



(Stock Code: 715)



A Hutchison Whampoa Company

INTERIM REPORT

2010

## CORPORATE INFORMATION

### CHAIRMAN

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

### DEPUTY CHAIRMAN

LAI Kai Ming, Dominic, BSc, MBA  
(Also Alternate to CHOW WOO Mo Fong, Susan)

### EXECUTIVE DIRECTORS

CHAN Wen Mee, May (Michelle), BBA  
(Managing Director)  
CHOW WOO Mo Fong, Susan, BSc  
CHOW Wai Kam, Raymond, JP, BA, B.Arch., AP-List 1  
Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCIS, FCS(PE)  
(Also Alternate to FOK Kin-ning, Canning)  
ENDO Shigeru, BA

### NON-EXECUTIVE DIRECTOR

Ronald Joseph ARCULLI, GBM, CVO, GBS, OBE, JP

### INDEPENDENT NON-EXECUTIVE DIRECTORS

KWAN Kai Cheong, BA, CA (Aus)  
(Also Alternate to Ronald Joseph ARCULLI)  
LAM Lee G., BSc, MSc, MBA, DPA, LLB (Hons), LLM, PCLL, PhD, FHKIoD  
(Also Alternate to LAN Hong Tsung, David)  
LAN Hong Tsung, David, Member-CPPCC, GBS, ISO, JP

### AUDIT COMMITTEE

KWAN Kai Cheong (Chairman)  
Ronald Joseph ARCULLI  
LAM Lee G.

### REMUNERATION COMMITTEE

FOK Kin-ning, Canning (Chairman)  
KWAN Kai Cheong  
LAM Lee G.

### COMPANY SECRETARY

Edith SHIH

### AUDITOR

PricewaterhouseCoopers

### BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Standard Chartered Bank (Hong Kong)  
Limited

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## CHAIRMAN'S STATEMENT

### FINANCIAL RESULTS

The Group consolidated profit attributable to the shareholders for the six months ended 30 June 2010 ("the period") increased to HK\$82.2 million compared to HK\$5.1 million in the first half of 2009 and basic earnings per share for the period was HK0.92 cents (2009: HK0.06 cents).

Revenue from continuing operations for the period amounted to HK\$79.9 million, representing a 59% increase compared to HK\$50.1 million in 2009. The Group recorded a 164% increase in earnings before interest expense and tax ("EBIT") from continuing operations for the period to HK\$96.8 million (2009: HK\$36.7 million). Excluding the gain on disposal of investments and others of HK\$37.6 million (2009: HK\$11.7 million) and profit on revaluation of investment properties of HK\$0.6 million (2009: HK\$0.4 million), EBIT from continuing operations was HK\$58.6 million compared to HK\$24.6 million for the same period in 2009. The increase in this EBIT was mainly due to the increase in profit contributed by the Licensing and Sourcing Division and increased interest income due to the higher interest returns on the debt securities acquired in June 2009.

Finance costs for the period were HK\$1.3 million (2009: HK\$1.5 million) and the tax charge for the period was HK\$8.2 million (2009: HK\$10.8 million).

In consideration of the prevailing competitive environment for the technology operations, the Group disposed of its Technology Division in March 2010. The loss attributable to the discontinued Technology Division amounted to HK\$1.2 million (2009: HK\$15.2 million) for the period.

### DIVIDEND

As in previous years, the board of Directors (the "Board") does not recommend the payment of an interim dividend for the period (2009: Nil). The recommendation on the payment of a final dividend for the year ending 31 December 2010 will be made after the completion of a detailed review of the Group's capital requirements for its existing businesses and potential investment opportunities when full-year results are available.

### REVIEW OF OPERATIONS

The two office and commercial premises in Shanghai of the Property Division recorded a 5% decline in revenue to HK\$41.7 million (2009: HK\$43.7 million) but an increase in EBIT to HK\$38.9 million (2009: HK\$38.4 million) for the period. This EBIT included a profit on revaluation of investment properties of HK\$0.6 million (2009: HK\$0.4 million). The savings in operating costs was more than offset by the revenue decline, which was mainly due to lower average occupancy.

The revenue from the Licencing and Sourcing Division grew to HK\$38.1 million (2009: HK\$6.4 million) and EBIT increased to HK\$18.5 million compared to HK\$13.1 million for the same period in 2009. The growth in revenue and EBIT was mainly attributable to the sale of licenced mascot products in relation to the 2010 World Cup.

## CHAIRMAN'S STATEMENT

During the period, the Group recorded a 109% increase in interest income to HK\$37.5 million (2009: HK\$17.9 million), mainly from the debt securities issued by the Hutchison Whampoa Limited group which were acquired in June 2009. These debt securities provide an effective interest yield of approximately 5% which is higher than the prevailing interest yield from bank deposits. As at 30 June 2010, the fair market value of the debt securities was HK\$1,231.6 million (31 December 2009: HK\$1,210.8 million).

### OUTLOOK

The Property Division is expected to continue contributing stable rental income and profit to the Group. With the closing of the quadrennial World Cup event in July 2010, the contribution from the Licensing and Sourcing Division will reduce. Management is reviewing the strategic direction of this Division.

The Group has maintained a healthy balance sheet with cash, cash equivalents and other liquid listed investments of HK\$5,820.2 million as at 30 June 2010 (31 December 2009: HK\$5,948.4 million). With this robust liquidity position, management can prudently explore other opportunities for the Group.

On behalf of the Board, I would like to express my gratitude for the hard work and concerted efforts of my fellow directors and the Group's employees. I would also take this opportunity to thank all our shareholders, business partners and customers for their continuous support to the Group.

**Fok Kin-ning, Canning**

*Chairman*

Hong Kong, 3 August 2010

## CAPITAL RESOURCES AND OTHER INFORMATION

### CAPITAL RESOURCES AND LIQUIDITY

As at 30 June 2010, the Group's total cash and cash equivalents together with other listed investments amounted to HK\$5,820.2 million (31 December 2009: HK\$5,948.4 million).

As at 30 June 2010, the Group's total borrowings were HK\$40.0 million (31 December 2009: HK\$40.0 million), which were the loans from non-controlling shareholders of the Group's subsidiaries.

### TREASURY POLICIES

As at 30 June 2010, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

### CHARGES AND CONTINGENT LIABILITIES

The Group had neither any charges on its assets nor provided any guarantee as at 30 June 2010 and 31 December 2009.

### HUMAN RESOURCES

As at 30 June 2010, the Group employed 101 staff members (30 June 2009: 1,300). Total employee costs for the period ended 30 June 2010, including directors' emoluments, amounted to HK\$24.6 million (2009: HK\$46.2 million). The Group's employment and remuneration policies remain the same as those described in the Annual Report for the year ended 31 December 2009.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities. In addition, the Company has not redeemed any of its listed securities during the period.

## DISCLOSURE OF INTERESTS

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2010, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers 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 of the Company held	Number of underlying shares of the Company held	Total	Approximate % of shareholding of the Company
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	5,000,000 <sup>(1)</sup>	–	5,000,000	0.05579%
Chan Wen Mee, May (Michelle)	Beneficial owner	Personal interest	–	12,000,000 <sup>(2)</sup>	12,000,000	0.13390%
Endo Shigeru	Beneficial owner	Personal interest	80,000	5,000,000 <sup>(2)</sup>	5,080,000	0.05668%

*Notes:*

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

(2) *These represented the interests in underlying shares in respect of the share options granted by the Company, the details of which are set out in the section titled "Share Options and Directors' Rights to Acquire Shares" on page 10.*

## DISCLOSURE OF INTERESTS

### (II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations

(A) Long positions in the shares and underlying shares of Hutchison Whampoa Limited ("HWL")

Name of Director	Capacity	Nature of interests	Number of shares held in HWL	Total	Approximate % of shareholding of HWL
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	4,810,875 <sup>(1)</sup>	4,810,875	0.11284%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	50,000	0.00117%
Chan Wen Mee, May (Michelle)	Beneficial owner	Personal interest	531	531	0.00001%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	150,000	150,000	0.00352%
Edith Shih	(i) Beneficial owner (ii) Interest of spouse	(i) Personal interest (ii) Family interest	(i) 37,200 ) (ii) 7,400 )	44,600	0.00105%
Endo Shigeru	Beneficial owner	Personal interest	2,000	2,000	0.00005%
Ronald Joseph Arculli	Interest of a controlled corporation	Corporate interest	11,224 <sup>(2)</sup>	11,224	0.00026%
Lan Hong Tsung, David	Beneficial owner	Personal interest	20,000	20,000	0.00047%

Notes:

(1) Such shares in HWL were held by a company which is equally owned by Mr Fok Kin-ning, Canning and his spouse.

(2) Such shares in HWL were held by a company which is beneficially owned by Mr Ronald Joseph Arculli.



## DISCLOSURE OF INTERESTS

*(B) Long positions in the shares, underlying shares and debentures of other associated corporations*

As at 30 June 2010, Mr Fok Kin-ning, Canning had the following interests:

- (i) 5,100,000 ordinary shares, representing approximately 0.038% of the issued share capital, in Hutchison Telecommunications (Australia) Limited comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (ii) corporate interest in 1,202,380 ordinary shares, representing approximately 0.025% of the issued share capital, in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH");
- (iii) corporate interest in a nominal amount of US\$1,216,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited;
- (iv) corporate interest in a nominal amount of US\$4,000,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited; and
- (v) corporate interest in a nominal amount of US\$4,000,000 in the 5.75% Notes 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 owned by Mr Fok and his spouse.

As at 30 June 2010, Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had personal interests in 250,000 ordinary shares, representing approximately 0.005% of the issued share capital, in HTHKH.

As at 30 June 2010, Ms Edith Shih in her capacity as a beneficial owner had the following personal interests:

- (i) a nominal amount of US\$292,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited;
- (ii) a nominal amount of GBP200,000 in the 6.75% Guaranteed Bonds due 2015 issued by Hutchison Ports (UK) Finance Plc; and
- (iii) a nominal amount of US\$300,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited.

Save as disclosed above, as at 30 June 2010, none of the Directors and chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the SEHK.

## DISCLOSURE OF INTERESTS

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to the Directors and chief executive of the Company, as at 30 June 2010, 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:

#### (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 of the Company held	Total	Approximate % of shareholding of the Company
Li Ka-shing	Founder of discretionary trusts and interest of controlled corporations	6,399,728,952 <sup>(1),(2),(3)</sup>	6,399,728,952	71.41%
Li Ka-Shing Unity Trustcorp Limited ("LKSUT")	Trustee and beneficiary of a trust	6,399,728,952 <sup>(1),(2),(3)</sup>	6,399,728,952	71.41%
Li Ka-Shing Unity Trustee Corporation Limited ("LKSUTC")	Trustee and beneficiary of a trust	6,399,728,952 <sup>(1),(2),(3)</sup>	6,399,728,952	71.41%
Li Ka-Shing Unity Trustee Company Limited ("LKSUTCO")	Trustee	6,399,728,952 <sup>(1),(2),(3)</sup>	6,399,728,952	71.41%
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporations	6,399,728,952 <sup>(1),(2),(3)</sup>	6,399,728,952	71.41%
Hutchison Whampoa Limited ("HWL")	Interest of controlled corporations	6,399,728,952 <sup>(1),(2)</sup>	6,399,728,952	71.41%
Hutchison International Limited ("HIL")	Interest of controlled corporations	6,399,728,952 <sup>(1),(2)</sup>	6,399,728,952	71.41%
Promising Land International Inc. ("Promising Land")	Beneficial owner	4,155,284,508 <sup>(1)</sup>	4,155,284,508	46.37%
Uptalent Investments Limited ("Uptalent")	Beneficial owner	2,244,444,444 <sup>(2)</sup>	2,244,444,444	25.04%

## DISCLOSURE OF INTERESTS

Notes:

- (1) *Promising Land is a wholly owned subsidiary of HIL, which in turn is a wholly owned subsidiary of HWL. By virtue of the SFO, HWL and HIL were deemed to be interested in the 4,155,284,508 shares of the Company held by Promising Land.*
- (2) *Uptalent is a wholly owned subsidiary of HIL, which in turn is a wholly owned subsidiary of HWL. By virtue of the SFO, HWL and HIL were deemed to be interested in the 2,244,444,444 shares of the Company held by Uptalent.*
- (3) *Li Ka-Shing Unity Holdings Limited, of which each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of LKSUTCO. LKSUTCO as trustee of The Li Ka-Shing Unity Trust, together with certain companies which LKSUTCO as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH. Subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.*

*In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of LKSUTC as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and LKSUT as trustee of another discretionary trust ("DT2"). Each of LKSUTC and LKSUT holds units in The Li Ka-Shing Unity Trust.*

*By virtue of the SFO, each of Mr Li Ka-shing being the settlor and may being regarded as a founder of DT1 and DT2 for the purpose of the SFO, LKSUT, LKSUTC, LKSUTCO and CKH was deemed to be interested in the 4,155,284,508 and 2,244,444,444 shares of the Company in which Promising Land and Uptalent were interested respectively.*

### (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*

<b>Name</b>	<b>Capacity</b>	<b>Number of shares of the Company held</b>	<b>Approximate % of shareholding of the Company</b>
Kwok Sau Po	Beneficial owner	806,678,000	9.01%

Save as disclosed above, as at 30 June 2010, there was no other person (other than the Directors and the chief executive of the Company) who had an interest 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.

## DISCLOSURE OF INTERESTS

### SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES

The Company operates a share option scheme which was adopted in 2004. Particulars of options outstanding at the beginning and at the end of the financial period for the six months ended 30 June 2010 and options granted, exercised, cancelled or lapsed under such scheme during such period are as follows:

	Grant date	Options held at 1 January 2010	Options granted during the period	Options exercised during the period	Options cancelled/ lapsed during the period	Options held at 30 June 2010	Exercise Period <sup>(1)</sup>	Exercise price per share HK\$	Share price on the grant date <sup>(2)</sup> HK\$	Share price on the exercise date <sup>(3)</sup> HK\$
<b>Directors</b>										
Chan Wen Mee, May (Michelle)	3.6.2005	12,000,000	-	-	-	12,000,000	3.6.2006 – 2.6.2015	0.822	0.82	N/A
Endo Shigeru	3.6.2005	5,000,000	-	-	-	5,000,000	3.6.2006 – 2.6.2015	0.822	0.82	N/A
<b>Sub-total</b>		<b>17,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,000,000</b>				
<b>Other employees</b>										
	3.6.2005	7,900,000	-	(2,740,000)	(1,400,000)	3,760,000	3.6.2006 – 2.6.2015	0.822	0.82	0.97
	25.5.2007	12,868,000	-	(7,112,000)	(2,100,000)	3,656,000	25.5.2008 – 24.5.2017	0.616	0.61	0.96
<b>Sub-total</b>		<b>20,768,000</b>	<b>-</b>	<b>(9,852,000)</b>	<b>(3,500,000)</b>	<b>7,416,000</b>				
<b>Total</b>		<b>37,768,000</b>	<b>-</b>	<b>(9,852,000)</b>	<b>(3,500,000)</b>	<b>24,416,000</b>				

Notes:

- (1) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (2) The stated price was the closing price of the shares quoted on the SEHK on the trading day immediately prior to the date of the grant of the share options.
- (3) The stated price was the weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised.

No share option was granted under the share option scheme of the Company during the six months ended 30 June 2010.

As at 30 June 2010, out of the 24,416,000 (31 December 2009: 37,768,000) outstanding share options, 24,416,000 (31 December 2009: 32,906,000) were exercisable.

## CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance as it believes that effective corporate governance practices provide a framework and solid foundation for enhancing shareholder value and safeguarding stakeholder interests. The principles of corporate governance adopted by the group emphasise a quality board, sound internal control, transparency and accountability to all stakeholders.

### COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has been fully compliant with all code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2010.

### COMPLIANCE WITH THE MODEL CODE

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding Directors' securities transactions. All Directors of the Company have confirmed that they have complied with the Model Code in their securities transactions throughout the accounting period covered by this interim report.

### AUDIT COMMITTEE

The Audit Committee of the Company comprises two Independent Non-executive Directors and one Non-executive Director who possess the appropriate business and financial experience and skills to understand financial statements and internal control. The Committee is chaired by Mr Kwan Kai Cheong with Mr Ronald Joseph Arculli and Dr Lam Lee G. as members. The Audit Committee meets regularly with management, the internal and the external auditors of the Company and reviews matters relating to audit, accounting and financial statements as well as internal control, risk evaluation and general compliance of the Group and reports directly to the Board. The terms of reference of the Audit Committee adopted by the Board are published on the website of the Group.

### REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises three members with expertise in human resources and personnel emoluments. The Remuneration Committee is chaired by the Chairman of the Company, Mr Fok Kin-ning, Canning with Mr Kwan Kai Cheong and Dr Lam Lee G., both Independent Non-executive Directors, as members. The Remuneration Committee is charged with the responsibility of assisting the Board in achieving its objective of attracting, retaining and motivating personnel of the highest calibre and experience needed to develop and implement the strategy across the Group. It also assists the Group in the development and administration of a fair and transparent procedure for setting policies on the remuneration of Directors and senior management of the Company and for determining their remuneration packages. The terms of reference of the Remuneration Committee adopted by the Board are published on the website of the Group.

## 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 ("SEHK"), the changes in information of Directors of the Company subsequent to the date of the 2009 Annual Report are set out below:

Name of Director	Details of Changes
Fok Kin-ning, Canning	<p>Appointed as alternate director to Chow Woo Mo Fong, Susan, a non-executive director of Hutchison Telecommunications Hong Kong Holdings Limited<sup>(1)</sup> ("HTHKH"), on 11 May 2010</p> <p>Resigned as chairman and non-executive director of Hutchison Telecommunications International Limited<sup>(2)</sup> ("HTIL") on 26 May 2010</p>
Lai Kai Ming, Dominic	<p>Appointed as alternate director to Frank John Sixt, a non-executive director of HTHKH, on 11 May 2010</p>
Chow Woo Mo Fong, Susan	<p>Resigned as non-executive director of HTIL and ceased to be alternate director to Fok Kin-ning, Canning and Frank John Sixt of HTIL on 26 May 2010</p>
Ronald Joseph Arculli	<p>Appointed as chairman of The Strategic Development Board of King &amp; Wood effective from 17 March 2010</p> <p>Stepped down as chairman of the King &amp; Wood Management Committee effective from 28 April 2010</p> <p>Appointed as chairman of Honorary Advisory Committee of SVHK Foundation Limited (formerly Social Ventures Hong Kong Limited) effective from 22 March 2010</p> <p>Ceased to be honorary advisor of SVHK Foundation Limited (formerly Social Ventures Hong Kong Limited) effective from 22 March 2010</p> <p>Appointed as honorary advisor of Hong Kong Special Administrative Region Outstanding Students' Union effective from 1 April 2010 to 31 March 2011</p> <p>Appointed as honorary president of The Hong Kong Award for Young People effective from 6 July 2010</p> <p>Re-appointed as a member of Consultation Panel of West Kowloon Cultural District Authority up to 28 February 2011</p> <p>Re-appointed as a member of Hong Kong – United States Business Council up to 29 February 2012</p>
Kwan Kai Cheong	<p>Resigned as independent non-executive director of HTIL on 26 May 2010</p>
Lan Hong Tsung, David	<p>Appointed as independent non-executive director of ARA Asset Management (Fortune) Limited (as manager of Fortune Real Estate Investment Trust, which is listed on Singapore Exchange Securities Trading Limited and the Main Board of SEHK) on 29 July 2010</p>

Notes:

(1) The shares of Hutchison Telecommunications Hong Kong Holdings Limited are listed on the Main Board of SEHK.

(2) The listing of the ordinary shares of Hutchison Telecommunications International Limited on the Main Board of SEHK was withdrawn on 25 May 2010 and the delisting of its American depositary shares on the New York Stock Exchange, Inc. was effective on 4 June 2010 (New York time).

# REPORT ON REVIEW OF INTERIM ACCOUNTS

**To the Board of Directors of  
Hutchison Harbour Ring Limited**

*(incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the interim accounts set out on pages 14 to 31, which comprise the condensed consolidated statement of financial position of Hutchison Harbour Ring Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2010 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim accounts to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these interim accounts in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim accounts based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim accounts consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim accounts are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 3 August 2010

# INTERIM ACCOUNTS

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

	Note	Unaudited	
		2010 HK\$'000	2009 HK\$'000
<b>Continuing operations</b>			
<b>Revenue</b>	2	<b>79,885</b>	50,106
Cost of sales		<b>(32,734)</b>	(8,986)
<b>Gross profit</b>		<b>47,151</b>	41,120
Interest income		<b>37,503</b>	17,925
Other gains, net		<b>38,218</b>	12,070
Administrative expenses		<b>(22,524)</b>	(30,426)
Selling and distribution costs		<b>(3,517)</b>	(4,034)
<b>Operating profit</b>	3	<b>96,831</b>	36,655
Finance costs	4	<b>(1,254)</b>	(1,478)
<b>Profit before tax</b>		<b>95,577</b>	35,177
Tax charge	5	<b>(8,195)</b>	(10,774)
<b>Profit for the period from continuing operations</b>		<b>87,382</b>	24,403
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	6	<b>(1,219)</b>	(15,196)
<b>Profit for the period</b>		<b>86,163</b>	9,207
<b>Profit attributable to:</b>			
Non-controlling interests		<b>3,943</b>	4,079
Shareholders of the Company		<b>82,220</b>	5,128
		<b>86,163</b>	9,207
<b>Basic and diluted earnings/(losses) per share attributable to shareholders of the Company</b>			
	8		
– From continuing operations		<b>HK0.93 cents</b>	HK0.23 cents
– From discontinued operation		<b>HK(0.01) cents</b>	HK(0.17) cents
		<b>HK0.92 cents</b>	HK0.06 cents

Details of interim dividend payable to the shareholders of the Company are set out in Note 7.



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Unaudited	
	2010 HK\$'000	2009 HK\$'000
<b>Profit for the period</b>	<b>86,163</b>	9,207
<b>Other comprehensive income/(expenses):</b>		
Translating accounts of foreign operations:		
– Losses taken to reserves	<b>(147)</b>	(1,969)
– Gains transferred to income statement	<b>(12,452)</b>	–
Available-for-sale financial assets:		
– Valuation gains taken to reserves	<b>26,413</b>	27,313
– Valuation gains transferred to income statement	<b>(3,265)</b>	–
Surplus on revaluation upon transfer of land and buildings to investment properties	–	885
<b>Other comprehensive income for the period, net of tax *</b>	<b>10,549</b>	26,229
<b>Total comprehensive income for the period</b>	<b>96,712</b>	35,436
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	<b>3,842</b>	4,041
Shareholders of the Company	<b>92,870</b>	31,395
	<b>96,712</b>	35,436

\* There is no tax effect on each component of the other comprehensive income/(expenses) for the period ended 30 June 2010 and 2009.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Licence rights		–	–
Property, plant and equipment	9	8,368	10,906
Investment properties		903,962	903,372
Leasehold land and land use rights		3,440	3,726
Available-for-sale financial assets	10	1,231,625	1,210,763
		<b>2,147,395</b>	2,128,767
<b>Current assets</b>			
Inventories		–	20,965
Trade receivables	11	2,495	16,857
Deposits, prepayments and other receivables		53,579	67,204
Available-for-sale financial assets	10	–	3,295
Cash and bank deposits		4,588,578	4,734,296
		<b>4,644,652</b>	4,842,617
<b>Total assets</b>		<b>6,792,047</b>	6,971,384

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		896,192	895,207
Reserves		5,217,531	5,316,395
Capital and reserves		<b>6,113,723</b>	6,211,602
Non-controlling interests		<b>115,265</b>	113,406
<b>Total equity</b>		<b>6,228,988</b>	6,325,008
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	129,052	130,721
Other non-current financial liabilities	13	40,025	51,960
		<b>169,077</b>	182,681
<b>Current liabilities</b>			
Trade payables	14	14,596	36,328
Deposits received, other creditors and accruals	15	343,147	388,348
Tax payables		36,239	39,019
		<b>393,982</b>	463,695
<b>Total liabilities</b>		<b>563,059</b>	646,376
<b>Total equity and liabilities</b>		<b>6,792,047</b>	6,971,384
<b>Net current assets</b>		<b>4,250,670</b>	4,378,922
<b>Total assets less current liabilities</b>		<b>6,398,065</b>	6,507,689

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Note	Unaudited	
		2010 HK\$'000	2009 HK\$'000
<b>Continuing operations</b>			
<b>Operating activities</b>			
Cash generated from operating activities before finance costs, tax paid and changes in working capital		55,816	20,115
Changes in working capital		(22,375)	96,800
Cash generated from continuing operations		33,441	116,915
Interest received		43,764	13,128
Tax paid		(9,091)	(15,615)
<b>Net cash from operating activities</b>		<b>68,114</b>	114,428
<b>Investing activities</b>			
Increase in time deposits with maturity over three months		(2,033)	(200,351)
Purchase of property, plant and equipment		–	(299)
Proceeds on disposal of property, plant and equipment		–	104
Proceeds on disposal of available-for-sale financial assets, overseas, listed investments		3,265	–
Purchase of available-for-sale financial assets, overseas, listed investments		–	(1,189,983)
<b>Net cash generated from/(used in) investing activities</b>		<b>1,232</b>	(1,390,529)
<b>Financing activities</b>			
Proceeds from issue of shares		6,632	–
Dividend paid		(197,162)	(196,914)
<b>Net cash used in financing activities</b>		<b>(190,530)</b>	(196,914)
<b>Decrease in cash and cash equivalents</b>		<b>(121,184)</b>	(1,473,015)
<b>Discontinued operation</b>			
<b>(Decrease)/increase in cash and cash equivalents from discontinued operation</b>	6(b)	<b>(26,567)</b>	2,840
<b>Cash and cash equivalents at 1 January</b>		<b>4,530,118</b>	5,962,122
<b>Cash and cash equivalents at 30 June</b>		<b>4,382,367</b>	4,491,947
<b>Analysis of cash, liquid funds and listed investments</b>			
Deposits with banks with maturity of less than three months		4,218,800	4,266,385
Cash at banks and on hand		163,567	225,562
Cash and cash equivalents		4,382,367	4,491,947
Time deposits with maturity over three months		206,211	200,351
Available-for-sale financial assets, overseas, listed investments		1,231,625	1,198,200
<b>Total cash, liquid funds and listed investments</b>		<b>5,820,203</b>	5,890,498

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Unaudited								
	Attributable to shareholders of the Company						Non-controlling interests	Total	
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other properties revaluation reserve HK\$'000	(Note) Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	HK\$'000	HK\$'000
At 1 January 2010	895,207	2,600,617	161,572	2,877	67,524	2,483,805	6,211,602	113,406	6,325,008
Translating accounts of foreign operations:									
– Losses taken to reserves			(46)	–	–	–	(46)	(101)	(147)
– Gains transferred to income statement			(12,452)	–	–	–	(12,452)	–	(12,452)
Available-for-sale financial assets:									
– Valuation gains taken to reserves			–	–	26,413	–	26,413	–	26,413
– Valuation gains transferred to income statement			–	–	(3,265)	–	(3,265)	–	(3,265)
Net income/(expenses) recognised directly in equity			(12,498)	–	23,148	–	10,650	(101)	10,549
Profit for the period			–	–	–	82,220	82,220	3,943	86,163
Total comprehensive income/(expenses)			(12,498)	–	23,148	82,220	92,870	3,842	96,712
Relating to subsidiaries disposed of	–	–	–	–	–	–	–	(1,983)	(1,983)
Employee share option benefits	–	–	–	–	(219)	–	(219)	–	(219)
Issue of shares	985	7,245	–	–	(1,598)	–	6,632	–	6,632
Transfer between reserves	–	–	–	–	(350)	350	–	–	–
2009 final dividend paid	–	–	–	–	–	(197,162)	(197,162)	–	(197,162)
At 30 June 2010	896,192	2,607,862	149,074	2,877	88,505	2,369,213	6,113,723	115,265	6,228,988

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Unaudited								
	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other properties revaluation reserve HK\$'000	(Note) Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	HK\$'000	HK\$'000
At 1 January 2009	895,065	2,599,715	174,209	1,975	24,648	2,487,799	6,183,411	153,092	6,336,503
Translating accounts of foreign operations:									
– Losses taken to reserves			(1,931)	–	–	–	(1,931)	(38)	(1,969)
Available-for-sale financial assets:									
– Valuation gains taken to reserves			–	–	27,313	–	27,313	–	27,313
Surplus on revaluation			–	885	–	–	885	–	885
Net income/(expenses) recognised directly in equity			(1,931)	885	27,313	–	26,267	(38)	26,229
Profit for the period			–	–	–	5,128	5,128	4,079	9,207
Total comprehensive income/(expenses)			(1,931)	885	27,313	5,128	31,395	4,041	35,436
Employee share option benefits	–	–	–	–	(598)	–	(598)	–	(598)
Transfer between reserves	–	–	–	–	(3,010)	3,010	–	–	–
2008 final dividend paid	–	–	–	–	–	(196,914)	(196,914)	–	(196,914)
At 30 June 2009	895,065	2,599,715	172,278	2,860	48,353	2,299,023	6,017,294	157,133	6,174,427

Note:

Other reserves comprise investment revaluation reserve, share-based compensation reserve, capital redemption reserve, legal reserve and the People's Republic of China ("PRC") statutory reserve.

	Investment revaluation reserve HK\$'000	Share-based compensation reserve HK\$'000	Capital redemption reserve HK\$'000	Legal reserve HK\$'000	PRC statutory reserve HK\$'000	Total HK\$'000
At 1 January 2009	7,606	12,071	3,558	493	920	24,648
At 30 June 2009	34,919	8,463	3,558	493	920	48,353
At 1 January 2010	<b>56,134</b>	<b>7,832</b>	<b>3,558</b>	–	–	<b>67,524</b>
At 30 June 2010	<b>79,282</b>	<b>5,665</b>	<b>3,558</b>	–	–	<b>88,505</b>

# NOTES TO THE CONDENSED INTERIM ACCOUNTS

## 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim accounts ("Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited. These Interim Accounts should be read in conjunction with the annual accounts for the year ended 31 December 2009.

These Interim Accounts have been prepared under the historical cost convention except for investment properties and available-for-sale financial assets which are stated at fair values.

The accounting policies and methods of computation used in the preparation of these Interim Accounts are consistent with those used in the annual accounts for the year ended 31 December 2009, except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning 1 January 2010. The effect of the adoption of these standards, amendments and interpretations has introduced certain changes to the terminology of the Group's accounts in 2010 (where the terms "non-controlling interests" and "non-controlling shareholders" replace "minority interests" and "minority shareholders" respectively). Except for these changes, there was no material financial effect to the Group's results of operations or financial position.

The Group no longer operates the technology manufacturing or trading businesses subsequent to the disposal of certain subsidiaries which operated the Group's manufacturing and trading businesses of mobile phone accessories and other consumer products to an independent third party in March 2010. Accordingly, the technology division is accounted for as a discontinued operation for the period ended 30 June 2010 and the comparative financial information for the period ended 30 June 2009 has been reclassified to conform with the current period presentation in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

## 2 REVENUE AND SEGMENT INFORMATION

Revenue represents sales of licensed products, rental and service income, and licensing commission and other income. The amount of each category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Sales of goods	33,378	2,441
Rental and service income from investment properties	41,740	43,729
Licensing commission and other income	4,767	3,936
Total revenue	79,885	50,106

## NOTES TO THE CONDENSED INTERIM ACCOUNTS

### 2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The Group has three reportable segments, including property division, licensing and sourcing division and other division. Subsequent to the disposal of the Group's technology business, the Group discontinued the technology division. The segments are managed separately as each business offers different products and services and each segment is subject to risks and returns that are different from the others.

Earnings/(losses) before interest expense and tax ("EBIT" or "LBIT") are regarded as segment results in respect of the Group's reportable segments as the directors consider that this can better reflect the performance of each division. EBIT/(LBIT) is used on the Group's internal financial and management reporting to monitor business performances.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions.

Segment information:

	Six months ended 30 June 2010						
	Property division HK\$'000	Licensing and sourcing division HK\$'000	Other corporate division HK\$'000	Elimination HK\$'000	Total continuing operations HK\$'000	Discontinued operation (Technology division) HK\$'000	Group HK\$'000
Revenue							
Company and subsidiaries							
– External sales	41,740	38,145	–	–	79,885	15,229	95,114
– Inter-segment sales	249	–	–	(249)	–	–	–
	<b>41,989</b>	<b>38,145</b>	<b>–</b>	<b>(249)</b>	<b>79,885</b>	<b>15,229</b>	<b>95,114</b>
Segment results before changes in fair value of investment properties and profits on disposal of investments and others							
– Company and subsidiaries	38,340	8,448	11,825	–	58,613	(17,999)	40,614
Changes in fair value of investment properties	590	–	–	–	590	–	590
Profits on disposal of investments and others	–	10,077	27,551	–	37,628	16,780	54,408
Earnings/(losses) before interest expense and tax	38,930	18,525	39,376	–	96,831	(1,219)	95,612
Finance costs	(874)	(380)	–	–	(1,254)	–	(1,254)
Tax (charge)/credit	(10,495)	(420)	2,720	–	(8,195)	–	(8,195)
Profit/(loss) for the period					<b>87,382</b>	<b>(1,219)</b>	<b>86,163</b>
Interest income	4,476	42	32,985	–	37,503	10	37,513
Capital expenditure	–	–	–	–	–	(25)	(25)
Depreciation of property, plant and equipment	(496)	–	(11)	–	(507)	(66)	(573)
Amortisation of leasehold land and land use rights	(55)	–	–	–	(55)	–	(55)



## NOTES TO THE CONDENSED INTERIM ACCOUNTS

### 2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information: (Continued)

	Six months ended 30 June 2009						
	Property division HK\$'000	Licensing and sourcing division HK\$'000	Other corporate division HK\$'000	Elimination HK\$'000	Total continuing operations HK\$'000	Discontinued operation (Technology division) HK\$'000	Group HK\$'000
Revenue							
Company and subsidiaries							
– External sales	43,729	6,377	–	–	50,106	105,581	155,687
– Inter-segment sales	251	–	–	(251)	–	–	–
	43,980	6,377	–	(251)	50,106	105,581	155,687
Segment results before changes in fair value of investment properties and profits on disposal of investments and others							
– Company and subsidiaries	38,045	1,405	(14,865)		24,585	(15,196)	9,389
Changes in fair value of investment properties	370	–	–		370	–	370
Profits on disposal of investments and others	–	11,700	–		11,700	–	11,700
Earnings/(losses) before interest expense and tax							
	38,415	13,105	(14,865)		36,655	(15,196)	21,459
Finance costs	(592)	(886)	–		(1,478)	–	(1,478)
Tax charge	(10,236)	(477)	(61)		(10,774)	–	(10,774)
Profit/(loss) for the period							
					24,403	(15,196)	9,207
Interest income	4,805	406	12,714		17,925	253	18,178
Capital expenditure	–	(37)	(262)		(299)	(1,422)	(1,721)
Depreciation of property, plant and equipment	(511)	(32)	(1,756)		(2,299)	(38)	(2,337)
Amortisation of leasehold land and land use rights	(54)	–	–		(54)	–	(54)

## NOTES TO THE CONDENSED INTERIM ACCOUNTS

### 3 OPERATING PROFIT

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Operating profit is stated after crediting and charging the following:		
<u>Crediting</u>		
Increase in fair value of investment properties	590	370
Gain on reduction of licence fees payable ( <i>Note</i> )	10,077	11,700
Net exchange gains	24,286	–
Gain on disposal of available-for-sale financial assets	3,265	–
<u>Charging</u>		
Cost of inventories	25,831	2,035
Staff costs (including directors' emoluments)	16,160	20,539
Depreciation of property, plant and equipment	507	2,299
Amortisation of leasehold land and land use rights	55	54
Operating lease charges in respect of properties	636	925

*Note:*

*The Group has realised a gain of HK\$10,077,000 for the period ended 30 June 2010 (2009: HK\$11,700,000) in relation to a reduction of licence fees payable on branded products.*

### 4 FINANCE COSTS

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Interest on loans from non-controlling shareholders (not wholly repayable within five years)	874	592
Interest accretion on licence fees payable	380	886
	<b>1,254</b>	<b>1,478</b>

## NOTES TO THE CONDENSED INTERIM ACCOUNTS

### 5 TAX CHARGE

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Current tax		
– Hong Kong	421	239
– Outside Hong Kong	5,605	6,095
Deferred tax charge	2,169	4,440
	<b>8,195</b>	10,774

#### PRC Enterprise Income Tax:

The Group's subsidiaries in the Mainland China are subject to Enterprise Income Tax of Mainland China at a standard rate of 25% for 2010 (2009: 25%).

#### Hong Kong Profits Tax:

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period.

### 6 LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION

- (a) Results of the technology division have been included in the condensed consolidated income statement as follows:

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
<b>Revenue</b>	<b>15,229</b>	105,581
Cost of sales	(25,211)	(100,147)
<b>Gross (loss)/profit</b>	<b>(9,982)</b>	5,434
Interest income	10	253
Other gain (Note)	16,780	–
Administrative expenses	(6,154)	(14,684)
Selling and distribution costs	(1,873)	(6,199)
<b>Operating loss</b>	<b>(1,219)</b>	(15,196)
Tax charge	–	–
<b>Loss from discontinued operation</b>	<b>(1,219)</b>	(15,196)
Attributable to shareholders of the Company	<b>(1,219)</b>	(15,196)

Note:

The Group has disposed of all subsidiaries which engaged in the technology division and recognised a gain of HK\$16,780,000 for the period ended 30 June 2010.

## NOTES TO THE CONDENSED INTERIM ACCOUNTS

### 6 LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION (CONTINUED)

(b) An analysis of the cash flows of the discontinued operation is as follows:

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Net cash (used in)/generated from operating activities	(1,407)	4,262
Net cash used in investing activities	(25,160)	(1,422)
(Decrease)/increase in cash and cash equivalents	(26,567)	2,840

### 7 INTERIM DIVIDEND

At a meeting held on 5 March 2010 the directors declared a final dividend of HK2.2 cents per ordinary share for the year ended 31 December 2009. Total amount of HK\$197,162,000 was paid on 10 May 2010 and has been reflected as an appropriation of retained profits for the six months ended 30 June 2010.

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2010 (2009: Nil).

### 8 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2010	2009
Weighted average number of ordinary shares in issue	8,960,861,701	8,950,652,707
Profit from continuing operations attributable to shareholders of the Company (HK\$'000)	83,439	20,324
Basic earnings per share from continuing operations attributable to shareholders of the Company (HK cent per share)	0.93	0.23
Loss from discontinued operation attributable to shareholders of the Company (HK\$'000)	(1,219)	(15,196)
Basic losses per share from discontinued operation attributable to shareholders of the Company (HK cent per share)	(0.01)	(0.17)

## NOTES TO THE CONDENSED INTERIM ACCOUNTS

### 8 EARNINGS PER SHARE (CONTINUED)

(a) Basic earnings per share (Continued)

The profit from continuing operations attributable to shareholders of the Company of HK\$83,439,000 (2009: HK\$20,324,000) for the period ended 30 June 2010 is derived from the profit attributable to the shareholders of the Company of HK\$82,200,000 (2009: HK\$5,128,000) as adjusted by the loss from discontinued operation of HK\$1,219,000 (2009: HK\$15,196,000) attributable to shareholders of the Company (Note 6).

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of the share options that have been granted under the Company's share option scheme to reflect the dilutive potential ordinary shares of the Company. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares over the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2010	2009
Weighted average number of ordinary shares in issue	<b>8,960,861,701</b>	8,950,652,707
Adjustment for share options ( <i>Note</i> )	<b>1,872,262</b>	–
	<b>8,962,733,963</b>	8,950,652,707
Profit from continuing operations attributable to shareholders of the Company (HK\$'000)	<b>83,439</b>	20,324
Diluted earnings per share from continuing operations attributable to shareholders of the Company (HK cent per share)	<b>0.93</b>	0.23
Loss from discontinued operation attributable to shareholders of the Company (HK\$'000)	<b>(1,219)</b>	(15,196)
Diluted losses per share from discontinued operation attributable to shareholders of the Company (HK cent per share)	<b>(0.01)</b>	(0.17)

*Note:*

*The outstanding employee share options at 30 June 2009 had no dilutive effect on the basic earnings per share.*

## NOTES TO THE CONDENSED INTERIM ACCOUNTS

### 9 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment with a cost of HK\$25,000 (30 June 2009: HK\$1,721,000) and disposed property, plant and equipment with net book value of HK\$1,433,000 through the disposal of subsidiaries.

### 10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Overseas listed debt securities, at fair value	<b>1,231,625</b>	1,210,763
Overseas listed equity securities, at fair value	–	3,295
Total	<b>1,231,625</b>	1,214,058
Less: current portion	–	(3,295)
Non-current portion	<b>1,231,625</b>	1,210,763

### 11 TRADE RECEIVABLES

The Group's average credit period granted to trade debtors mainly ranged from 30 to 60 days. At 30 June 2010 and 31 December 2009, the aging analysis of trade receivables, net of provision, based on the date of invoice is as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
0-30 days	<b>1,612</b>	11,076
31-60 days	<b>558</b>	4,863
61-90 days	<b>13</b>	249
Over 90 days	<b>312</b>	669
	<b>2,495</b>	16,857

## NOTES TO THE CONDENSED INTERIM ACCOUNTS

### 12 DEFERRED TAX

Analysis of deferred tax liabilities:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Accelerated depreciation allowances	<b>75,748</b>	71,720
Changes in fair value of investment properties	<b>47,384</b>	47,287
Other temporary differences	<b>5,920</b>	11,714
	<b>129,052</b>	130,721

### 13 OTHER NON-CURRENT FINANCIAL LIABILITIES

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Loans from non-controlling shareholders	<b>40,025</b>	40,025
Non-current portion of licence fees payable	–	11,935
	<b>40,025</b>	51,960

### 14 TRADE PAYABLES

The aging analysis of trade payables at 30 June 2010 and 31 December 2009 is as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
0-30 days	<b>1,332</b>	5,907
31-60 days	<b>5</b>	1,738
Over 90 days	<b>13,259</b>	28,683
	<b>14,596</b>	36,328

### 15 DEPOSITS RECEIVED, OTHER CREDITORS AND ACCRUALS

Included in deposits received, other creditors and accruals at 30 June 2010 are provisions and accruals of approximately HK\$160 million (31 December 2009: HK\$160 million) arising from legal and constructive obligations in connection with disposal of subsidiaries in 2008. The amounts due to certain subsidiaries of Hutchison Whampoa Limited were HK\$11,980,000 (31 December 2009: HK\$13,527,000).

## NOTES TO THE CONDENSED INTERIM ACCOUNTS

### 16 CAPITAL COMMITMENTS

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Capital commitments for property, plant and equipment:		
Contracted but not provided for	–	289
Authorised but not contracted for	<b>800</b>	800
	<b>800</b>	1,089

### 17 OPERATING LEASES

- (a) At 30 June 2010 and 31 December 2009, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of investment properties as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Not later than one year	<b>61,136</b>	69,323
Later than one year and not later than five years	<b>33,097</b>	44,588
	<b>94,233</b>	113,911

- (b) At 30 June 2010 and 31 December 2009, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Not later than one year	<b>3,334</b>	10,614
Later than one year and not later than five years	<b>1,111</b>	34,928
Later than five years	–	25,164
	<b>4,445</b>	70,706



## NOTES TO THE CONDENSED INTERIM ACCOUNTS

### 18 MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following significant transactions during the period with related parties which were carried out in the normal course of business at terms determined and agreed by both parties, details of which are as follows:

- (a) The Group sold licensed products to certain subsidiaries of Hutchison Whampoa Limited. The aggregate invoiced amounts for the period ended 30 June 2010 were approximately HK\$662,000. Aggregated invoiced amounts for the period ended 30 June 2009 amounted to HK\$245,000 represented sales of cap covers and mobile phone accessories.
- (b) Hutchison International Limited, a wholly-owned subsidiary of Hutchison Whampoa Limited, has been providing and will continue to provide administrative and support services to the Group. The aggregate fees charged for the period ended 30 June 2010 were approximately HK\$2,800,000 (2009: HK\$2,800,000).
- (c) During the period, the Group paid rental expenses and management fee to subsidiaries of Hutchison Whampoa Limited of approximately HK\$2,362,000 (2009: HK\$4,174,000).
- (d) The Group purchased notes issued by a subsidiary of Hutchison Whampoa Limited during 2009. Net interest income recognised during the period was approximately HK\$29,089,000 (2009: HK\$3,496,000).
- (e) No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being key management personnel compensation) as follows:

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Salaries and other short-term employee benefits	1,046	1,247

### 19 HOLDING COMPANY

The directors consider the ultimate holding company to be Hutchison Whampoa Limited, which is incorporated and listed in Hong Kong.

## INFORMATION FOR SHAREHOLDERS

### LISTING

The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited

### STOCK CODE

715

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### INVESTOR INFORMATION

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

### INVESTOR RELATIONS CONTACT

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### WEBSITE ADDRESS

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