

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associated companies are shown on pages 84 to 87.

The analysis of the turnover and results by principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are set out in note 2 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2004 are set out in the consolidated profit and loss account on page 42.

There was no transfer from accumulated profit (2003: Nil) to capital redemption reserve during the year.

DIVIDENDS

No interim dividend for the year ended 31 December 2004 was paid and the Directors recommend the declaration of a final dividend at the rate of HK2.0 cents per share payable on 18 May 2005 to all persons registered as holders of the Company's shares on 17 May 2005. The Register of Members will be closed from 10 May 2005 to 17 May 2005, both days inclusive.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 26 to the accounts and the consolidated statement of changes in equity on pages 47 and 48, respectively.

CHARITABLE DONATIONS

Donations to charitable organisations by the Group during the year amounted to HK\$20,000 (2003 – HK\$70,000).

FIXED ASSETS

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

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PROPERTIES

Particulars of the major properties of the Group are set out on pages 89 to 91.

SHARE CAPITAL

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

DIRECTORS

The board of Directors of the Company (the "Board") as at 31 December 2004 comprised Messrs. Fok Kin-ning, Canning, Lai Kai Ming, Dominic, Luk Tei, Lewis, Ko Yuet Ming, Chow Woo Mo Fong, Susan, Chow Wai Kam, Raymond, Edith Shih (also Alternate Director to Mr. Fok Kin-ning, Canning), Chan Wen Mee, May (Michelle), Endo Shigeru, Cheung Wing Han, Miranda, Tam Yue Man, Ronald Joseph Arculli, Cheng Ming Fun, Paul, Kwan Kai Cheong and Lam Lee G.

Messrs. Kwan Kai Cheong and Lam Lee G. were appointed as Independent Non-executive Directors on 27 September 2004. Mr. Ronald Joseph Arculli was re-designated as Non-executive Director. The Board is pleased to welcome the appointment of Messrs. Kwan Kai Cheong and Lam Lee G.

In accordance with bye-laws 95, 112(A) and 112(B) of the Company, Messrs. Fok Kin-ning, Canning, Luk Tei, Lewis, Ko Yuet Ming, Chow Woo Mo Fong, Susan, Edith Shih, Chan Wen Mee, May (Michelle), Endo Shigeru, Kwan Kai Cheong and Lam Lee G. will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company received the Independent Non-executive Directors' confirmations of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considered all the Independent Non-executive Directors are independent.

The Directors' biographical details are set out from pages 9 to 12.

INTEREST IN CONTRACTS

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

DIRECTORS' SERVICE CONTRACT

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

Report of the Directors

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 20 May 2004, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group, to continue and/or render improved service with the Group, and/or to establish a stronger business relationship between the Group and such participants.

The Directors (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for shares of HK\$0.10 each in the share capital of the Company:

- (a) any employee/consultant (as to functional areas of finance, business or personnel administration or information technology) or proposed employee/consultant (whether full time or part time, including any Executive Director but excluding any Non-executive Director) (the "Eligible Employee") of the Company, any of its subsidiaries or any entity (the "Invested Entity") in which any member of the Group holds any equity interest;
- (b) any Non-executive Directors (including Independent Non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and
- (h) any company wholly owned by one or more persons belonging to any of the above classes of participants.

Report of the Directors

SHARE OPTION SCHEME (Continued)

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

The eligibility of any of the above class of participants to the 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 Group. The maximum number of shares of the Company to be allotted and issued is as follows:

- (a) The maximum number of securities which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the relevant class of securities of the Company (or its subsidiaries) in issue from time to time.
- (b) The total number of shares of the Company which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 6% of the relevant class of securities of the Company (or its subsidiaries) in issue as at 20 May 2004, being the date of passing the relevant resolution adopting the Share Option Scheme (the "General Scheme Limit"). Based on the number of shares in issue of the Company on 20 May 2004, the General Scheme Limit of the Share Option Scheme is 402,300,015 shares.
- (c) Subject to (a) above and without prejudice to (d) below, the Company may seek approval of its shareholders in general meeting to refresh the General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the shareholders of the Company for that purpose) provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the relevant class of securities of the Company (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group will not be counted.
- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate approval of the shareholders in general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by the Company before such approval is sought.

Report of the Directors

SHARE OPTION SCHEME (Continued)

The total number of shares of the Company issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the 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 the Company for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the approval of the shareholders in a general meeting of the Company 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 should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) of the Listing Rules.

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

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

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

The Share Option Scheme will remain in force for a period of ten years commencing on the date on which the Share Option Scheme becomes unconditional.

As at the date of this report, no options have been granted under the Share Option Scheme.

Apart from the Share Option Scheme, at no time during the year ended 31 December 2004 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debenture of, the Company or any other body corporate.

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CONNECTED TRANSACTIONS

Since June 2002, the Group has commenced the supply of a range of products, i.e. plastic, fabric, electronics and paper products, moulds, premium products and mobile phone accessories (the "Existing Supplies") to Hutchison Whampoa Limited ("HWL") and its subsidiaries (collectively the "HWL group"). Such Existing Supplies constituted connected transactions for the Company under the Listing Rules. The Company made an application to the SEHK for a waiver to disclose further Existing Supplies (the "Further Existing Supplies") by way of press announcement. On 25 November 2002, the SEHK granted to the Company a conditional waiver (the "Existing Waiver") in respect of Further Existing Supplies. On 31 July 2003, the Company and HWL jointly announced that the Group and the HWL group intended to continue to enter into contracts for the supply by the Group to the HWL group of a wider range of products and services which comprised plastic products, moulds, premium products, mobile phone accessories and related products, electronics and paper products, fabrics, garment and textile, footwear, toys and games, household, sports goods, beauty and health products, stationery, office supplies, fashion accessories (including bags and wallets), leather goods, gifts and novelties, pet products, food and beverage, fine art and collectibles, publishing products and audio and/or audio-visual products (the "Expanded Supplies").

On 31 July 2003, the Company and Hutchison International Limited ("HIL", and together with its subsidiaries, the "HIL group"), a wholly owned subsidiary of HWL, entered into a service agreement (the "Service Agreement") which set forth the terms and conditions under which HIL would continue to provide or procure other members of the HIL group to continue to provide administrative and support services to the Group. The HIL group had been providing certain administrative and support services to the Group in connection with the operation of the Group's business since the third quarter of 2001 when the Company became a subsidiary of HWL. The Service Agreement was deemed to have commenced on 1 January 2003 and would expire on 31 December 2007. The services covered in the Service Agreement (the "Services") comprised administrative services (including legal and company secretarial support services, advisory and support services on fund raising and treasury matters, public relations support services and tax planning support services) and operation-related consultancy services (including operation review and ad hoc review of special projects). The parties agreed that the fee payable for the Services provided shall be of an amount equal to the cost to (including out-of-pocket expenses incurred by) the HIL group for the provision of the Services plus a margin of 10% per annum (or at such other reasonable margin rate or on such other reasonable basis as the parties may agree in writing) to cover overheads, clerical, general office support and other non-specific costs and expenses incurred by the HIL group in generating the Services. HIL is a connected person for the Company by virtue of being a wholly owned subsidiary and therefore an associate of HWL. The Service Agreement constituted a connected transaction for the Company under the Listing Rules.

Report of the Directors

CONNECTED TRANSACTIONS (Continued)

On 28 August 2003, the Company applied to the SEHK for a new waiver from strict compliance with (i) the disclosure and independent shareholders' approval requirements in respect of the Expanded Supplies; and (ii) the requirements of disclosure by press announcement in respect of the provision of the Services. On 5 September 2003, the SEHK granted to the Company conditional waivers (the "New Waivers") from strict compliance with (i) the disclosure and independent shareholders' approval requirements as stipulated in the then Chapter 14 of the Listing Rules in connection with the Expanded Supplies on each occasion they arise for each of the three years ending 31 December 2005; and (ii) the requirements of disclosure by press announcement as set out in the then Rule 14.25(1) of the Listing Rules in connection with the Services on each occasion they arise, subject to the following conditions (the "Waiver Conditions"):

- (1) the Expanded Supplies and the Services (collectively the "Connected Transactions") shall be (i) entered into by the Group in the ordinary and usual course of its business; (ii) entered into either (a) on normal commercial terms; or (b) (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and (iii) carried out in accordance with the terms of the respective agreements governing such Connected Transactions; or where there are no such agreements, on terms no less favourable than terms available to or from independent third parties;
- (2) the annual aggregate amount of the Connected Transactions shall not exceed the limits (the "Cap Amounts") set out below:–
 - (i) in relation to the Expanded Supplies, the annual aggregate sales amounts of the Expanded Supplies provided by the Group to the HWL group shall not exceed 15% of the audited consolidated turnover of the Group for such financial year for each of the three years ending 31 December 2005; and
 - (ii) in relation to the Services, the annual aggregate fee payable by the Group to the HIL group under the Service Agreement shall not exceed the higher of HK\$10,000,000 or 3% of the net tangible assets of the Company as disclosed in its latest published consolidated accounts;
- (3) the Independent Non-executive Directors of the Company shall review the Connected Transactions annually and confirm in the Company's annual report for the relevant financial year that the Connected Transactions are conducted in the manner as stated in paragraphs (1) and (2) above;
- (4) the auditors of the Company shall review the Connected Transactions annually and confirm in a letter to the Board a copy of which shall be provided to the Listing Division of the SEHK, stating whether (i) the Connected Transactions have received the approval from the Board of the Company; (ii) the Connected Transactions have been carried out in accordance with the terms of the relevant agreements governing such Connected Transactions or where there are no such agreements, on terms no less favourable than terms available to or from independent third parties; and (iii) the Cap Amounts have been exceeded; and

Report of the Directors

CONNECTED TRANSACTIONS (Continued)

- (5) details of the Connected Transactions in each financial year as required under the then Rule 14.25(1)(A) to (D) of the Listing Rules shall be disclosed in the Company's annual report for the financial year concerned together with a statement of opinion of the Independent Non-executive Directors referred in paragraph (3) above.

The Connected Transactions for the year ended 31 December 2004 (the "2004 Connected Transactions") comprised the following transactions:

- (a) the Expanded Supplies provided by the Group to the HWL group in respect of (i) 3G accessories for an aggregate sales amount of approximately HK\$113,000,000; (ii) cap covers for "Watsons Water" bottles for an aggregate sales amount of approximately HK\$12,200,000; and (iii) other items for an aggregate sales amount of approximately HK\$31,000,000; and
- (b) the Services provided by the HIL group to the Group for an aggregate fee amount of HK\$3,000,000.

With respect to the 2004 Connected Transactions, the Cap Amount for the Expanded Supplies was approximately HK\$390,300,000, representing 15% of the audited consolidated turnover of the Group for the year ended 31 December 2004 and the Cap Amount for the Services was approximately HK\$93,800,000, representing 3% of the net tangible assets of the Company as disclosed in its audited consolidated accounts for the year ended 31 December 2004.

All the Independent Non-executive Directors of the Company have reviewed the 2004 Connected Transactions and confirmed that (a) the 2004 Connected Transactions were entered into (i) by the Group in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the respective agreements governing such 2004 Connected Transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (b) the annual aggregate amounts of the 2004 Connected Transactions did not exceed the respective Cap Amounts.

In addition, the auditors of the Company have confirmed in a letter to the Board to the effect that the 2004 Connected Transactions (a) have been approved by the Board; (b) were in accordance with the pricing policies of the Company if transactions involved provision of goods and services by the Group; (c) were carried out in accordance with the terms of the relevant agreements governing such 2004 Connected Transactions; and (d) did not exceed the respective Cap Amounts.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' 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 executives 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 SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives 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 of the Company

Name of Director	Capacity	Nature of interests	Number of shares of the Company held	Approximate % of shareholding of the Company
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	5,000,000 (Note)	0.07457%
Luk Tei, Lewis	Beneficial owner	Personal interest	4,630,000	0.06905%
Ko Yuet Ming	(i) Beneficial owner (ii) Interest of spouse	(i) Personal interest (ii) Family interest	(i) 3,000,000) (ii) 84,000)	0.04600%
Endo Shigeru	Beneficial owner	Personal interest	80,000	0.00119%
Tam Yue Man	Beneficial owner	Personal interest	2,100,000	0.03132%

Note: Such shares were held by a company which is equally owned by Mr. Fok Kin-ning, Canning and his spouse.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

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

(A) Long positions in the shares/underlying shares of HWL

Name of Director	Capacity	Nature of interests	Number of shares of HWL held	Number of underlying shares of HWL held	Total	Approximate % of shareholding of HWL
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	2,510,875 (Note 1)	757,939 (Note 2)	3,268,814	0.07667%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	–	50,000	0.00117%
Luk Tei, Lewis	Beneficial owner	Personal interest	22,270	–	22,270	0.00052%
Ko Yuet Ming	Interest of spouse	Family interest	16,000	–	16,000	0.00038%
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) 27,200 (ii) 7,400	–)))	34,600	0.00081%
Endo Shigeru	Beneficial owner	Personal interest	2,000	–	2,000	0.00005%
Cheung Wing Han, Miranda	Beneficial owner	Personal interest	12,000	–	12,000	0.00028%
Ronald Joseph Arculli	Interest of a controlled corporation	Corporate interest	11,224 (Note 3)	–	11,224	0.00026%

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

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

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 underlying shares in HWL were the maximum number of shares that might be interested in under the US\$5,000,000 Notes due 2005 issued by BNP Paribas and were held by a company which is equally owned by Mr. Fok Kin-ning, Canning and his spouse.
- (3) Such shares in HWL were held by a company which is beneficially owned by Mr. Ronald Joseph Arculli.

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

As at 31 December 2004, Mr. Fok Kin-ning, Canning had the following interests:

- (i) (a) 1,100,000 ordinary shares, representing approximately 0.16209% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("HTAL") comprising personal and corporate interests in 100,000 and 1,000,000 ordinary shares respectively; and
(b) 1,474,001 underlying shares in HTAL comprising personal and corporate interests in 134,000 and 1,340,001 underlying shares respectively on conversion of the listed and physically settled 5.5% Unsecured Convertible Notes due 2007 issued by HTAL;
- (ii) corporate interests in 250,000 ordinary shares, representing approximately 0.00556% of the then issued share capital, in Hutchison Telecommunications International Limited ("HTIL");
- (iii) corporate interests in 10,000,000 ordinary shares, representing approximately 0.14500% of the then issued share capital, in Hutchison Global Communications Holdings Limited;
- (iv) corporate interests in a nominal amount of €20,900,000 in the 5.875% Notes due 2013 issued by Hutchison Whampoa Finance (03/13) Limited; and
- (v) corporate interests in a nominal amount of US\$6,500,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited (the "HWI(03/33) Notes").

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.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

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

As at 31 December 2004, Mrs. Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had personal interests in 250,000 ordinary shares, representing approximately 0.0055% of the then issued share capital, in HTIL.

As at 31 December 2004, Ms. Edith Shih had (i) in her capacity as a beneficial owner, personal interests in a nominal amount of US\$500,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited (the "HWI(03/13) Notes") and in a nominal amount of US\$300,000 in the HWI(03/33) Notes; and (ii) family interests in a nominal amount of US\$100,000 in the HWI(03/13) Notes and in a nominal amount of US\$100,000 in the HWI(03/33) Notes held by her spouse.

Save as disclosed above, as at 31 December 2004, none of the Directors and chief executives of the Company and their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the 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.

Report of the Directors

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to the Directors and chief executives of the Company, as at 31 December 2004, 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 in the Company held	Approximate % of shareholding in the Company
Li Ka-shing	Founder of discretionary trusts and interest of controlled corporations	4,155,284,508 (Notes 1&2)	61.97%
Li Ka-Shing Unity Trustcorp Limited ("LKSUT")	Trustee and beneficiary of a trust	4,155,284,508 (Notes 1&2)	61.97%
Li Ka-Shing Unity Trustee Corporation Limited ("LKSUTC")	Trustee and beneficiary of a trust	4,155,284,508 (Notes 1&2)	61.97%
Li Ka-Shing Unity Trustee Company Limited ("LKSUTCO")	Trustee	4,155,284,508 (Notes 1&2)	61.97%
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporations	4,155,284,508 (Notes 1&2)	61.97%
HWL	Interest of a controlled corporation	4,155,284,508 (Note 1)	61.97%
HIL	Interest of a controlled corporation	4,155,284,508 (Note 1)	61.97%
Promising Land International Inc. ("Promising Land")	Beneficial owner	4,155,284,508 (Note 1)	61.97%

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INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (Continued)

(II) Interests and short positions of other persons in the shares and underlying shares of the Company

Long positions in the shares of the Company

Name	Capacity	Number of shares in the Company held	Approximate % of shareholding in the Company
Acefield (B.V.I.) Limited ("Acefield")	Interest of controlled corporations	670,473,579 (Note 3)	9.99%
Reading Investments Limited ("Reading")	Beneficial owner	558,473,579 (Note 3)	8.33%

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) *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 shares of the Company held by Promising Land.

(3) *558,473,579 shares and 112,000,000 shares of the Company were held by Reading and International Toys (B.V.I.) Limited, both of which are wholly owned by Acefield, respectively. By virtue of the SFO, Acefield was deemed to be interested in an aggregate of 670,473,579 shares of the Company.*

Saved as disclosed above, as at 31 December 2004, there was no other person (other than the Directors or the chief executives of the Company) who was recorded in the register of the Company as having 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.

Report of the Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2004, the following Directors of the Company had interests in the following businesses (apart from the Company's businesses) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company conducted during the year ended 31 December 2004 required to be disclosed pursuant to Listing Rule 8.10:

Name	Name of company	Nature of interest	Nature of competing business
Fok Kin-ning, Canning	CKH	Non-executive Director	– Property development and investment
	HWL	Group Managing Director	– Property development and investment
	Cheung Kong Infrastructure Holdings Limited ("CKI")	Deputy Chairman	– Information technology and new technology
Lai Kai Ming, Dominic	HWL	Executive Director	– Property development and investment
Luk Tei, Lewis	Fill Sales Services Limited	Director	– Property investment
	Lord Young Investment Limited	Director	– Property investment holding
	Main Sales Development Limited	Director	– Property investment
Ko Yuet Ming	Fill Sales Services Limited	Director	– Property investment
	Lord Young Investment Limited	Director	– Property investment holding
	Main Sales Development Limited	Director	– Property investment
Chow Woo Mo Fong, Susan	HWL	Deputy Group Managing Director	– Property development and investment
	CKI	Executive Director	– Information technology and new technology
Chow Wai Kam, Raymond	Hutchison Whampoa Properties Limited	Director	– Property development and investment
Edith Shih	HIL	Director	– Property development and investment – Information technology and new technology

As the Board is independent of the boards of these entities, the Company has therefore been capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

Report of the Directors

BORROWINGS

There were no bank borrowings outstanding at 31 December 2004.

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

During the year, 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 year.

PRE-EMPTIVE RIGHTS

There was no provisions for pre-emptive rights under the Bye-Laws of the Company, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 88.

RETIREMENT BENEFITS SCHEMES

Information on the retirement benefits schemes of the Group is set out in note 10 to the accounts.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year ended 31 December 2004 attributable to the Group's major customers and suppliers are as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	17.5%	N/A
Five largest customers combined	54.4%	N/A
The largest supplier	N/A	9.2%
Five largest suppliers combined	N/A	23.0%

As at 31 December 2004, NEC Corporation was one of the five largest customers of the Group. Certain group companies of HWL, which is a substantial shareholder of the Company, had agreements with NEC Corporation and its group companies for the supply of handsets and accessories, network equipment and other items, and related services.

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

Report of the Directors

PUBLIC FLOAT

As at the date of this report, based on information available to the Company and within the knowledge of the Directors of the Company, approximately 27% of the issued share capital of the Company was held by the public.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers, who will retire and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Edith Shih

Director and Company Secretary

Hong Kong, 21 March 2005