

The Directors have pleasure in submitting to shareholders their report and statement of the audited accounts for the year ended 31 December 2004.

## Principal Activities

The principal activity of the Company and its subsidiary and associated companies is the provision of mobile and fixed-line telecommunications services.

## Group Profit

The consolidated profit and loss account is set out on page 81 and shows the Group profit for the year ended 31 December 2004.

## Dividends

The Directors do not recommend the payment of any final dividend.

## Reserves

Movements in the reserves of the Company and the Group during the year are set out in Note 34 to the accounts and the consolidated statement of changes in equity on page 85 respectively.

## Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK\$3 million.

## Fixed Assets

Particulars of the movements of fixed assets are set out in Note 12 to the accounts.

## Share Capital

Details of the share capital of the Company are set out in Note 25 to the accounts.

## Directors

The Directors of the Company as at 31 December 2004 were:

### Executive Directors:

Mr Dennis Pok Man Lui	(Appointed on 25 March 2004)
Mr Tim Lincoln Pennington	(Appointed on 25 March 2004)
Mr Chan Ting Yu	(Appointed on 25 March 2004)

### Non-executive Directors:

Mr Fok Kin-ning, Canning	(Appointed on 25 March 2004)
Mrs Chow Woo Mo Fong, Susan	(Appointed on 25 March 2004)
Mr Frank John Sixt	(Appointed on 25 March 2004)

### Independent Non-executive Directors:

Mr Kwan Kai Cheong	(Appointed on 23 August 2004)
Mr John W Stanton	(Appointed on 23 August 2004)
Mr Kevin Westley	(Appointed on 23 August 2004)

Mr Neil T Cox was appointed and resigned as Director of the Company on 25 March 2004.

In accordance with Article 86(3) of the Company's Articles of Association, Messrs Dennis Pok Man Lui, Tim Lincoln Pennington, Chan Ting Yu, Frank John Sixt, Kwan Kai Cheong, John W Stanton, Kevin Westley and Mrs Chow Woo Mo Fong, Susan will retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers all the Independent Non-executive Directors are independent within the meaning of the standards established by the Stock Exchange.

The Directors' biographical details are set out from pages 12 to 13.

## 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 determinable 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 subsidiary companies to which the Company or a subsidiary company 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

- (1) On 17 December 2004, Fascal Limited ("Fascal"), an indirect non-wholly owned subsidiary of the Company, entered into a credit agreement with Hutchison Essar South Limited ("HESL"), then an approximately 50.82% subsidiary of Hutchison Essar Telecom Limited ("HETL", now known as Hutchison Essar Mobile Services Limited, an indirect non-wholly owned subsidiary of the Company and was then owned as to approximately 49.03% by Essar Teleholdings Limited ("Essar")), under which Fascal agreed to make available to HESL a loan facility of an aggregate principal amount of INR1,500 million (the "Fascal Loan") for meeting the general corporate funding requirements of HESL. HESL was then a connected person of the Company by virtue of being an associate of Essar, which was also a substantial shareholder of other subsidiaries of the Company in India. The provision of the Fascal Loan constituted a connected transaction for the Company under the Listing Rules.
- (2) On 1 February 2005, to effect the consolidation of HETL, Hutchison Telecom East Limited ("HTEL", an indirect non-wholly owned subsidiary of the Company), HESL, Fascal, Aircel Digilink India Limited ("ADIL") and Hutchison Max Telecom Limited ("HMTL", an indirect non-wholly owned subsidiary of the Company in India) resulting in HMTL as the holding company, HMTL entered into share purchase agreements (the "Indian Share Purchase Agreements") with each of the Vendors (column (1) below) under which each Vendor agreed to sell its entire interests in HETL, HTEL and Fascal (column (2) below) to HMTL in return for the allotment of new HMTL shares (column (3) below) at the agreed value set out in column (4) below:

(1) Vendor	(2) Percentage interest in the relevant company being transferred	(3) Percentage interest in the total issued share capital of HMTL after consolidation	(4) Aggregate price at which new HMTL shares are issued INR (approximate amount in HK\$)
Essar	49.03% of HETL	14.46%	12,303,492,407.40 (2,193,136,000)
Essar	33.52% of HTEL	5.77%	4,909,268,069.77 (875,092,000)
Jaykay Finholding (India) Private Limited ("JFK")	2.01% of HETL	0.59%	504,205,828.30 (89,876,000)
Usha Martin Telematics Limited ("UM Telematics")	33.90% of HTEL	5.84%	4,965,625,037.11 (885,138,000)
UM Telematics	21.00% of Fascal	3.58%	3,047,021,635.27 (543,141,000)
IndusInd Telecom Network Limited ("IndusInd")	30.00% of Fascal	5.11%	4,348,571,855.29 (775,146,000)

The new HMTL shares have a par value of INR10 each and were issued at a premium of INR237.99 each.

Prior to the consolidation, Essar was a connected person of the Company by virtue of being a substantial shareholder of HTEL and HETL; JFK and UM Telematics were connected persons of the Company by virtue of being associates of the Kotak Mahindra group, a substantial shareholder of Telecom Investments India Ltd ("TII"); TII is an indirect non-wholly owned subsidiary of the Company; UM Telematics was also a substantial shareholder of HTEL and Fascel; and IndusInd was a connected person of the Company by virtue of being a substantial shareholder of Fascel. The Indian Share Purchase Agreements constituted discloseable and connected transactions for the Company under the Listing Rules.

### (3) Continuing Connected Transactions

The following were continuing connected transactions (the "Continuing Connected Transactions") for the Company during the year:

- (A) Various members of the Group have separately entered into cost sharing agreements (the "Cost Sharing Agreements") with Hutchison Whampoa Limited ("HWL") and its subsidiaries (excluding the Group, the "HWL Group") pursuant to which members of the HWL Group and members of the Group together join 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 members of the Group. In connection with the performance of obligations of the members of the Group under some of the underlying contracts in relation to the global procurement activities, members of the HWL Group have provided guarantees in favour of counterparties thereunder. The relevant members of the Group have borne appropriate proportion of the total external and internal costs and expenses incurred in connection with such joint procurement activities and pay a guarantee fee (where the HWL Group has provided a guarantee) and a management fee to the HWL Group determined at normal commercial rates. The Cost Sharing Agreements constituted continuing connected transactions for the Company under the Listing Rules.
- (B) Members of the Group, as lessees or licensees, have entered into various lease and licence arrangements (the "Lease and Licence Arrangements") with members of the HWL 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 Lease and Licence Arrangements constituted continuing connected transactions for the Company under the Listing Rules.
- (C) Under an agreement dated 23 May 1998 with A. S. Watson Group (HK) Limited ("ASW", an indirect wholly owned subsidiary of HWL) and another agreement dated 21 June 2004 with Watson's The Chemist Limited, a subsidiary of ASW, both as supplemented and/or amended from time to time (collectively the "Retail Services Agreements"), Hutchison Telecommunications (Hong Kong) Limited ("HTHK", an indirect wholly owned subsidiary of the Company) sold, at the Fortress and Watson retail outlets operated by ASW in Hong Kong, 2G and 3G handsets and/or telecommunications services in consideration of which HTHK paid commissions to ASW. The Retail Services Agreements constituted continuing connected transactions for the Company under the Listing Rules.

- (D) Under an agreement ("3G Dealership Services Agreement") dated 27 May 2004 between ASW and Hutchison 3G Services (HK) Limited ("H3GSHK", an indirect non-wholly owned subsidiary of the Company), ASW was appointed as a non-exclusive dealer for H3GSHK for sale at retail outlets operated by Fortress in Hong Kong of 3G handsets and/or telecommunications services provided by H3GSHK, under which ASW received commission from H3GSHK. The 3G Dealership Services Agreement constituted a continuing connected transaction for the Company under the Listing Rules.
- (E) Pursuant to an agreement dated 24 September 2004 between the Company and Hutchison International Limited ("HIL", the intermediate holding company of the Company), members of the Group shared with the HWL Group services including, among others, legal and regulatory services, company secretarial support services, tax and internal audit services, shared use of accounting software system and related services, participation in the HWL Group's pension, medical and insurance plans, participation in the HWL Group's procurement projects with third-party vendors/suppliers, other staff benefits and staff training services, company functions and activities services as well as operation advisory and support services in consideration of which the Group paid a fee to the HWL Group for the provision of such services (the "Shared Services Arrangements"). The Shared Services Arrangements constituted a continuing connected transaction for the Company under the Listing Rules.
- (F) Members of the Kotak Mahindra group have provided investment banking and advisory services (the "Kotak Advisory Services") to members of the Group in respect of the Group's investments in India, pursuant to engagement letters executed between relevant members of the Kotak Mahindra group and relevant members of the Group as and when the advisory services were required in return for customary fees and commissions. As described in (2) above, members of the Kotak Mahindra group were connected persons of the Company under the Listing Rules. The provision of Kotak Advisory Services constituted a continuing connected transaction for the Company under the Listing Rules.
- (G) On 14 August 1996, a marketing agreement (the "Thai Marketing Agreement") was entered into between Hutchison CAT Wireless MultiMedia Limited ("Hutchison CAT", a company consolidated into the Group's financial statements as subsidiary) and CAT Telecom Public Company Limited ("CAT Telecom") under which Hutchison CAT provided exclusive marketing services for CAT Telecom in 25 provinces located in central Thailand, whereby Hutchison CAT was responsible for marketing and selling mobile phones and mobile telecommunications services to the public on behalf of CAT Telecom, as well as providing after-sales services and other supplementary services relating to such sales and marketing activities. Hutchison CAT marketed CAT Telecom's CDMA2000 1X network services under the *Hutch* brand name and received a percentage of the access fees, monthly services fees and sign-on fees paid by the subscribers. Hutchison CAT was also liable to pay to CAT Telecom certain network operating expenses. The Thai Marketing Agreement constituted a continuing connected transaction for the Company under the Listing Rules.

- (H) Pursuant to a consolidation agreement entered into in July 2003 with Essar and UM Telematics, HTI (1993) Holdings Limited ("HTI 1993"), an indirect wholly owned subsidiary of HWL, agreed to continue to provide credit support of up to US\$217 million for a loan of INR9,050 million and credit support of up to US\$36.2 million for a loan of up to INR1,490 million advanced by a third-party financial institution to Essar (together the "Essar Loans"). The Essar Loans were each supported by a share pledge and a standby letter of credit. The standby letter of credit facilities were supported by guarantees provided by HWL. If, following a default by Essar under an Essar Loan, the lender called on the corresponding standby letter of credit and the relevant letter of credit bank called on the HWL guarantee, HWL would be entitled, under a subrogation agreement, to enforce the share pledge. In addition, pursuant to the consolidation agreement, HTI 1993 may exercise a call option to acquire and Essar may exercise a put option to require HTI 1993 to acquire, all of Essar's equity ownership in the Indian holding company (or in one of the Hutch India mobile telecommunications operators if the Indian holding company had not yet been formed), equal in value to the outstanding amount under the Essar Loans, upon default of the repayment of the Essar Loans.

Essar is one of the Group's Indian joint venture partners. UM Telematics is one of the Indian companies through which the Group and the Kotak Mahindra group jointly invested in some of the Hutch India mobile telecommunications operators (namely, Fascel, HTEL and ADIL) prior to the consolidation described above. The Group had a wholly owned equity interest of 49% in UM Telematics. Pursuant to the pass through agreement (the "Pass Through Agreement"), Hutchison Telecom (BVI) Limited ("HTBVI", a direct wholly owned subsidiary of the Company) has agreed that HTI 1993's rights and obligations under the consolidation agreement, including the obligation to provide credit support under the consolidation agreement, the corresponding subrogation rights in respect of the share pledge and the rights and obligations in respect of the put and call options exercisable upon default of repayment of the Essar Loans would be passed through to HTBVI. Pursuant to the Pass Through Agreement, HTBVI would also indemnify HWL against all claims and liabilities of HWL in connection with the provision by HWL of any credit support for the Essar Loans after the Company's listing on the Stock Exchange (the "Pass Through Arrangements").

The Pass Through Arrangements constituted continuing connected transactions for the Company under the Listing Rules.

- (l) The Group has had the following funding arrangements in Thailand (the "Thai Financial Assistance") with respect to the Company's connected persons:
- (i) Pursuant to the shareholders' agreement dated 16 October 2000 between Hutchison Telecommunications Investment Limited, an indirect wholly owned subsidiary of the Company, GMRP (Thailand) Limited ("GMRP"), and three other Thai minority shareholders with respect to Hutchison Wireless MultiMedia Holdings Limited ("Hutchison Wireless"), the Group advanced to GMRP an interest-free loan of THB4,350,000 for GMRP to acquire its initial equity interest in Hutchison Wireless, secured by pledges to the Group of its shares in Hutchison Wireless. The loan had no fixed repayment date but was repayable upon the transfer of the shares in Hutchison Wireless held by GMRP to the Group, if the option arrangements were ever exercised. The Group had agreed to make interest-free advances to GMRP to enable the latter to maintain an aggregate 41% interest in Hutchison Wireless, should additional shares be issued by Hutchison Wireless.
  - (ii) Pursuant to the shareholders' agreement dated 16 October 2000 between Light Power Telecommunications Limited ("Light Power", an indirect wholly owned subsidiary of the Company) and DPBB (Thailand) Limited ("DPBB") with respect to PKNS (Thailand) Limited ("PKNS"), the Group advanced to DPBB an interest-free loan of THB127,500 for DPBB to acquire its 51% interest in PKNS, secured by pledges to the Group of its shares in PKNS. The loan had no fixed repayment date but was repayable upon the transfer of the shares in PKNS held by DPBB to Light Power, if the option arrangements were ever exercised. The Group had agreed to make interest-free advances to DPBB to enable the latter to meet any future equity contribution obligations for the purpose of maintaining its 51% shareholding in PKNS.

The provision of the Thai Financial Assistance by the Group constituted a continuing connected transaction for the Company under the Listing Rules.

#### Grant of Waiver

On 30 September 2004, the Stock Exchange granted to the Company a conditional waiver (the "Waiver") from strict compliance with the disclosure and/or independent shareholders' approval requirements as stipulated in Chapter 14A of the Listing Rules in connection with the Continuing Connected Transactions on the basis of the facts and circumstances described in the Company's submission dated 2 September 2004 (as supplemented and consolidated in a subsequent submission dated 18 September 2004) and the prospectus dated 30 September 2004 issued by the Company (the "Company's Prospectus").

The single highest amount or aggregate amounts, as applicable, attributable to each category of the Continuing Connected Transactions for the year ended 31 December 2004 (the "2004 Continuing Connected Transactions") were as follows:

<b>2004 Continuing Connected Transactions</b>	<b>Single highest amount or aggregate amount, as applicable, for the year ended 31 December 2004</b> (HK\$ millions)
(i) Cost Sharing Agreements (single highest amount)	27.25
(ii) Lease and Licence Arrangements (single highest amount)	8.66
(iii) (a) Retail Services Agreements (b) 3G Dealership Services Agreement	(a) 5.00 (b) 4.90
(iv) Shared Services Arrangements	22.43
(v) Kotak Advisory Services	10.22 (US\$1.31m)
(vi) Thai Marketing Agreement: (a) revenue to the Group (b) network operating expenses to CAT Telecom	(a) 747.29 (b) 24.24
(vii) Pass Through Arrangements	2,028.00 (US\$260m)
(viii) Thai Financial Assistance to: (a) GMRP (b) DPBB	(a) 0.87 (b) 0.03

As required under the Waiver, all the Independent Non-executive Directors of the Company have reviewed the 2004 Continuing Connected Transactions, and confirmed that:

- (a) the 2004 Continuing Connected Transactions had been entered into (i) in the ordinary and usual course of the Group's business; (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 Company 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; and
- (b) the single highest amount paid by the relevant member of the Group in respect of, or aggregate amount of, each type of the 2004 Continuing Connected Transactions for the year ended 31 December 2004, as applicable, did not exceed the cap amounts as stated in the Company's Prospectus and referred to in the Waiver.

The Company's auditors have confirmed in a letter to the Board of Directors of the Company to the effect that the 2004 Continuing Connected Transactions:

- (a) have been approved by the Board of Directors of the Company;



- (b) were in accordance with the pricing policies of the Company if transactions involved provision of goods and services by the Group;
- (c) were entered into in accordance with the terms of the relevant agreements governing such transactions; and
- (d) did not exceed the respective cap amounts as stated in the Company's Prospectus and referred to in the Waiver.

Save as disclosed above, the transactions disclosed as related party transactions in Note 28 to the accounts are not connected transactions, or continuing connected transactions as defined under the Listing Rules or are connected transactions or continuing connected transactions exempt from the reporting requirements under the Listing Rules.

### **Arrangement to Purchase Shares or Debentures**

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

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

As at 31 December 2004, 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 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company were as follows:

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

<b>Name of Director</b>	<b>Capacity</b>	<b>Nature of interests</b>	<b>Number of shares held</b>	<b>Number of underlying shares held</b>	<b>Approximate % of shareholding</b>
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	250,000 <i>(Note 1)</i>	–	0.0056%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	250,000	–	0.0056%
Frank John Sixt	Beneficial owner	Personal interest	–	255,000 <i>(Note 2)</i>	0.0057%
Dennis Pok Man Lui	Beneficial owner	Personal interest	100,000	–	0.0022%
Chan Ting Yu	Beneficial owner	Personal interest	100,000	–	0.0022%
John W Stanton	Interest held jointly with spouse	Other interest	–	105,000 <i>(Note 3)</i>	0.0023%

Notes: 1. Such shares were held by a company which is equally owned 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.

3. 7,000 American Depositary Shares (each representing 15 ordinary shares) were held jointly by Mr John W Stanton and his spouse.



- (ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.075% of the then issued share capital, in Hutchison Harbour Ring Limited;
- (iii) corporate interests in 10,000,000 ordinary shares, representing approximately 0.145% of the then issued share capital, in Hutchison Global Communications Holdings Limited;
- (iv) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.123% of the then issued share capital, in Partner Communications Company Ltd. ("Partner Communications"); and
- (v) corporate interests in a nominal amount of EUR20,900,000 in the 5.875% Notes due 2013 issued by Hutchison Whampoa Finance (03/13) Limited, a nominal amount of US\$4,000,000 in the 13% unsecured senior subordinated notes due 2010 issued by Partner Communications and a nominal amount of US\$6,500,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) 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.

Mr Kevin Westley in his capacity as a beneficial owner had, as at 31 December 2004, personal interests in 4,000 ordinary shares, representing approximately 0.0002% of the then issued share capital of Cheung Kong Infrastructure Holdings Limited.

Save as disclosed above, as at 31 December 2004, 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 companies (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 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 Stock Exchange.

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

## 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 2004, other than the interests and short positions of the Directors or Chief Executive of the Company as disclosed above, the following persons had 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:

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

#### *Long positions in the shares and underlying shares of the Company*

Name	Capacity	Number of shares of the Company held	Approximate % of shareholding
Hutchison Telecommunications Investment Holdings Limited ("HTIHL")	Beneficial owner	3,157,033,347 <i>(Note 1)</i>	70.16%
Hutchison Telecommunications Limited ("HTL")	Interest of a controlled corporation	3,157,033,347 <i>(Note 1)</i>	70.16%
HIL	Interest of controlled corporations	3,157,033,347 <i>(Note 1)</i>	70.16%
HWL	Interest of controlled corporations	3,157,033,347 <i>(Note 1)</i>	70.16%
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporations	3,185,436,045 <i>(Note 2)</i>	70.79%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	3,185,436,045 <i>(Note 3)</i>	70.79%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	3,185,436,045 <i>(Note 4)</i>	70.79%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	3,185,436,045 <i>(Note 4)</i>	70.79%
Li Ka-shing ("Mr Li")	(i) Founder of discretionary trusts and interest of controlled corporations	3,185,589,325 <i>(Note 5)</i>	) ) ) )
	(ii) Interest of controlled corporations	245,546 <i>(Note 6)</i>	) 70.80%

**(II) Interests and short positions of other person 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</b>
FMR Corp.	Investment Manager	228,408,540	5.08%

Notes: 1. HTIHL is a direct wholly owned subsidiary of HTL, 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 and HTL are deemed to be interested in the 3,157,033,347 shares of the Company held by 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 is therefore taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by HTIHL as a substantial shareholder of the Company under the SFO. CKH is 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 is 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 of CKH, TUT1 as trustee of UT1 is therefore taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by HTIHL (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 is taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by HTIHL (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 and DT2 and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO. Mr Li is also interested in one third of the entire issued share capital of a company owning the entire issued share capital of TUT1, TDT1 and TDT2. By virtue of the above and as a director of CKH, Mr Li is taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by HTIHL (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 shares are held by companies of which Mr Li is interested in the entire issued share capital.

Save as disclosed above, as at 31 December 2004, there was no other person (other than the Directors or the Chief Executive of the Company) who had an interest or short position in the shares and 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.

**Directors' Interests in Competing Business**

During the year, none of the Directors of the Company had interests in businesses which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company conducted during the year required to be disclosed pursuant to Listing Rule 8.10.

During the year, Mr Fok Kin-ning, Canning and Mr Frank John Sixt and Mrs Chow Woo Mo Fong, Susan, all being Non-executive Directors of the Company, were executive directors of HWL and certain of HWL's subsidiaries which were engaged in telecommunications businesses. Mr Dennis Pok Man Lui was also a non-executive director of some such subsidiaries of HWL in Australia, Austria, Sweden, Denmark and Argentina. The non-competition agreement entered into by the Company and HWL on 24 September 2004 maintained a clear geographical delineation, underpinned by the regulatory regime, of the two groups' respective businesses ensuring there would be no competition between them.

The exclusive territory of the HWL Group was comprised of the member countries of the European Union (prior to its enlargement in 2004), Vatican City, San Marino, the Channel Islands, Monaco, Switzerland, Norway, Greenland, Liechtenstein, Australia, New Zealand, the United States of America, Canada and, unless and until such time as the Group exercises its option to acquire HWL Group's interest in Hutchison Telecommunications Argentina S.A., Argentina. The exclusive territory of the Group was comprised of all the remaining countries of the world. There is no single country in which both groups have competing operations.

Mr John W Stanton had, during the year, indirect interest in Western Telesystems Ghana Limited ("Westel"), a company which has a "second network licence" for its operations in Ghana. Such licence authorises Westel to operate an international gateway to provide International Direct Dialling (IDD) services and fixed telephony services in Ghana using either wire or wireless local loop. Currently, Westel uses a wireless local loop. Kasapa Telecom Limited ("Kasapa"), a member of the Group, has on the other hand, a mobile licence and provides only mobile services in Ghana. Kasapa is not licensed to provide IDD services or fixed telephony services in Ghana. As Westel and Kasapa operated under different types of licences and offer different telecommunications services in Ghana, that did not amount to a competing business with that of the Group's during the year.

## Share Option Scheme

### (I) The Company

The following is a summary of the principal terms of the Company's share option plan conditionally approved and adopted by a resolution of the then sole shareholder of the Company passed on 17 September 2004. The share option plan remains subject to the approval in a general meeting of the shareholders of HWL and the Listing Committee of the Stock Exchange granting approval of the listing and permission to deal in any shares of the Company to be allotted and issued by the Company pursuant to the exercise of options in accordance with the terms and conditions of the plan.

The share option plan has a term of ten years commencing on the date on which the share option plan becomes unconditional and its purpose is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company, including but not limited to:

- any actual or proposed employee/consultant in the areas of finance, business or personnel administration or information technology (whether full-time or part-time, including any Executive Director but excluding any Non-executive Director), or eligible employees, whether employed by the Company or any of its subsidiary companies or any entity in which the Company holds any equity interest, which is also referred to as an invested entity;
- any Non-executive Directors (including Independent Non-executive Directors) of the Company, any of the Company's subsidiary companies or any invested entity;
- any supplier of goods or services to the Company or any invested entity;
- any of the Group's customers or any invested entity;
- any person or entity that provides research, development or other technological support to the Company or any invested entity;
- any of the shareholders or security holders of the Company or any shareholder or security holder of any invested entity;

- 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 Company; and
- any company wholly owned by one or more persons belonging to any of the above classes of participants.

The grant of any options by the Company for the subscription of ordinary shares or other securities of the Company 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 options under the share option plan. The eligibility of any of the foregoing class of participants to receive a grant of any options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Company.

The maximum number of ordinary shares that may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under this share option plan and any other share option plan must not in the aggregate exceed 30% of the Company's ordinary shares issued and outstanding from time to time. The total number of ordinary shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of this share option plan and any other share option plan of the Group) to be granted under this share option plan and any other share option plan of the Company must not in the aggregate exceed 10% of the relevant class of securities of the Company in issue as at 15 October 2004, the date on which the shares of the Company are first listed and upon refreshing this general plan limit, the total number of shares which may be allotted and issued upon exercise of all options to be granted under this plan and any other plan of the Company must not exceed 10% of the relevant class of securities of the Company in issue as at the date of approval of the limit by its shareholders in general meeting.

No participant under this share option plan or any other share option plan may receive awards in any 12-month period of more than 1% of the Company's issued ordinary share capital. Any grant of options in excess of 1% in any such 12-month period must be approved by shareholders in a general meeting with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of the options to be granted (and options previously granted to such participant) must be fixed before the approval of the shareholders and the date of the board meeting proposing such further grant will be the date of grant for the purpose of calculating the exercise price if such grant is approved.

Any grant of options under the share option plan to a Director, Chief Executive or substantial shareholder of the Company or any of their respective associates must be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is also the grantee of the options). Approval of shareholders in a general meeting is required if any grant of options to a substantial shareholder, an Independent Non-executive Director or any of their respective associates would result in the ordinary shares issued and to be issued upon the exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (1) representing in the aggregate over 0.1% of the ordinary shares in issue; and (2) having an aggregate value, based on the closing price of the ordinary shares at the date of each grant, in excess of HK\$5 million. Any such meeting must be in accordance with the Listing Rules. Any change in the terms of options granted to a substantial shareholder, an Independent Non-executive Director or any of their respective associates must also be approved by shareholders in a general meeting.



An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. The subscription price for ordinary shares under the share option plan shall be a price determined by the Directors but shall not be less than the highest of: (1) the closing price of ordinary shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of ordinary shares on the date of the offer of grant which must be a business day; (2) the average closing price of ordinary shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of ordinary shares for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (3) the nominal value of the ordinary shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

No grants of stock options have been made as at 31 December 2004.

## (II) Share Option Scheme of Subsidiary Companies

Hutchison Global Communications Holdings Limited ("HGCH"), a subsidiary of the Company, operates certain option schemes, details of which are as follows:

### (a) 1995 Option Scheme

Pursuant to an ordinary resolution passed on 22 March 1995, HGCH adopted a share option scheme (the "1995 Option Scheme") for the purpose of providing incentive and rewards to eligible participants. On 2 April 2002, the 1995 Option Scheme was terminated and replaced by a new option scheme adopted by HGCH on 2 April 2002. Upon the termination of the 1995 Option Scheme, no further options would be offered pursuant thereto. However, the 1995 Option Scheme will in all other respects remain in force to the extent necessary to give effect to the exercise of the outstanding options granted pursuant thereto (the "Outstanding Options"). The Outstanding Options will continue to be valid and exercisable in accordance with the rules of the 1995 Option Scheme.

Eligible participants of the 1995 Option Scheme included employees or executive directors of HGCH or any of its subsidiary companies (the "Employees"). The directors of HGCH are authorised to invite, at their discretion, eligible participants to take up options to subscribe for shares in HGCH (the "HGCH Shares"). The options are exercisable for a period to be notified by the board of directors to each grantee and in any event such period of time should not exceed a period of three years commencing on the expiry of six months after the date on which the option is accepted, provided that no options can be exercised after 21 March 2005. Unless otherwise cancelled or amended, the 1995 Option Scheme was to remain in force for a period of 10 years commencing on 22 March 1995.

The maximum number of HGCH Shares in respect of which options were able to be granted (together with HGCH Shares issued pursuant to options exercised and HGCH Shares in respect of which any options remain outstanding) under the 1995 Option Scheme and any other share option schemes of HGCH may not exceed 10% of the issued share capital of HGCH from time to time, excluding for this purpose HGCH Shares issued on exercise of options granted pursuant to the 1995 Option Scheme. At 31 December 2004, there was no outstanding share options under the 1995 Option Scheme. No option was able to be granted to any one Employee which, if exercised in full, would have resulted in such Employee becoming entitled to subscribe for such number of HGCH Shares as, when aggregated with the total number of HGCH Shares already issued and remaining issuable to him or her under the 1995 Option Scheme, would exceed 25% of the aggregate number of HGCH Shares for the time being issued and issuable under the 1995 Option Scheme.

The offer of a grant of share options could be accepted upon payment of a nominal consideration of HK\$1 in total by the grantee. The vesting period of the share options was determinable by the directors.

The subscription price for HGCH Shares under the 1995 Option Scheme was a price determined by the board of directors of HGCH and notified to each grantee and was the higher of: (i) a price being not less than 80% of the average closing price of the HGCH Shares on the Stock Exchange for the five trading days immediately preceding the date of offer of the option granted to a grantee; and (ii) the nominal value of a HGCH Share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the 1995 Option Scheme during the year:

Name or category of participant	Date of grant of share options*	Number of share options at 1 January 2004	Exercised during the year	Cancelled/ expired during the year	Number of share options at 31 December 2004	Exercise period of share options	Price of Company's share ***		
							Exercise price of share options** HK\$	At the date of grant of share options HK\$	At the date of exercise of share options HK\$
<b>Directors</b>									
Lam Hon Nam	12.7.2000	1,000,000	–	(1,000,000)	–	13.1.2001 to 12.1.2004	2.20	2.75	–
	2.5.2001	800,000	–	(800,000)	–	2.11.2001 to 1.11.2004	0.81	1.02	–
		1,800,000	–	(1,800,000)	–				
<b>Other employees</b>									
In aggregate	12.7.2000	3,620,000	–	(3,620,000)	–	12.1.2001 to 11.1.2004	2.20	2.75	–
	2.5.2001	3,170,000	(1,700,000)	(1,470,000)	–	2.11.2001 to 1.11.2004	0.81	1.02	1.05
		6,790,000	(1,700,000)	(5,090,000)	–				
Total:		8,590,000	(1,700,000)	(6,890,000)	–				

\* The vesting period of the above outstanding share options is from the date of the grant until the commencement of the exercise period and only 50% of the options may be exercised within the first year from the date on which the options are accepted.

\*\* The exercise price of the share options is subject to adjustment, in accordance with the provisions of the share option scheme, in the event of an alteration in the capital structure of HGCH.

\*\*\* The price of the shares disclosed as at the date of grant of share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options. The price of the shares disclosed as at the date of exercise of share options is the weighted average closing price of the shares immediately before the dates on which the options were exercised.

The options are exercisable for a period of three years commencing on the expiry of six months after the date on which the option was accepted, provided that no options may be exercised after 21 March 2005.

At the balance sheet date, there were no share options outstanding under the 1995 Option Scheme.

**(b) Share option schemes of subsidiary companies of HGCH**

On 21 May 2001, HGCH approved the adoption by certain subsidiary companies (the "Subsidiaries") of their respective share option schemes (collectively the "Subsidiaries' Scheme"). The purpose of the adoption of the Subsidiaries' Scheme is to provide greater incentive to the Subsidiaries' employees, thereby improving their productivity and helping to retain key staff. The board of directors of the Subsidiaries may, at their discretion, offer to grant options to subscribe for shares in the respective Subsidiaries to employees and any executive directors of the Subsidiaries. Subject to any earlier termination by the respective Subsidiaries, the Subsidiaries' Scheme shall be valid and effective for a period of 10 years from 21 May 2001. The issue of the shares in the respective Subsidiaries pursuant to the exercise of an option by the grantee shall be conditional upon the unconditional completion of the listing of the shares of the respective Subsidiaries ("Subsidiary Share") on any internationally recognised stock exchange. Subject to the above, an option may be exercised in accordance with the terms of the Subsidiaries' Scheme, but in any event shall not exceed 10 years commencing from the date of grant of the option.

The total number of Subsidiary Shares which can be subscribed through exercising all options granted under the Subsidiaries' Scheme and any other share option scheme of the respective Subsidiaries shall in aggregate not exceed 10% of the total number of the Subsidiary Shares in issue from time to time (excluding any Subsidiary Shares issued pursuant to the Subsidiaries' Scheme). No option may be granted to any one person which if exercised in full would result in the total number of the Subsidiary Shares already issued and issuable to the grantee under all the options previously granted to him, and the proposed option, exceeding 25% of the total number of Subsidiary Shares subject to the Subsidiaries' Scheme.

The offer of a grant of share options may be accepted upon payment of a nominal consideration by the grantee of HK\$1 for the respective Subsidiaries incorporated in Hong Kong, or an appropriate amount in the currency of the jurisdiction, if not in Hong Kong, in which the respective Subsidiaries have their principal place of business.

The minimum exercise price for the options granted under the Subsidiaries' Scheme shall be the higher of (i) the par value per the respective Subsidiary Shares; or (ii) 80% of the net asset value of the respective Subsidiary, as stated in the latest audited financial statements or, if audited financial statements are not available, the latest management accounts of the respective Subsidiary, divided by the number of the respective Subsidiary Shares in issue at the date of the latest audited financial statements or latest management accounts (as the case may be).

As at the balance sheet date, no options have been granted under the Subsidiaries' Scheme.

**(c) 2002 Option Scheme**

Following the amendments made to Chapter 17 of the Listing Rules which came into effect on 1 September 2001, no option may be granted under the 1995 Option Scheme unless such grant is made in compliance with the amended rules. To enable HGCH to continue to reward and provide incentives to, and to strengthen the HGCH Group's business relationship with the prescribed classes of participants who may contribute to the growth and development of the HGCH Group (who now became classes of potential grantees of the share options as expanded by the Listing Rules), a new option scheme (the "2002 Option Scheme") was adopted by HGCH on 2 April 2002 and at the same time, that the 1995 Option Scheme was terminated. The 2002 Option Scheme will remain in force for 10 years commencing on 2 April 2002.

Under the 2002 Option Scheme, the eligibility of the participants for the grant of any options shall be determined by the directors of HGCH from time to time on the basis of their contribution to the development and growth of the HGCH Group. The directors may, at their discretion, invite any person belonging to any of the following classes of participants to take up options for HGCH Shares:

- (a) any employee/consultant or proposed employee/consultant (including executive director but excluding any non-executive director) of HGCH, any of its subsidiary companies or any entity (the "Invested Entity") in which a member of the HGCH Group holds any equity interest, including any executive director of HGCH, any of such subsidiary companies or any Invested Entity;
- (b) any non-executive directors (including independent non-executive directors) of HGCH, any of its subsidiary companies or any Invested Entity;
- (c) any supplier of goods or services to any member of the HGCH Group or any Invested Entity;
- (d) any customer of any member of the HGCH Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the HGCH Group or any Invested Entity;
- (f) any shareholder of any member of the HGCH Group or any Invested Entity, or any holder of any securities issued by any member of the HGCH Group or any Invested Entity;
- (g) any other group or class of participants who has contributed or may contribute by way of a joint venture, business alliance or other business arrangement to the development and growth of the HGCH Group; and
- (h) any company wholly owned by one or more persons belonging to any of the above classes of participants.

The maximum number of shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the 2002 Option Scheme and any other share option scheme must not in aggregate exceed 30% of the relevant class of shares of HGCH (or its subsidiary companies) in issue from time to time.

The total number of shares which may be allotted and issued upon the exercise of all options to be granted under the 2002 Option Scheme and any other share option scheme of the HGCH Group must not in aggregate exceed 10% of the relevant class of shares of HGCH in issue at the date of approval of the limit by HGCH in a general meeting.

The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the 2002 Option Scheme and any other share option scheme of the HGCH Group, including both exercised or outstanding options, to each participant in any 12-month period, shall not exceed 1% of the issued share capital of HGCH for the time being unless approved by the shareholders of HGCH in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of HGCH, or to any of their associates, are subject to approval in advance by the independent non-executive directors. Where any grant of option to a substantial shareholder or an independent non-executive director of HGCH, or any of their associates would result in the HGCH Shares issued and to be issued upon the exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the HGCH Shares in issue; and (b) having an aggregate value (based on the closing price of the HGCH Shares at the date of each grant) in excess of HK\$5 million, such further grant of options must be approved by the shareholders in a general meeting.

Any change in the terms of the options granted to a substantial shareholder or an independent non-executive director, or any of their associates must be approved by the shareholders in a general meeting.

An option may be accepted by a participant by the payment of a nominal value of HK\$1. An option may be exercised in accordance with the terms of the 2002 Option Scheme at any time during a period to be determined on the date of offer of grant of the option and notified by the directors to each grantee. The exercise period may commence once the offer of the grant is accepted by the grantee within the prescribed time from the date of its offer and shall end, in any event, not later than 10 years from the date on which the offer of the grant of the options was made, subject to the provisions for early termination thereof. Unless otherwise determined by the directors of HGCH and stated in the offer of the grant of options to a grantee, there is no minimum period required under the 2002 Option Scheme for the holding of an option before it can be exercised.

The exercise price of the HGCH Shares under the 2002 Option Scheme shall be a price determined by the directors of HGCH, but shall not be less than the highest of (i) the closing price of the HGCH Shares on the date of the offer of the grant; (ii) the average closing price of the HGCH Shares for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the HGCH Shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The directors do not consider it appropriate to disclose the value of the options granted under the 2002 Option Scheme during the year ended 31 December 2004 as any such valuation would be subject to a number of assumptions and variables.

The following share options were outstanding under the 2002 Option Scheme during the year:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2004	Granted during the year	Exercised during the year	Expired/cancelled during the year	Number of share options held at 31 December 2004	Exercise period of share options	Price of Company's share****		
								Exercise price of share options*** HK\$	At grant date of share options HK\$	At exercise date of share options HK\$
<b>Directors</b>										
Loh Tiak Koon <sup>#</sup>	2.4.2002*	20,000,000	–	–	(20,000,000)	–	3.4.2003 to 2.4.2006	0.886	0.880	–
Wong King Fai, Peter	19.8.2004**	–	15,000,000	–	–	15,000,000	19.8.2004 to 18.8.2008	0.480	0.480	–
Kan Ka Wing, Frankie	19.8.2004**	–	10,000,000	–	–	10,000,000	19.8.2004 to 18.8.2008	0.480	0.480	–
		20,000,000	25,000,000	–	(20,000,000)	25,000,000				
<b>Other employees</b>										
In aggregate	2.5.2002*	9,850,000	–	–	(3,000,000)	6,850,000	2.5.2003 to 1.5.2006	0.940	0.930	–
	2.5.2003*	7,250,000	–	(1,700,000)	(1,750,000)	3,800,000	2.5.2004 to 1.5.2007	0.340	0.315	0.423
	16.5.2003*	4,750,000	–	(582,000)	(3,418,000)	750,000	16.5.2004 to 15.5.2007	0.410	0.410	0.481
	19.8.2004**	–	87,000,000	–	(7,000,000)	80,000,000	19.8.2004 to 18.8.2008	0.480	0.480	–
		21,850,000	87,000,000	(2,282,000)	(15,168,000)	91,400,000				
Total		41,850,000	112,000,000	(2,282,000)	(35,168,000)	116,400,000				

<sup>#</sup> Mr Loh Tiak Koon resigned as director of HGCH on 1 October 2004.

\* The share options are exercisable, subject to the vesting scale, commencing on the date on which the options are accepted to the earlier of the options lapses and the date falling four years from the date of grant of the options. One third of the options are vested on the first anniversary of the date of grant and one-thirty sixth of which are vested equally on a monthly basis thereafter.

\*\* The share options are exercisable subject to the vesting schedule of which approximately one-third of the options will be vested on 19 August 2005 and 19 August 2006 respectively and the balance of the options will be vested on 19 August 2007.

\*\*\* The exercise price of the share options is subject to adjustment, in accordance with the provisions of the share option scheme, in the event of an alteration in the capital structure of HGCH.

\*\*\*\* The price of the shares disclosed as at the date of grant of share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options. The price of the shares disclosed as at the date of exercise of share options is the weighted average closing price of the shares immediately before the dates on which the options were exercised.

At 31 December 2004, HGCH had 116,400,000 share options outstanding under the 2002 Option Scheme, which represented approximately 1.7% of HGCH's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of HGCH, result in the issue of 116,400,000 additional ordinary shares of HGCH and additional share capital of HK\$11,640,000 and share premium of HK\$46,798,500 (before issue expenses).

## Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the 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 year, neither the Company nor any of its subsidiary companies 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 year.

## Major Customers and Suppliers

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

## Public Float

As at the date of this report, based on the information publicly available to the Company and within the knowledge of our Directors, just over 25% of the issued share capital of the Company was held by the public.

## Auditors

The accounts have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for reappointment.

By order of the Board

**Edith SHIH**

*Company Secretary*

Hong Kong, 7 March 2005