rate exposure are as follows:

	2009 HK$ millions	2008 HK$ millions
Borrowings at floating rates (Note 24)	**(4,358)**	(5,220)
Cash at banks and short-term bank deposits	**235**	272
Loan to the partner of a jointly controlled entity (Note 20(c))	**-**	75
Loan to a jointly controlled entity	**264**	-
	(3,859)	(4,873)

The interest rate profile of the Group's borrowings is disclosed in Note 24. The cash deposits placed with banks generate interest at the prevailing market interest rates.

As at 31 December, if interest rates had been 100 basis points higher, with all other variables held constant, post-tax profit for 2009 and 2008 would have decreased by approximately HK$32 million and HK$41 million, respectively, mainly as a result of higher interest expenses on floating rate borrowings, interest income from cash and bank deposits and interest bearing loan to a jointly controlled entity; there would have no direct impact on equity as the Group did not have financial instruments qualified for hedge accounting whereby all movement of interest expense and income as a result of interest rates changes would be charged to the consolidated income statement.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting date and had been applied to the exposure to interest rate risk for the above financial assets and liabilities in existence at that date. The 100 basis point movement represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk

Credit risk is managed on a group basis. The Group's credit risk arises from counter party and investment risks in respect of our surplus funds as well as credit exposures to trade and other receivables. Management has policies in place and exposures to these credit risks are monitored on an ongoing basis.

For counter party and investment risks in respect of our surplus fund, the Group manages these risks by placing deposits with credit worthy financial institutions attaining a minimum credit rating of AA-/Aa3 as rated by Standard & Poor's or Moody's. Any deviation from this policy is to be approved by senior management.

The credit period granted by the Group to customers generally ranges from 14 to 45 days, or a longer period for corporate or carrier customers based on the individual commercial terms. The utilisation of credit limits is regularly monitored. Debtors who have overdue accounts are requested to settle all outstanding balances before any further credit is granted. Sales of telecommunications services and products to customers are primarily made in cash or through major credit cards. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The Group does not have significant exposure to any individual debtor.

The Group considers its maximum exposure to credit risk at the reporting period is the carrying value of each class of financial assets as follows:

	2009 HK$ millions	2008 HK$ millions
Cash at banks and short-term bank deposits (Note 19)	**268**	272
Trade and other receivables (Note 20)	**916**	908
Loan to the partner of a jointly controlled entity (Note 20(c))	**-**	75
	1,184	1,255

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk

Prudent liquidity risk management, including maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions, is adopted. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines and sufficient cash for operating and investing activities.

The following table details the contractual maturities at reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

	Carrying amount HK$ millions	Contractual liabilities HK$ millions	Non-contractual liabilities HK$ millions	Contractual undiscounted cash flow HK$ millions	Within 1 year HK$ millions	After 1 year but within 2 years HK$ millions	After 2 years but within 5 years HK$ millions	After 5 years HK$ millions
As at 31 December 2009								
Borrowings (Note 24)	4,358	4,358	-	4,380	-	-	4,380	-
Trade payables (Note 26)	320	320	-	320	320	-	-	-
Other payables, accruals and deferred revenue (Note 26)	2,916	637	2,279	637	637	-	-	-
Licence fees liabilities (Notes 25 and 26)	531	531	-	846	91	101	362	292
	8,125	5,846	2,279	6,183	1,048	101	4,742	292

	Carrying amount HK$ millions	Contractual liabilities HK$ millions	Non-contractual liabilities HK$ millions	Contractual undiscounted cash flow HK$ millions	Within 1 year HK$ millions	After 1 year but within 2 years HK$ millions	After 2 years but within 5 years HK$ millions	After 5 years HK$ millions
As at 31 December 2008								
Borrowings (Note 24)	5,220	5,220	-	5,220	5,220	-	-	-
Trade payables (Note 26)	385	385	-	385	385	-	-	-
Other payables, accruals and deferred revenue (Note 26)	2,605	464	2,141	464	464	-	-	-
Payables to related companies (Note 33(c))	12,418	12,418	-	12,418	12,418	-	-	-
Licence fees liabilities (Notes 25 and 26)	546	546	-	927	81	91	332	423
	21,174	19,033	2,141	19,414	18,568	91	332	423

3 Financial risk management (Continued)

(b) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk. The Group's overall strategy remains unchanged from 2008.

The Group defines capital as total equity attributable to equity holders of the Company, comprising issued share capital and reserves, as shown in the consolidated statement of financial position. The Group actively and regularly reviews and manages its capital structure to ensure capital and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, projected operating cash flows and projected capital expenditures.

(c) Fair value estimation

The carrying amounts of cash and cash equivalents, and trade and other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Estimated useful life for telecommunications infrastructure and network equipment

The Group has substantial investments in mobile and fixed-line telecommunications infrastructure and network equipment. As at 31 December 2009, the carrying amount of the mobile and fixed-line telecommunications infrastructure and network equipment is approximately HK$8,607 million (2008: HK$8,837 million; 2007: HK$8,926 million). 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.

4 Critical accounting estimates and judgements (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(ii) Income taxes

The Group is subject to income taxes in jurisdictions in which the Group operates. Significant judgement is required in determining the 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.

(iii) Asset impairment

Management judgement is required in the area of asset impairment, including goodwill, particularly in assessing whether: (i) an event has occurred that may affect asset values; (ii) the carrying value of an asset can be supported by the net present value of future cash flows from the asset using estimated cash flow projections; and (iii) the cash flow is 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 significantly affect the Group's reported financial condition and results of operations. In performing the impairment assessment, the Group has also considered the impact of the current economic environment on the operation of the Group. The results of the impairment test undertaken as at 31 December 2009 indicated that no impairment charge was necessary.

(b) Critical judgements in applying the Group's accounting policies

Deferred taxation

Management has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the recognition criteria for deferred tax assets recorded in relation to cumulative tax loss carryforwards. The assumptions regarding future profitability of various subsidiaries require significant judgement, and significant changes in these assumptions from period to period may have a material impact on the Group's reported financial position and results of operations. As at 31 December 2009, the Group has recognised deferred tax assets of approximately HK$368 million (2008 and 2007: HK$368 million).

5 Turnover

Turnover comprises revenues from the provision of mobile telecommunications services; handset and accessory sales and the provision of fixed-line telecommunications services. An analysis of turnover is as follows:

	2009 HK$ millions	2008 HK$ millions
Mobile telecommunications services	4,772	4,680
Fixed-line telecommunications services	2,875	2,729
Telecommunications products	802	715
	8,449	8,124

6 Segment information

The Group is organised into two business segments: mobile business and fixed-line business. "Others" segment represented corporate support functions. No geographical segment analysis is presented as the majority of the assets and operations of the Group are located in Hong Kong. Management of the Group measures the performance of its segments based on operating profit. The segment information on turnover and operating profit, total assets and total liabilities agreed to the aggregate information in the consolidated financial statements. As such, no reconciliation between the segment information and the aggregate information in the consolidated financial statements is presented.

	As at and for the year ended 31 December 2009				
	Mobile HK$ millions	Fixed-line HK$ millions	Others HK$ millions	Elimination HK$ millions	Total HK$ millions
Turnover	5,578	3,221	-	(350)	8,449
Operating costs	(4,440)	(2,190)	(93)	349	(6,374)
Depreciation and amortisation	(655)	(633)	-	-	(1,288)
Operating profit/(loss)	483	398	(93)	(1)	787
Total assets	6,990	11,097	12,770	(13,103)	17,754
Total liabilities	(12,151)	(5,409)	(79)	9,229	(8,410)
Capital expenditures incurred during the year (including property, plant and equipment)	413	623	-	(1)	1,035

6 Segment information (Continued)

	Mobile HK$ millions	Fixed-line HK$ millions	Others HK$ millions	Elimination HK$ millions	Total HK$ millions
	(Restated) As at and for the year ended 31 December 2008				
Turnover	5,395	3,035	–	(306)	8,124
Operating costs	(4,393)	(2,040)	(99)	306	(6,226)
Depreciation and amortisation	(757)	(633)	–	–	(1,390)
Operating profit/(loss)	245	362	(99)	–	508
Total assets	7,273	10,798	12,543	(12,746)	17,868
Total liabilities	(12,719)	(5,042)	(12,543)	8,875	(21,429)
Capital expenditures incurred during the year (including property, plant and equipment)	585	523	–	–	1,108

The Group is domiciled in Hong Kong. The total revenue from external customers in Hong Kong for the year ended 31 December 2009 amounted to approximately HK$8,049 million (2008: HK$7,707 million) and the total of revenue from external customers in Macau for the year ended 31 December 2009 amounted to approximately HK$400 million (2008: HK$417 million).

The total of non-current assets other than deferred tax assets located in Hong Kong as at 31 December 2009 amounted to approximately HK$15,634 million (2008 (restated): HK$15,675 million) and the total of these non-current assets located in Macau as at 31 December 2009 amounted to approximately HK$239 million (2008 (restated): HK$235 million).

7 Staff costs

	2009 HK$ millions	2008 HK$ millions
Wages and salaries	**611**	601
Termination benefits	**2**	6
Pension costs		
– defined benefit plans (Note 30(a))	**20**	12
– defined contribution plans	**10**	11
Equity-settled share-based payments	**1**	–
	644	630

7 Staff costs (Continued)

(a) Directors' emoluments

Name of directors	Fees HK$ millions	Basic salaries, allowances and benefits-in-kind HK$ millions	Bonuses HK$ millions	Pension costs HK$ millions	Total HK$ millions
Fok Kin-ning, Canning (Note i)	0.07	-	-	-	0.07
Lui Dennis Pok Man (Note i)	0.06	-	-	-	0.06
Wong King Fai, Peter (Note i)	0.06	2.74	5.64	0.20	8.64
Chow Woo Mo Fong, Susan	0.06	-	-	-	0.06
Frank John Sixt (Note i)	0.06	-	-	-	0.06
Lai Kai Ming, Dominic (Note i)	0.06	-	-	-	0.06
Cheong Ying Chew, Henry (Note ii)	0.12	-	-	-	0.12
Lan Hong Tsung, David (Note ii)	0.12	-	-	-	0.12
Wong Yick Ming, Rosanna (Note ii)	0.10	-	-	-	0.10
Chan Ting Yu (Note iii)	-	-	-	-	-
Robin Sng Cheng Khoong (Note iii)	-	-	-	-	-
Edmond Wai Leung Ho (Note iii)	-	-	-	-	-
Richard Waichi Chan (Note iii)	-	-	-	-	-
	0.71	2.74	5.64	0.20	9.29

Notes:

(i) Fok Kin-ning, Canning, Lui Dennis Pok Man, Wong King Fai, Peter, Frank John Sixt and Lai Kai Ming, Dominic were appointed as directors of the Company on 4 March 2009.

(ii) Cheong Ying Chew, Henry, Lan Hong Tsung, David and Wong Yick Ming, Rosanna were appointed as independent non-executive directors of the Company on 3 April 2009.

(iii) Chan Ting Yu, Robin Sng Cheng Khoong, Edmond Wai Leung Ho and Richard Waichi Chan resigned as directors of the Company on 4 March 2009.

None of the directors received fees or emoluments in respect of their services to the Company for the year ended 31 December 2008.

No emoluments were paid to any directors as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2009 (2008: Nil).

7 Staff costs (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest are as follows:

	2009 Number of individual	2008 Number of individual
Director of the Company	**1**	–
Senior management	**4**	5

The aggregate remuneration paid to these highest paid individuals, is as follows:

	2009 HK$ millions	2008 HK$ millions
Basic salaries, allowances and benefits-in-kind	**11**	11
Bonuses	**13**	12
Pension costs	**1**	1
	25	24

The emoluments of the above mentioned individuals with the highest emoluments fall within the following bands:

	2009 Number of individual	2008 Number of individual
HK$3,000,001-HK$3,500,000	**3**	3
HK$4,000,001-HK$4,500,000	**1**	1
HK$10,000,001-HK$10,500,000	**1**	1

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2009 (2008: Nil).

8 Other operating expenses

	2009 HK$ millions	(Restated) 2008 HK$ millions
Cost of services provided	3,535	3,596
General administrative and distribution costs	327	329
Operating leases in respect of		
– buildings	410	414
– hire of plant and machinery	585	451
Loss on disposals of property, plant and equipment	18	6
Auditor's remuneration	11	14
Provision for doubtful debts	88	88
Total	4,974	4,898

9 Interest and other finance costs, net

	2009 HK$ millions	2008 HK$ millions
Interest income:		
Bank interest income	-	17
Interest income from loan to a jointly controlled entity	4	-
	4	17
Interest and other finance costs:		
Bank loans repayable within 5 years	(61)	(135)
Notional non-cash interest accretion (Note)	(77)	(76)
Guarantee and other finance fees	(46)	(12)
	(184)	(223)
Interest and other finance costs, net	(180)	(206)

Note: Notional non-cash interest accretion represents the notional adjustments to accrete the carrying amount of certain obligations recognised in the consolidated statement of financial position such as licence fees liabilities and asset retirement obligations to the present value of the estimated future cash flows expected to be required for their settlement in the future.

10 Taxation

	2009 Current taxation HK$ millions	2009 Deferred taxation HK$ millions	2009 Total HK$ millions	2008 (Restated) Current taxation HK$ millions	2008 (Restated) Deferred taxation HK$ millions	2008 (Restated) Total HK$ millions
Hong Kong	-	54	54	-	64	64
Outside Hong Kong	7	-	7	9	-	9
	7	54	61	9	64	73

Hong Kong profits tax has been provided for at the rate of 16.5% (2008: 16.5%), on the estimated assessable profits less available tax losses. Taxation outside Hong Kong has been provided for at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses. The differences between the Group's expected tax charge at respective applicable tax rates and the Group's tax charge for the years are as follows:

	2009 HK$ millions	(Restated) 2008 HK$ millions
Profit before taxation	591	291
Tax calculated at domestic rates	82	60
Income not subject to taxation	(12)	(14)
Expenses not deductible for taxation purposes	12	1
Temporary differences not recognised	2	-
Utilisation of previously unrecognised tax losses	(59)	(52)
Utilisation of previously unrecognised temporary differences	(1)	-
Over provision in prior years	(30)	(27)
Tax losses not recognised	67	85
Effect of change in tax rate	-	19
Others	-	1
Total taxation charge	61	73

11 Earnings per share

The calculation of basic earnings per share based on profit attributable to equity holders of the Company of approximately HK$468 million (2008: HK$230 million) and on 4,814,346,208 ordinary shares issued upon the capitalisation of the payable to Hutchison Telecommunications International (Cayman) Holdings Limited ("HTI Cayman"), the former immediate holding company, as described in Note 22, as if such shares had been outstanding throughout the year ended 31 December 2009 (2008: Same).

For the year ended 31 December 2008, diluted earnings per share are equal to basis earnings per share as there were no potential dilutive ordinary shares outstanding. The diluted earnings per share for the year ended 31 December 2009 are based on 4,814,346,208 ordinary shares in issue by adjusting the weighted average number of 526,818 ordinary shares deemed to be issued assuming the exercise of the share options.

12 Dividends

	2009 HK$ millions	2008 HK$ millions
Interim, paid of HK cents 1.12 per share (2008: Nil)	**54**	–
Final, proposed of HK cents 6.16 per share (2008: Nil)	**297**	–
	351	–

13 Property, plant and equipment

The movements of property, plant and equipment for the years ended 31 December 2009, 2008 and 2007 are as follows:

	Buildings HK$ millions	Telecom-munications infrastructure and network equipment HK$ millions	Construction in progress HK$ millions	Others HK$ millions	Total HK$ millions
Cost					
As at 1 January 2007	78	16,750	191	2,481	19,500
Additions	–	596	284	101	981
Disposals	(11)	(56)	(1)	(12)	(80)
Transfer between categories	–	102	(119)	17	–
As at 31 December 2007	67	17,392	355	2,587	20,401
Accumulated depreciation and impairment losses					
As at 1 January 2007	18	7,508	–	2,026	9,552
Charge for the year	2	998	–	210	1,210
Disposals	(4)	(40)	–	(12)	(56)
As at 31 December 2007	16	8,466	–	2,224	10,706
Net book value					
As at 31 December 2007	51	8,926	355	363	9,695

13 Property, plant and equipment (Continued)

	Buildings HK$ millions	Telecommunications infrastructure and network equipment HK$ millions	Construction in progress HK$ millions	Others HK$ millions	Total HK$ millions
Cost					
As at 1 January 2008	67	17,392	355	2,587	20,401
Additions	-	729	282	97	1,108
Disposals	-	(333)	(5)	(20)	(358)
Transfer between categories	-	208	(237)	29	-
As at 31 December 2008	67	17,996	395	2,693	21,151
Accumulated depreciation and impairment losses					
As at 1 January 2008	16	8,466	-	2,224	10,706
Charge for the year	2	1,017	-	212	1,231
Disposals	-	(324)	-	(19)	(343)
As at 31 December 2008	18	9,159	-	2,417	11,594
Net book value					
As at 31 December 2008	49	8,837	395	276	9,557

	Buildings HK$ millions	**Telecommunications infrastructure and network equipment HK$ millions**	**Construction in progress HK$ millions**	**Others HK$ millions**	**Total HK$ millions**
Cost					
As at 1 January 2009	**67**	**17,996**	**395**	**2,693**	**21,151**
Additions	**-**	**606**	**361**	**68**	**1,035**
Disposals	**-**	**(2,248)**	**-**	**(18)**	**(2,266)**
Transfer between categories	**-**	**178**	**(225)**	**47**	**-**
As at 31 December 2009	**67**	**16,532**	**531**	**2,790**	**19,920**
Accumulated depreciation and impairment losses					
As at 1 January 2009	**18**	**9,159**	**-**	**2,417**	**11,594**
Charge for the year	**2**	**994**	**-**	**139**	**1,135**
Disposals	**-**	**(2,228)**	**-**	**(17)**	**(2,245)**
As at 31 December 2009	**20**	**7,925**	**-**	**2,539**	**10,484**
Net book value					
As at 31 December 2009	**47**	**8,607**	**531**	**251**	**9,436**

13 Property, plant and equipment (Continued)

The carrying values of all property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Other assets include motor vehicles, office furniture and equipment, computer equipment and leasehold improvements.

Telecommunications infrastructure and network equipment held under defeased finance lease arrangements are as follows:

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Cost	**-**	-	3,223
Accumulated depreciation and impairment losses	**-**	-	(2,891)
Net book value	**-**	-	332
Depreciation during the year	**-**	-	126
Impairment loss during the year	**-**	-	-

14 Goodwill

	2009 HK$ millions	(Restated) 2008 HK$ millions	2007 HK$ millions
Gross carrying amount and net book value at beginning of year	**4,503**	3,813	3,813
Relating to additional equity interests in subsidiaries acquired	**-**	690	-
Gross carrying amount and net book value at end of year	**4,503**	4,503	3,813
Accumulated impairment losses at beginning and end of year	**-**	-	-

In June 2008, the Group entered into an agreement with NEC Corporation to acquire its entire equity interest in Pilot Gateway Limited, which holds 5% equity interest in Hutchison Telephone Company Limited ("HTCL") and Hutchison 3G HK Holdings Limited ("H3GHL"). Such transaction was completed in July 2008 and the Group's interest in both HTCL and H3GHL increased from 70.9% to 75.9%. Goodwill relating to the acquisition amounted to approximately HK$690 million.

14 Goodwill (Continued)

Impairment test for goodwill

Goodwill is allocated to the Group's CGUs identified according to business segment.

A segment-level summary of the goodwill allocation is presented below:

	2009 HK$ millions	(Restated) 2008 HK$ millions	2007 HK$ millions
Mobile business	**2,155**	2,155	1,465
Fixed-line business	**2,348**	2,348	2,348
	4,503	4,503	3,813

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period to 2014.

Key assumptions used for value-in-use calculations are:

(i) Budgeted earnings before interest, taxation, depreciation and amortisation ("EBITDA") has been based on past performance of the Group's respective CGUs and its expectation for the market development. Management considers EBITDA a proxy for operating cash flow.

(ii) A long-term growth rate into perpetuity is not used to extrapolate cash flows beyond the budget period. Instead, management uses EBITDA multiples to determine the terminal value of the Group's respective CGUs.

(iii) The discount rate applied to cash flows of the Group's respective CGUs is based on pre-tax discount rate and reflects the specific risks relating to the relevant segment. The pre-tax discount rate applied in the value-in-use calculation is as follows:

	2009	2008	2007
Mobile business	**7.1%**	7.4%	9.5%
Fixed-line business	**7.5%**	7.5%	9.5%

The discount rate is adjusted to reflect the risk profile equivalent to those that the Group expects to derive from the assets.

In accordance with the Group's accounting policy on asset impairment (Note 2(m)), the carrying values of goodwill were tested for impairment as at 31 December 2009 (2008 and 2007: Same). Note 4(a)(iii) contains information about the estimates, assumptions and judgements relating to goodwill impairment tests. The results of the tests undertaken as at 31 December 2009 indicated no impairment charge was necessary (2008 and 2007: Same).

15 Other intangible assets

	Telecom-munications licences HK$ millions	Patent HK$ millions	(Restated) Total HK$ millions
As at 1 January 2007			
Cost	616	12	628
Accumulated amortisation	(142)	(1)	(143)
Net book value	474	11	485
Year ended 31 December 2007			
Opening net book value	474	11	485
Amortisation for the year	(49)	(1)	(50)
Closing net book value	425	10	435
As at 1 January 2008			
Cost	616	12	628
Accumulated amortisation	(191)	(2)	(193)
Net book value	425	10	435
Year ended 31 December 2008			
Opening net book value	425	10	435
Amortisation for the year	(49)	(1)	(50)
Closing net book value	376	9	385
As at 1 January 2009			
Cost	**616**	**12**	**628**
Accumulated amortisation	**(240)**	**(3)**	**(243)**
Net book value	**376**	**9**	**385**
Year ended 31 December 2009			
Opening net book value	**376**	**9**	**385**
Amortisation for the year	**(48)**	**(1)**	**(49)**
Closing net book value	**328**	**8**	**336**
As at 31 December 2009			
Cost	**616**	**12**	**628**
Accumulated amortisation	**(288)**	**(4)**	**(292)**
Net book value	**328**	**8**	**336**

16 Other non-current assets

	Note	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Prepayments	(a)	**1,286**	1,332	1,371
Non-current deposits	(b)	**42**	45	490
Pension assets (Note 30(a))		**-**	-	15
		1,328	1,377	1,876

Notes:

(a) The carrying values of prepayments approximate their fair values at the reporting date.

(b) Non-current deposits are carried at amortised cost, which approximate their fair values at the reporting date.

The non-current deposits as at 31 December 2007 comprised mainly deposits pledged to a bank as collateral to secure certain performance bonds required by the Office of Telecommunications Authority ("OFTA") in Hong Kong under the terms of the mobile telecommunications licence granted to a subsidiary. The effective interest rate on non-current deposits as at 31 December 2007 was 4.3% per annum. Such pledged deposits were released in 2008.

17 Deferred tax assets and liabilities

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 following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2009 HK$ millions	(Restated) 2008 HK$ millions	(Restated) 2007 HK$ millions
Deferred tax assets	**368**	368	368
Deferred tax liabilities	**(134)**	(80)	(16)
Net deferred tax assets	**234**	288	352

17 Deferred tax assets and liabilities (Continued)

The gross movement of the deferred tax (liabilities)/assets is as follows:

	Accelerated depreciation allowance HK$ millions	(Restated) Tax losses HK$ millions	(Restated) Total HK$ millions
As at 1 January 2007	(1,203)	1,571	368
Net credit/(charge) for the year	78	(94)	(16)
As at 31 December 2007	(1,125)	1,477	352
As at 1 January 2008	(1,125)	1,477	352
Net credit/(charge) for the year (Note 10)	118	(182)	(64)
As at 31 December 2008	(1,007)	1,295	288
As at 1 January 2009	**(1,007)**	**1,295**	**288**
Net credit/(charge) for the year (Note 10)	**51**	**(105)**	**(54)**
As at 31 December 2009	**(956)**	**1,190**	**234**

The potential deferred tax assets which have not been recognised in the consolidated financial statements are as follows:

	2009 HK$ millions	(Restated) 2008 HK$ millions	(Restated) 2007 HK$ millions
Arising from unused tax losses	**655**	646	650
Arising from depreciation allowances	**2**	1	1
	657	647	651

The utilisation of unused tax losses depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

As at 31 December 2009, subject to the agreement by tax authorities, out of the total unrecognised tax losses of approximately HK$3,960 million (2008 (restated): HK$3,907 million; 2007 (restated): HK$3,704 million) carried forward, an amount of approximately HK$3,958 million (2008 (restated): HK$3,904 million; 2007 (restated): HK$3,699 million) can be carried forward indefinitely. The remaining amount of approximately HK$2 million (2008: HK$3 million; 2007: HK$5 million) will expire in the coming two to five years.

18 Investments in jointly controlled entities

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
As at 1 January	88	–	–
Loans to jointly controlled entities	198	99	–
Share of loss	(16)	(11)	–
As at 31 December	270	88	–

The loans to the jointly controlled entities are unsecured, have no fixed terms of repayment and non-interest bearing except for a loan of HK$264 million (2008: HK$75 million) which bears interest at HIBOR plus 3% per annum (2008: Same).

Particulars of the jointly controlled entities are summarised as follows:

Name	Place of incorporation	Principal activities	Interest held
PLDT Italy S.r.l.	Italy	Telecommunications business in Italy	50%
Genius Brand Limited	Hong Kong	Telecommunications business in Hong Kong	50%

The Group's share of the results of its jointly controlled entities, all of which are unlisted, and their aggregate assets and liabilities, are as follows:

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Assets			
Non-current assets	276	84	–
Current assets	9	14	–
	285	98	–
Liabilities			
Non-current liabilities	(8)	(97)	–
Current liabilities	(278)	(12)	–
	(286)	(109)	–
Net liabilities	(1)	(11)	–
Income	18	3	–
Expenses	(34)	(14)	–
Net loss	(16)	(11)	–
Proportionate interest in jointly controlled entities' capital commitments	1	4	–

18 Investments in jointly controlled entities (Continued)

As at 31 December 2009, there are no contingent liabilities related to the Group's interest in the jointly controlled entities and no contingent liabilities of the jointly controlled entities themselves (2008 and 2007: Nil).

19 Cash and cash equivalents

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Cash at banks and in hand	**40**	42	87
Short-term bank deposits	**228**	230	188
	268	272	275

The effective interest rates on short-term bank deposits ranged from 0.01% to 0.57% (2008: 0.68% to 3.79%; 2007: 3.71% to 5.10%) per annum. These deposits have an average maturity of 1 to 7 days (2008: 1 to 7 days; 2007: 1 to 4 days).

The carrying values of cash and cash equivalents approximate their fair values.

20 Trade receivables and other current assets

	Note	**2009 HK$ millions**	2008 HK$ millions	2007 HK$ millions
Trade receivables		**996**	1,017	854
Less: Provision for doubtful debts		**(185)**	(165)	(175)
Trade receivables, net of provision	(a)	**811**	852	679
Other receivables	(b)	**105**	56	117
Prepayments	(b)	**169**	154	146
Loan to the partner of a jointly controlled entity	(c)	**-**	75	-
Held-to-maturity debt securities	(d)	**-**	-	551
		1,085	1,137	1,493

20 Trade receivables and other current assets (Continued)

(a) Trade receivables, net of provision

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
The ageing analysis of trade receivables, net of provision for doubtful debts is as follows:			
0 – 30 days	**419**	364	349
31 – 60 days	**176**	185	138
61 – 90 days	**85**	86	79
Over 90 days	**131**	217	113
	811	852	679

The carrying values of trade receivables approximate their fair values. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

As at 31 December 2009, trade receivables of approximately HK$522 million (2008: HK$559 million; 2007: HK$469 million) were past due but not provided for. These relate to a number of independent customers that have a good track record with the Group. The ageing analysis of these trade receivables is as follows:

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
The ageing analysis of trade receivables which are past due but not provided for is as follows:			
Past due 1 – 30 days	**300**	247	214
Past due 31 – 60 days	**92**	99	114
Past due 61 – 90 days	**49**	110	62
Past due over 90 days	**81**	103	79
	522	559	469

20 Trade receivables and other current assets (Continued)

(a) Trade receivables, net of provision (Continued)

As at 31 December 2009, trade receivables of approximately HK$185 million (2008: HK$165 million; 2007: HK$175 million) were impaired and provision for doubtful debts has been fully made in the financial statements. The ageing of these receivables is as follows:

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
The ageing analysis of trade receivables which are provided for is as follows:			
Not past due	**3**	–	–
Past due 1-30 days	**6**	4	1
Past due 31-60 days	**20**	19	17
Past due 61-90 days	**18**	14	16
Past due over 90 days	**138**	128	141
	185	165	175

Movement of provision for doubtful debts of trade receivables is as follows:

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Beginning of year	**165**	175	159
Increase in provision recognised in the consolidated income statement	**208**	161	145
Amounts recovered in respect of brought forward balance	**(120)**	(73)	(79)
Write-off during the year	**(68)**	(98)	(50)
End of year	**185**	165	175

The creation and release of provision for doubtful debts have been included in "Other operating expenses" in the consolidated income statement (Note 8). Amount charged to the provision account is generally written off when the recoverability is remote.

(b) Other receivables and prepayments

The carrying values of other receivables approximate their fair values. Other receivables and prepayments do not contain impaired assets. The maximum exposure to credit risk is the fair value of each class of financial assets mentioned above. The Group does not hold any collateral as security.

20 Trade receivables and other current assets (Continued)

(c) Loan to the partner of a jointly controlled entity

Loan to the partner of a jointly controlled entity as at 31 December 2008 was unsecured, bore interest at HIBOR plus 3% per annum and was fully settled in 2009.

(d) Held-to-maturity debt securities

The carrying amounts of held-to-maturity securities were denominated in US dollars.

The held-to-maturity debt securities as at 31 December 2007 represented investment in corporate and other bonds which were restricted to be used for repayment of the amounts due under the defeased finance lease arrangement. The defeased lease arrangement was fully settled in 2008.

21 Inventories

Inventories represent handsets and related accessories held for sale. As at 31 December 2009, the amount of inventories carried at net realisable value was approximately HK$3 million (2008: HK$21 million; 2007: HK$9 million).

22 Share capital

(a) Authorised share capital of the Company

As at 31 December 2008, the authorised share capital of the Company comprised of 50,000 ordinary shares of US$1 each.

On 6 April 2009, the Company's authorised share capital was increased by HK$2,500 million by the creation of 10 billion shares of HK$0.25 each. 32 shares of HK$0.25 each were issued at par for cash to HTI Cayman. On the same date, the original issued share of US$1 was repurchased by the Company at par for cancellation; and all the unissued shares of US$1 each in the Company's authorised share capital of US$50,000 were cancelled.

(b) Issued share capital of the Company

	Ordinary share of US$1 each		Ordinary share of HK$0.25 each	
	Number of Shares	Issued and fully paid HK$ millions	Number of Shares	Issued and fully paid HK$ millions
As at 1 January 2008 and 31 December 2008	**1**	**-**	**-**	**-**
Issued during the year	**-**	**-**	**4,814,346,208**	**1,204**
Repurchased and cancelled during the year	**(1)**	**-**	**-**	**-**
As at 31 December 2009	**-**	**-**	**4,814,346,208**	**1,204**

22 Share capital (Continued)

(b) Issued share capital of the Company (Continued)

On 6 April 2009, the Company entered into an agreement with HTI Cayman that, subject to the Stock Exchange's approval of the spin-off of the Company and the Listing Committee of the Stock Exchange granting approval for the listing of the shares of the Company on the Main Board of the Stock Exchange, 4,814,346,176 shares of the Company would be allotted and issued, credited as fully paid, to HTI Cayman as consideration for the capitalisation of the payable to this company amounting to approximately HK$12,418 million. The above conditions were fulfilled and the aforesaid shares were issued on 7 May 2009. As a result, HK$1,204 million and HK$11,214 million were recognised as share capital and share premium during the year ended 31 December 2009, respectively.

(c) Share options of the Company

The Company's share option scheme, conditionally approved and adopted by a resolution of the then sole shareholder of the Company on 6 April 2009 was approved by Hutchison Whampoa Limited ("HWL") at an extraordinary general meeting on 21 May 2009. The Board of Directors may, under the share option scheme, grant share options to employees, directors or non-executive directors of the Group.

The movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	Weighted average exercise price per share HK$	Number of share options granted
As at 1 January 2009	-	-
Granted on 1 June 2009	1	4,750,000
As at 31 December 2009	1	4,750,000

The exercise price of the share options granted is equal to the market price of the shares on the date of grant. The share options are exercisable during a period, subject to the vesting schedule, commencing on the date on which the share options are deemed to have been granted and ending on the date falling ten years from the date of grant of the share options (subject to early termination thereof). As at 31 December 2009, out of the 4,750,000 outstanding share options, 3,166,666 share options were exercisable.

The fair value of share options granted during the year determined using the Black-Scholes model was approximately HK$0.27 each. The significant inputs into the model were an expected volatility of 49%, an expected dividend yield of 5.9%, an expected option life up to 6 years and an annual risk-free interest rate of 1.65%.

23 Reserves

Group

	Share premium HK$ millions	Accumulated losses HK$ millions	Cumulative translation adjustments HK$ millions	Pension reserve HK$ millions	Employee share-based compensation reserve HK$ millions	Other reserves HK$ millions	Total HK$ millions
As at 1 January 2007, previously reported	-	(3,026)	1	(18)	-	17	(3,026)
Effect of change in accounting policy	-	(268)	-	-	-	-	(268)
As at 1 January 2007, restated	-	(3,294)	1	(18)	-	17	(3,294)
Profit for the year	-	180	-	-	-	-	180
Actuarial gains of defined benefit plans	-	-	-	31	-	-	31
As at 31 December 2007, restated	-	(3,114)	1	13	-	17	(3,083)

	Share premium HK$ millions	Accumulated losses HK$ millions	Cumulative translation adjustments HK$ millions	Pension reserve HK$ millions	Employee share-based compensation reserve HK$ millions	Other reserves HK$ millions	Total HK$ millions
As at 1 January 2008, previously reported	-	(2,759)	1	13	-	17	(2,728)
Effect of change in accounting policy (Note 2(b))	-	(355)	-	-	-	-	(355)
As at 1 January 2008, restated	-	(3,114)	1	13	-	17	(3,083)
Profit for the year	-	230	-	-	-	-	230
Actuarial losses of defined benefit plans	-	-	-	(96)	-	-	(96)
As at 31 December 2008, restated	-	(2,884)	1	(83)	-	17	(2,949)

23 Reserves (Continued)

Group (Continued)

	Share premium HK$ millions	Accumulated losses HK$ millions	Cumulative translation adjustments HK$ millions	Pension reserve HK$ millions	Employee share-based compensation reserve HK$ millions	Other reserves HK$ millions	Total HK$ millions
As at 1 January 2009, previously reported	-	(2,329)	1	(83)	-	17	(2,394)
Effect of change in accounting policy (Note 2(b))	-	(555)	-	-	-	-	(555)
As at 1 January 2009, restated	-	(2,884)	1	(83)	-	17	(2,949)
Profit for the year	-	468	-	-	-	-	468
Issue of shares (Note 22(b))	11,214	-	-	-	-	-	11,214
Share issuance costs	(33)	-	-	-	-	-	(33)
Dividend paid (Note 12)	-	(54)	-	-	-	-	(54)
Actuarial gains of defined benefit plans	-	-	-	42	-	-	42
Employee share option scheme - value of services provided	-	-	-	-	1	-	1
As at 31 December 2009	11,181	(2,470)	1	(41)	1	17	8,689

The accumulated losses of the Group include accumulated losses of approximately HK$27 million (2008: HK$11 million; 2007: Nil) incurred by jointly controlled entities.

23 Reserves (Continued)

Company

	Share premium HK$ millions	Retained earnings HK$ millions	Employee share-based compensation reserve HK$ millions	Total HK$ millions
As at 1 January 2007	-	-	-	-
Results for the year	-	-	-	-
As at 31 December 2007	-	-	-	-
As at 1 January 2008	-	-	-	-
Results for the year	-	-	-	-
As at 31 December 2008	-	-	-	-
As at 1 January 2009	**-**	**-**	**-**	**-**
Profit for the year	**-**	**359**	**-**	**359**
Employee share option scheme				
– value of services provided	**-**	**-**	**1**	**1**
Dividend paid (Note 12)	**-**	**(54)**	**-**	**(54)**
Issue of shares (Note 22(b))	**11,214**	**-**	**-**	**11,214**
Share issuance costs	**(33)**	**-**	**-**	**(33)**
As at 31 December 2009	**11,181**	**305**	**1**	**11,487**

As at 31 December 2009, the aggregate amount of reserves available for distribution to equity holders of the Company was HK$11,487 million (2008 and 2007: Nil).

24 Borrowings

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Current			
Bank loans	-	5,220	4,133
Other loans	-	–	555
	-	5,220	4,688
Non-current			
Bank loans	4,358	–	–
	4,358	–	–
Total borrowings	4,358	5,220	4,688

The maturity of borrowings is as follows:

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Bank loans			
Repayable within 1 year	-	5,220	4,133
Repayable after 2 years, but within 5 years	4,358	–	–
Other loans			
Repayable within 1 year	-	–	555
Total borrowings	4,358	5,220	4,688

Included in other loans are obligations under finance lease repayable as follows:

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Finance lease obligations – minimum lease payments:			
Not later than 1 year	-	–	551
Future finance charges on finance lease obligations	-	–	–
Present value of finance lease obligations	-	–	551
The present value of finance lease obligations is as follows:			
Not later than 1 year	-	–	551
	-	–	551

24 Borrowings (Continued)

The Group's borrowings are denominated in the following currencies:

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
HK$	4,358	5,220	4,137
US$	-	-	551
	4,358	5,220	4,688

The Group's borrowings, including interest rates and maturities, are summarised as follows:

	Maturity date	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Secured bank loans				
Variable, 2009: Nil (2008: Nil; 2007: 5.1%) per annum	2008	-	-	4,048
Unsecured bank loans				
Variable, 2009: 1.1% (2008: 2.7%; 2007: 5.0%) per annum	2008-2012	4,358	5,220	85
Finance lease obligations				
Fixed, 2009: Nil (2008: Nil; 2007: 0% to 7%) per annum	2008	-	-	551
Other unsecured loans				
Fixed, 2009: Nil (2008: Nil; 2007: 7.5%) per annum	2008	-	-	4
Total borrowings		4,358	5,220	4,688
Less: Total borrowings repayable within twelve months		-	(5,220)	(4,688)
Total non-current borrowings		4,358	-	-

The fair values of the Group's total borrowings at 31 December 2009 are based on cash flows discounted using the effective interest rates of the Group's total borrowings per annum, excluding obligations under finance lease, of 1.1% (2008: 2.7%; 2007: ranging from 5.0% to 7.5%).

The carrying values of the Group's total borrowings as at 31 December 2009, 2008 and 2007 approximate to their fair values.

As at 31 December 2007, certain property, plant and equipment of certain subsidiaries were used as collateral for certain borrowings. These property, plant and equipment and non-current assets and current assets had the carrying values of HK$3,084 million and HK$2,290 million respectively.

24 Borrowings (Continued)

As at 31 December 2009 and 2008, none of the Group's borrowings were secured. As at 31 December 2007, HK$4,599 million of the Group's current borrowings were secured.

As at 31 December 2008, total borrowings of HK$5,220 million was guaranteed by Hutchison Telecommunications International Limited ("HTIL") in relation to a HK$9,000 million term and revolving credit facility agreement with a group of international commercial banks jointly entered into by HTCL, a subsidiary of the Company, and HTIL.

25 Other non-current liabilities

	Note	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Non-current licence fees liabilities	(a)	**450**	474	487
Pension obligations (Note 30(a))		**43**	81	–
Accrued expenses and other payables		**102**	86	74
		595	641	561

(a) Licence fees liabilities

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Licence fees liabilities – minimal annual fees payments:			
Not later than 1 year	**91**	81	71
After 1 year, but within 5 years	**463**	423	382
After 5 years	**292**	423	544
	846	927	997
Future finance charges on licence fees liabilities	**(315)**	(381)	(447)
Present value of licence fees liabilities	**531**	546	550
The present value of licence fees liabilities is as follows:			
Current portion of licence fees liabilities (Note 26)	**81**	72	63
Non-current licence fees liabilities:			
After 1 year, but within 5 years	**310**	283	255
After 5 years	**140**	191	232
	450	474	487
Total licence fees liabilities	**531**	546	550

26 Trade and other payables

	Note	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Trade payables	(a)	**320**	385	328
Other payables and accruals		**1,689**	1,398	1,420
Deferred revenue		**1,227**	1,207	1,094
Current portion of licence fees liabilities (Note 25)		**81**	72	63
		3,317	3,062	2,905

(a) Trade payables

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
The ageing analysis of trade payables is as follows:			
0 – 30 days	**69**	144	89
31 – 60 days	**44**	60	45
61 – 90 days	**26**	28	40
Over 90 days	**181**	153	154
	320	385	328

27 Notes to consolidated statement of cash flows

(a) Cash generated from operations

	2009 HK$ millions	(Restated) 2008 HK$ millions
Cash flows from operating activities		
Profit before taxation	**591**	291
Adjustments for:		
– Interest income (Note 9)	**(4)**	(17)
– Interest and other finance costs (Note 9)	**184**	223
– Depreciation and amortisation	**1,288**	1,390
– Loss on disposals of property, plant and equipment (Note 8)	**18**	6
– Share of results of jointly controlled entities (Note 18)	**16**	11
Changes in working capital		
– Increase in trade receivables and other current assets	**(27)**	(116)
– Decrease/(increase) in inventories	**21**	(17)
– Increase in trade and other payables	**171**	80
– Retirement benefits obligations	**5**	(1)
Cash generated from operations	**2,263**	1,850

27 Notes to consolidated statement of cash flows (Continued)

(b) Analysis of changes in financing during the year

	Borrowings HK$ millions	(Restated) Minority interest HK$ millions
As at 1 January 2008	4,688	719
New loans	5,650	-
Repayment of loans	(5,118)	-
Minority interest in results for the year	-	12
Relating to additional interest in subsidiaries acquired	-	(120)
Actuarial losses of defined benefit plans	-	1
As at 31 December 2008	5,220	612
As at 1 January 2009	**5,220**	**612**
New loans	**9,462**	**-**
Repayment of loans	**(10,330)**	**-**
Minority interest in results for the year	**-**	**(62)**
Amortisation of loan facility fee	**6**	**-**
Actuarial gains of defined benefit plans	**-**	**(1)**
As at 31 December 2009	**4,358**	**549**

28 Contingent liabilities

As at 31 December, the Group had contingent liabilities in respect of the following:

	2009 HK$ millions	2008 HK$ millions
Performance guarantees	**637**	512
Financial guarantees	**16**	39
	653	551

29 Commitments

Outstanding commitments of the Group not provided for in the consolidated financial statements are as follows:

(a) Capital commitments

	2009 HK$ millions	2008 HK$ millions
Property, plant and equipment		
Contracted but not provided for	**673**	763
Authorised but not contracted for	**635**	1,397
	1,308	2,160
Investment in a jointly controlled entity		
Contracted but not provided for	**6**	16

(b) Operating lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Buildings		Other assets	
	2009 HK$ millions	2008 HK$ millions	**2009 HK$ millions**	2008 HK$ millions
Not later than one year	**286**	288	**148**	142
Later than one year and not later than five years	**133**	182	**72**	78
Later than five years	**1**	1	**-**	-
	420	471	**220**	220

(c) Acquisition of telecommunications licence for third generation mobile services

In October 2001, a subsidiary of the Company was issued a 3G licence in the 1900-2170 MHz radio spectrum for Hong Kong ("Licence") for a duration of 15 years. For the first five years of the term of the Licence, fixed annual licence fees were payable. Beginning from the sixth year of the Licence, variable licence fees payable amount to 5% of network turnover (as defined in the Licence) in respect of the relevant year; or the Appropriate Fee (as defined in the Licence) in respect of the relevant year whichever is greater. The net present value of the Appropriate Fee has already been recorded as licence fees liabilities.

30 Employee retirement benefits

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 defined benefit plans represent principally contributory final salary pension plans in Hong Kong. As at 31 December 2009, the Group's plans were valued by the independent qualified actuaries using the projected unit credit method to account for the Group's pension accounting costs (2008 and 2007: Same).

The amounts recognised in the consolidated statement of financial position are as follows:

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Pension assets (Note 16)	-	-	15
Pension obligations (Note 25)	(43)	(81)	-
	(43)	(81)	15

The principal actuarial assumptions used for accounting purposes are as follows:

	2009	2008	2007
Discount rate applied to defined benefit plan obligations	2.20%-2.30%	1.60%-1.70%	3.20%-3.30%
Expected return on plan assets	7%	7%	8%
Future salary increases	1.50%-3.00%	0.00%-3.00%	4.00%-5.00%
Interest credited on plan accounts	5.00%-6.00%	5.00%-6.00%	5.00%-6.00%

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
The amount recognised in the consolidated income statement:			
Current service cost	26	22	21
Interest cost	3	6	6
Expected return on plan assets	(9)	(16)	(14)
Total, included in staff costs (Note 7)	20	12	13
The amount recognised in the consolidated statement of financial position:			
Present value of funded plans' obligations	(221)	(218)	(188)
Less: Fair value of plan assets	178	137	203
(Liability)/asset recognised in the consolidated statement of financial position	(43)	(81)	15

30 Employee retirement benefits (Continued)

(a) Defined benefit plans (Continued)

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Changes in present value of the defined benefit obligations			
Beginning of year	218	188	172
Current service cost net of employee contributions	26	22	21
Actual employee contributions	1	1	1
Interest cost	3	6	6
Actuarial (gains)/losses on obligations	(20)	21	5
Actual benefits paid	(7)	(20)	(19)
Net transfer in liabilities	-	–	2
End of year	221	218	188
Changes in the fair value of the plan assets			
Beginning of year	137	203	166
Expected return on plan assets	9	16	14
Actuarial gains/(losses) on plan assets	23	(76)	37
Contribution by employer	15	13	2
Contribution by employees	1	1	1
Actual benefits paid	(7)	(20)	(19)
Net transfer in assets	-	–	2
End of year	178	137	203
The analysis of the fair value of plan assets at end of year is as follows:			
Equity instruments	63%	54%	66%
Debt instruments	22%	25%	18%
Other assets	15%	21%	16%
	100%	100%	100%

Expected contributions to defined benefit plans for the year ending 31 December 2010 are approximately HK$21 million.

30 Employee retirement benefits (Continued)

(a) Defined benefit plans (Continued)

	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
The experience adjustments are as follows:			
Fair value of plan assets	**178**	137	203
Present value of defined benefit obligations	**(221)**	(218)	(188)
(Deficit)/surplus	**(43)**	(81)	15
Experience adjustments on plan assets	**22**	(77)	37
Percentage of plan assets (%)	**12**	(56)	18
Experience adjustments on plan obligations	**1**	7	8
Percentage of plan obligations (%)	**-**	3	4

The actual return on plan assets during the year ended 31 December 2009 was a gain of HK$32 million (2008: loss of HK$60 million; 2007: gain of HK$51 million).

The accumulated actuarial losses/(gains) recognised in the statement of comprehensive income as at 31 December 2009 was approximately HK$46 million (2008: HK$89 million; 2007: HK$(8) million).

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 surplus/deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 31 May 2009 reported a funding level of 99.8% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 6.0% per annum and salary increases of 4.0%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Watson Wyatt Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2009, the plan was fully funded for the funding of vested benefits in accordance with the ORSO funding requirements.

30 Employee retirement benefits (Continued)

(b) Defined contribution plans

Employees of certain subsidiaries are entitled to receive benefits from a provident fund, which is a defined contribution plan. The employee and the employer both make monthly contributions to the plan at a predetermined rate of the employees' basic salary. The Group has no further obligations under the plan beyond its monthly contributions. The fund is administered and managed by the relevant government agencies. Forfeited contributions totalling HK$4 million (2008: HK$5 million) were utilised during the year leaving HK$0.1 million (2008: HK$0.4 million) available at the year end to reduce future contributions.

31 Investments in subsidiaries

The Company's investments in subsidiaries represent investments in unlisted shares, stated at cost, of Hutchison Global Communications Investment Holding Limited and Hutchison Telecommunications (HK) Holdings Limited.

Particulars of principal subsidiaries are set out on pages 138 and 139.

32 Ultimate holding company

As at 31 December 2009, the Company was owned as to approximately 63% by HWL with the remaining shares being widely held. The directors regarded HWL as the Company's ultimate holding company.

33 Related party transactions

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

Related Party Group:

(1) HWL Group – HWL together with its direct and indirect subsidiaries, excluding HTIL Group
(2) HTIL Group – HTIL together with its direct and indirect subsidiaries
(3) Other shareholders of the Group or HWL Group:
  (a) CKH Group – Cheung Kong (Holdings) Limited together with its direct and indirect subsidiaries
  (b) DoCoMo Group – NTT DoCoMo, Inc. together with its direct and indirect subsidiaries

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Save as disclosed elsewhere in the financial statements, transactions between the Group and other related parties during the year are summarised below.

(a) Key management personnel remuneration

No transaction has 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 remuneration) as disclosed in Note 7.

33 Related party transactions (Continued)

(b) Transactions with related parties:

	2009 HK$ millions	2008 HK$ millions
Continuing transactions		
HWL Group		
Provision of mobile telecommunications services	**34**	45
Provision of fixed-line telecommunications services	**95**	99
Sale of telecommunications products	**1**	1
Purchase of telecommunications products, net of rebates	**4**	(142)
Purchase of telecommunications services	**(8)**	(8)
Rental expenses on lease arrangements	**(62)**	(57)
Dealership service expenses	**(30)**	(27)
Billing collection service expenses	**(14)**	(14)
Purchase of office supplies	**(8)**	(6)
Purchase of air tickets and hotel accommodation	**(2)**	(3)
Advertising and promotion expenses	**(22)**	(23)
Global procurement service arrangement expenses	**(14)**	(13)
Purchase of property, plant and equipment	**(16)**	(15)
Sharing of services arrangement	**(21)**	-
HTIL Group		
Provision of mobile telecommunications services	**1**	3
Provision of fixed-line telecommunications services	**1**	-
Sale of telecommunications products	**33**	27
Purchase of telecommunications services	**(2)**	-
Treasury management service fee	**(5)**	(8)
CKH Group		
Provision of mobile telecommunication services	**1**	-
Provision of fixed-line telecommunications services	**57**	45
Rental expenses on lease arrangements	**(5)**	(5)
Purchase of telecommunications services	**(3)**	(12)
Purchase of business risks management services	**(7)**	(8)
DoCoMo Group		
Provision of mobile telecommunications services	**19**	25

33 Related party transactions (Continued)

(b) Transactions with related parties (Continued):

	2009 HK$ millions	2008 HK$ millions
Discontinued transactions		
HTIL Group		
Sharing of services arrangement	(18)	(44)

In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

(c) Balances with related parties:

		Group			Company	
	Note	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions	2009 HK$ millions	2008 HK$ millions
Amounts due from subsidiaries		-	-	-	8,896	8,672
Receivables from related companies	(i)	-	-	-	8,896	8,672
Amount due to the immediate holding company						
HTI (Cayman)	(ii)	-	12,418	8,600	-	12,418
Amount due to an intermediate holding company						
Hutchison Telecommunications International (HK) Limited		-	-	5,143	-	-
Amounts due to subsidiaries		-	-	-	77	125
Payables to related companies	(iii)	-	12,418	13,743	77	12,543

Notes:

(i) The receivables from related companies are unsecured, interest free and repayable on demand.

(ii) The payable to the immediate holding company of approximately HK$12,418 million as at 31 December 2008 was capitalised for the issuance of 4,814,346,176 shares of the Company on 7 May 2009 (Note 22(b)).

(iii) The payables to related companies are unsecured, interest free and repayable on demand.

List of Principal Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2009 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ paid-up capital	Direct interest held	Indirect interest held
Hutchison Global Communications Investment Holding Limited	The British Virgin Islands (the "BVI"), limited liability company	Investment holding	320 ordinary shares of US$1 each	100%	–
Hutchison Telecommunications (HK) Holdings Limited	The BVI, limited liability company	Investment holding	1 ordinary share of US$1 each	100%	–
Hutchison Global Communications Limited	Hong Kong, limited liability company	Telecommunications business in Hong Kong	2 ordinary shares of HK$10 each	–	100%
Hutchison GlobalCentre Limited	Hong Kong, limited liability company	Data centre services in Hong Kong	2 ordinary shares of HK$1 each	–	100%
Hutchison Global Communications (Malaysia) Sdn. Bhd.	Malaysia, limited liability company	Support services in Malaysia	2 ordinary shares of RM1 each	–	100%
Hutchison Global Communications Pte Limited	Singapore, limited liability company	Telecommunications business and support services in Singapore	2 ordinary shares of SG$1 each	–	100%
Hutchison Global Communications (Taiwan) Limited	Taiwan, limited liability company	Telecommunications business and support services in Taiwan	100,000 ordinary shares of NTD10 each	–	100%
Hutchison Global Communications (US) Limited	The United States of America, limited liability company	Support services in the United States of America	3,000 ordinary shares of US$0.01 each	–	100%
Hutchison MultiMedia Services Limited	Hong Kong, limited liability company	Internet services in Hong Kong	2 ordinary shares of HK$10 each	–	100%
Hutchison Telecommunications (Hong Kong) Limited	Hong Kong, limited liability company	Management and treasury services	2 ordinary shares of HK$10 each	–	100%

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ paid-up capital	Direct interest held	Indirect interest held
Hutchison Telecommunications Information Technology (Shenzhen) Limited	The People's Republic of China (the "PRC"), limited liability company	Information technology services in the PRC	HK$10,000,000	–	100%
Hutchison Telecommunication Services Limited	Hong Kong, limited liability company	Telecommunications retail operations in Hong Kong	2 ordinary shares of HK$10 each	–	100%
Hutchison Telephone Company Limited	Hong Kong, limited liability company	Mobile telephone business in Hong Kong	125,812 ordinary shares of HK$10 each	–	75.9%
Hutchison Telephone (Macau) Company Limited	Macau, limited liability company	Mobile telephone business in Macau	MOP10,000,000	–	75.9%
PowerCom Network Hong Kong Limited	The BVI, limited liability company	Internet services in Hong Kong	200 ordinary shares of US$1 each	–	100%

Financial Summary

	2009 HK$ millions	(Restated) 2008 HK$ millions	(Restated) 2007 HK$ millions	(Restated) 2006 HK$ millions
RESULTS				
Turnover	8,449	8,124	7,249	6,607
Profit for the year	530	218	164	170
Minority interest	(62)	12	16	72
Net profit attributable to equity holders of the Company	468	230	180	242
ASSETS				
Total non-current assets	16,241	16,278	16,187	17,055
Cash and cash equivalents	268	272	275	361
Other current assets	1,245	1,318	1,657	2,458
Total assets	17,754	17,868	18,119	19,874
EQUITY				
Share capital	1,204	-	-	-
Reserves	8,689	(2,949)	(3,083)	(3,294)
	9,893	(2,949)	(3,083)	(3,294)
Minority interest	(549)	(612)	(719)	(704)
Total equity	9,344	(3,561)	(3,802)	(3,998)
LIABILITIES				
Long-term borrowings	4,358	-	-	10,280
Other non-current liabilities	729	721	577	588
Payables to related companies	-	12,418	13,743	10,370
Other current liabilities	3,323	8,290	7,601	2,634
Total liabilities	8,410	21,429	21,921	23,872
Total equity and liabilities	17,754	17,868	18,119	19,874

Notes:

The consolidated financial information of 2006 to 2008 is derived from the audited consolidated financial statements, included in the Listing Document of the Company dated 20 April 2009, adjusted for the impact of change in accounting policy on customer acquisition and retention costs as set out in Note 2(b) to the consolidated financial statements.

No financial information of the Group for the year ended 31 December 2005 has been published.

Details of the basis of preparation of the consolidated financial statements were set out in Note 2 to the consolidated financial statements.

Information for Shareholders

Listing

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, and its American Depositary Shares (ADSs) are eligible for trading in the United States of America only in the over-the-counter market.

Stock Code

215

Public Float Capitalisation

As at 31 December 2009:
Approximately HK$1,932 million (representing approximately 30.4% of the issued share capital of the Company)

Financial Calendar

Payment of 2009 Interim Dividend	10 September 2009
2009 Final Results Announcement	8 March 2010
Closure of Register of Members	7 May 2010 to 11 May 2010
Annual General Meeting	11 May 2010
Payment of 2009 Final Dividend	18 May 2010
2010 Interim Results Announcement	August 2010

Registered Office

Scotia Centre, 4th Floor, P.O. Box 2804, George Town,
Grand Cayman KY1-1112, Cayman Islands

Head Office and Principal Place of Business

22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong
Telephone: +852 2128 1188
Facsimile: +852 2128 1778

Principal Executive Office in Hong Kong

19th Floor, Hutchison Telecom Tower, 99 Cheung Fai Road,
Tsing Yi, Hong Kong
Telephone: +852 2128 2828
Facsimile: +852 2128 3388

Cayman Islands Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street, P.O. Box 609,
Grand Cayman KY1-1107, Cayman Islands
Telephone: +1 345 949 7055
Facsimile: +1 345 949 7004

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong
Telephone: +852 2862 8628
Facsimile: +852 2865 0990

ADS Depositary

Citibank Shareholder Services
P.O. Box 43077, Providence, Rhode Island 02940-3077,
the United States of America
Toll free for US only: 1 877 248 4237
From outside US: +1 781 575 4555
Facsimile: +1 201 324 3284
Email: citibank@shareholders-online.com

Investor Information

Corporate press releases, financial reports and other investor information are available online at the Company's website.

Investor Relations Contact

Please direct enquiries to:
Telephone: +852 2128 6828
Facsimile: +852 3909 0966
Email: ir@hthkh.com

Website Address

www.hthkh.com

Cautionary Statements

This annual report contains forward-looking statements. Statements that are not historical facts, including those about the Company's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and the Company has no obligation to update any of them publicly with respect to any new information or future events. Forward-looking statements involve inherent risks, uncertainties and assumptions. The Company cautions that if these risks or uncertainties ever materialise or the assumptions prove incorrect, or if a number of important factors occur or do not occur, the Company's actual results may differ materially from those expressed or implied in any forward-looking statements.

Hutchison Telecom
Hong Kong Holdings

Hutchison Telecommunications Hong Kong Holdings Limited

19/F, Hutchison Telecom Tower, 99 Cheung Fai Road, Tsing Yi, Hong Kong
Telephone : +852 2128 2828
Facsimile : +852 2128 3388

www.hthkh.com