



The Group

The Group reported increased customers, turnover, operating profit and profit before tax in 2005 with particularly strong growth in India.

20 million
mobile customers today

2005 was an exciting and rewarding year for the Hutchison Telecom Group. During the year, the Group strengthened its position in each of its markets, entered two new emerging markets which show tremendous opportunities for growth and reported strong operating results to shareholders.

The Group is one of the largest operators in India, one of the world's fastest growing wireless markets. In established markets such as Hong Kong and Israel, it led and continues to lead the way with product innovations and customer service. In Thailand, Macau, Sri Lanka and Ghana, capital investment and strategic marketing campaigns enhanced and expanded network quality and in every instance, grew the customer base.

In 2005, the Group added two exciting new markets to its global operations - commencing network roll out in Vietnam and Indonesia. Both feature large and under-served populations with favourable demographic profiles and macro-economic trends. Alliances were forged with leading local partners and world-class suppliers to roll out, expand and maintain the new networks.

Despite the Group's strong commitment to grow, it also places great emphasis on driving operational efficiencies. During the year, streamlining initiatives were implemented in several markets, producing significant cost savings and improved financial performance.

Hutchison Telecom produced strong operating results in 2005, and enters 2006 well positioned for future growth.





India

Hutchison Essar is a recognised leader in the Indian wireless market.

59.4%
customer base increase



2005 saw impressive growth both for the Indian wireless market and Hutchison Essar. The Group successfully consolidated its Indian mobile operations and changed its name to Hutchison Essar, strategically positioning itself for future expansion. In September, Hutchison Essar announced its intended acquisitions of BPL and Essar Spacetel, paving the way for a nationwide coverage. Finally, in December it relaunched the "Hutch" brand nationwide. With these changes, Hutchison Essar's services were consolidated under a single identity nationwide, which will maximise the benefits of one of the leading brands in the country. The culmination of these developments saw Hutchison Essar increase its customer base by 59.4% during the year.

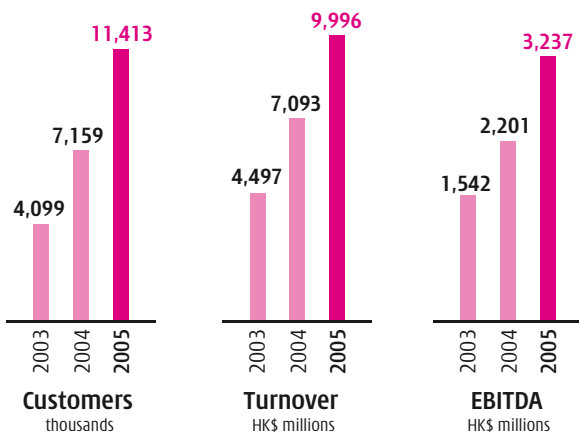
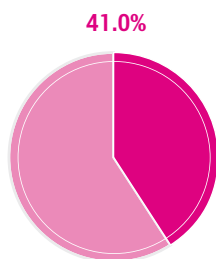
In January 2006, part of the BPL acquisitions was completed, expanding Hutchison Essar's coverage from 13 to 16 licence areas. The combined operations now cover approximately 72% of India's population and 89% of the total mobile customer market, making Hutchison Essar one of the largest operators in India.

India is an enormous country, requiring significant capital investment to build and maintain a robust wireless network. During the year, the company almost doubled the number of cell sites and base stations in its network. Strategically balancing its expansion between new and existing licence areas, Hutchison Essar also struck a balance between high revenue urban customers and the faster growing rural population.

The need for basic voice communications has helped drive India's rapid growth. In several areas, many customers are, for the first time, gaining access to mobile telephony services. Voice services therefore remain a primary source of revenue for Hutchison Essar. Adding value to these basic services, in 2005 the company launched several innovative mobile data features, including Multiplayer Gaming, SMS Tones, HutchAlerts, VideoTones, Corporate Hutchmail and Mobile Karaoke. These advanced services reinforce Hutchison Essar's leadership as one of the country's most innovative and forward-looking mobile service providers. Value-added data services also deliver solid financial returns, providing the company with one of the highest percentages of non-voice revenues in the country.

2005 was a year of change and strong growth for the Indian wireless industry. Strategically positioned to benefit from these developments, Hutchison Essar is well placed to achieve its ambitions to grow its market and maintain its position as one of the leading mobile operators in India.

Percentage of contribution to total Group turnover





Israel

Partner launched its 3G services in December 2004 and has established itself as the leader in 3G.

2.5 million
mobile customers



In 2005, Partner continued to strengthen its position as a leading provider of wireless services to the Israeli market. The company succeeded in maintaining its financial performance during 2005 despite a reduction in the interconnection rate, mandated by the regulator which came into effect on 1 March 2005.

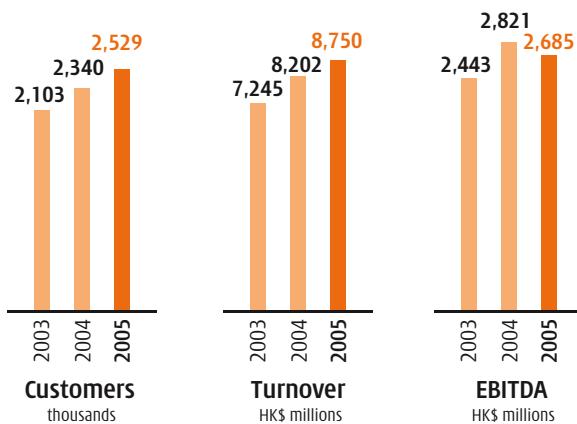
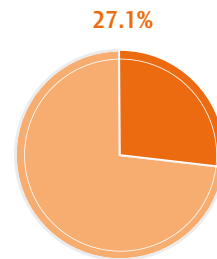
Partner, the leading provider of 3G services in Israel, operates the only network to offer full 3G services, including person-to-person video telephony with population coverage of over 90%. With Partner's continuing investment in its 3G network and services, the company's 3G customer base grew to 103,000 at the end of 2005.

During 2005, Partner continued to invest in its 3G network and services, and refinanced its long term debt, preparing the company to meet future targets with an optimized financial structure. In 2005 Partner issued NIS 2 billion in bonds, the largest public corporate bond offering ever in Israel and restructured its bank facility. The financial resources were used to redeem the Company's 13%, US\$175 million High Yield bonds, and to repurchase and cancel 33.3 million shares, bought from Partner's founding Israeli shareholders. For the first time in its history, Partner announced two cash dividends in the second and fourth quarters of 2005, amounting to approximately NIS 186 million.

Partner's success in 2005 was a direct result of the company's ability to leverage its core strengths in network quality, brand value, and customer service, combined with a dedication to offering value-added services. These services include attractive calling plans and a wide range of handsets and services for use around the globe.

Although the wireless market in Israel is highly competitive, it offers many opportunities for development. In 2006, Partner will focus growth from additional data and content revenues, primarily as a result of the expansion of 3G services; enhancements to the customer base, as well as the continued migration of usage from fixed to wireless networks.

Percentage of contribution to total Group turnover



Note:

The Group consolidated Partner's results from April 2005. Following its consolidation, Partner accounted for 27.1% of the Group's turnover. The turnover and EBITDA shown above represent the turnover and EBITDA for the year ended 31 December 2003 to 2005.



Hong Kong and Macau

In 2005 Hutchison Telecom continued to drive 3G growth in Hong Kong and today has a 3G customer base in excess of 500,000.

2 million
mobile customers



The Hong Kong telecommunications market is one of the most competitive in the world. With a population of only 7 million, a wireless penetration rate of well over 100% and aggressive competition, Hong Kong poses tough operational challenges. Believing that the keys to success in this rigorous environment are to maintain market leadership as well as a technological advantage over the competition, the Group enhanced its wireless and fixed-line businesses, differentiating itself from the competition and increasing its profitability.

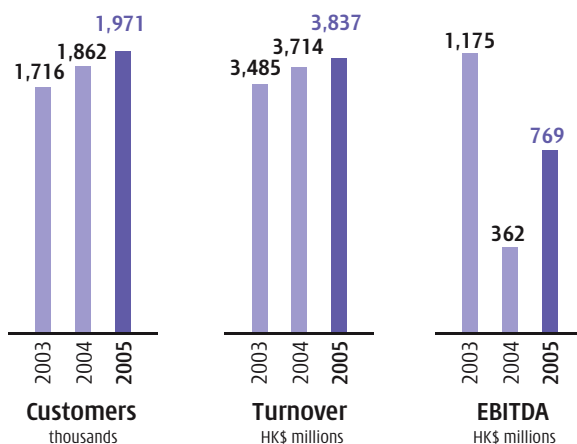
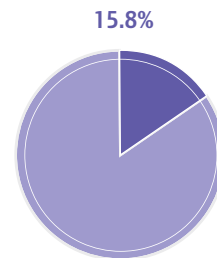
In May, the Group privatised its fixed line company Hutchison Global Communications Holdings and commenced the integration of the mobile and fixed line operations. These strategic developments not only achieved cost efficiencies and operational synergies, they also placed the Group in a position to provide a diverse range of telecommunications and media products.

Looking forward, Hutchison Telecom plans to continue to offer dependable services, increasingly sophisticated information as well as entertainment products for Hong Kong's mobile and broadband customers.

Hong Kong Mobile

The first operator to connect its 3G network to the Mass Transit Railway and all 12 major road tunnels, Hutchison Telecom Hong Kong operates the most extensive 3G network in Hong Kong, covering 99.9% of the population. In a city where instant communications of the highest calibre are not only expected but demanded by customers, this advanced network gives the company a distinct advantage. Hutchison Telecom Hong Kong provides the widest range of 3G video mobile phones in the market. At the end of 2005, 14 models, 32 colour choices and a UMTS/GPRS-enabled data card were available, catering to the diverse needs of Hong Kong's sophisticated telecommunications market.

Percentage of contribution to total Group turnover





The company believes that 3G leadership, which has enabled it to achieve a dominant share of over 70% of Hong Kong's 3G customers, is critical to its future growth and profitability. In 2005, the company launched a host of new 3G and broadband services including:

- the world's first 3G live-video broadcast service for horse-racing enthusiasts;
- a ground breaking Real-time Stock Stream Master Service on 3G video mobile phones;
- a world-first video conferencing service on 3G video mobile phones;
- bilateral International Multi-media Messaging Services (MMS) with NTT DoCoMo;
- the first 3G mobile banking service in Hong Kong;
- Hong Kong's first 3D Animated and Interactive Dating Game 'Virtual Girl';
- an enhanced music platform allowing customers to access a wealth of music while on the move.

At the same time, existing partnerships with more than 130 3G content providers from around the world enables the company to offer its customers a full array of 3G content in the territory.

Moving forward, Hutchison Telecom Hong Kong will seek to maintain its market and technology leadership, enhance its service innovation and invest in building customer loyalty.

Macau Mobile

With its increasing economic development and growing tourism, Macau is rapidly becoming an important market for the Group. In 2005, additional capital was committed to enhance network quality and increase the number of cell sites by 37%. At the same time, leveraging the strong brand recognition enjoyed by 3 in neighbouring Hong Kong, Hutchison Telecom Macau re-branded itself to 3.

Macau receives a constant flow of cross-border visitor traffic from Hong Kong and the Mainland China, where SMS (Short Message Service) is an important means of communication. As such, during the year, the company saw an 80% increase in the use of this value-added service. In April, the company launched its pioneering 'Mobile Walkie-Talkie Service' to provide accessibility for customers requiring seamless communication connections the moment they set foot in the territory. As a result, together with tailored services and flexible calling plans, roaming revenues recorded double-digit gains over 2004.

In four short years, Hutchison Telecom Macau has become the second largest service provider in the market. With services and products that exceed customer expectations as well as the resources to meet the needs of inbound travellers, the Group's Macau mobile operation is well on its way to achieving the goal of being one of the leading operators in Macau.



Hong Kong Fixed-line

HGC believes it owns and operates the largest fibre-to-the-building, fixed-line telecommunications network in Hong Kong. At the end of 2005, HGC's network has access to over 5,500 buildings and 1.3 million households. Building on this backbone, one of the fastest fixed-line networks in Hong Kong, HGC enjoyed a year of solid growth.

At the end of 2005 the number of residential telephone lines had reached over 300,000, representing an increase of around 22%, well above the industry's growth rate of 0.1% last year. Residential broadband services also grew 23% to 215,000 customers at the end of the year, well above the industry growth rate of 9% in 2005.

As the economy in Hong Kong rebounded, so did HGC's International Direct Dialling services which recorded substantial traffic growth. Total traffic increased from 1,050 million minutes in 2004 to 1,581 million minutes in 2005, an increase of over 50%.

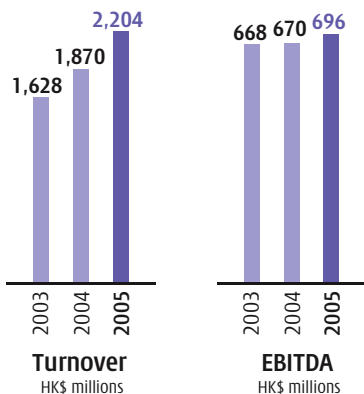
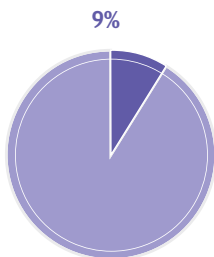


Partnerships with Skype, the first of its kind in the world, TransTeleCom and Broadwing Communications, further extended the company's lead as Hong Kong's innovator in technology. A partnership with Tencent was also established to exclusively introduce "HGC-QQ" services and QQ's instant messaging and online entertainment services into Hong Kong. Together with a host of value added Internet-based services such as instant messaging, instant conferencing and on-line entertainment services, HGC continued to anticipate and meet the needs of its customers.

In a market where competition is intense, efforts to maximise operational efficiencies are crucial to profitability. In the second half of 2005, certain engineering and IT functions were outsourced, enabling HGC to benefit from a reduction in overheads and improved efficiencies.

Leveraging the capabilities of Hong Kong's most sophisticated network, together with the building of broader retail distribution channels and the availability of a wider variety of retail and business services, HGC is ideally positioned to continue the growth trends established in 2005.

Percentage of contribution to total Group turnover





Thailand

Hutchison CAT moved closer to EBITDA breakeven in 2005, becoming EBITDA positive on a monthly basis by the end of the year.

19.0%
customer base increase



Hutchison CAT launched Thailand's first high-speed CDMA2000-1X mobile telecommunication service in 2003. This advanced network delivers high quality services in Thailand, allowing the company to maintain its market differentiation and product innovation in the 25 provinces in which it operates.

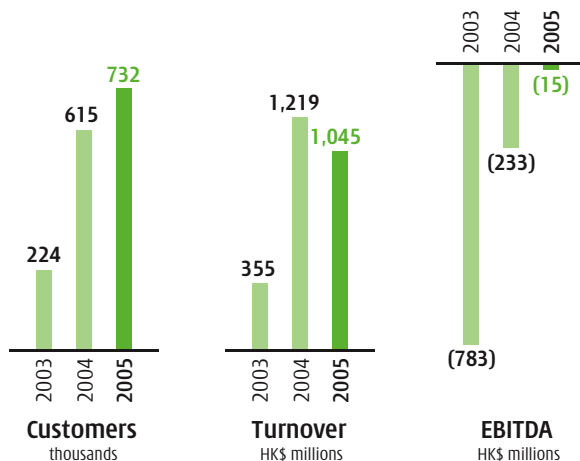
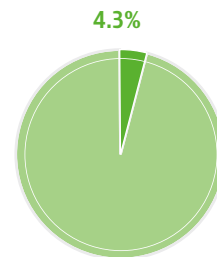
In addition to its quality voice services, customers enjoy high-speed mobile Internet access and data services together with a broad selection of unmatched multimedia services and applications. Coupled with its high-speed mobile internet access, quality data services, competitive tariffs and differentiated products, the company offers a number of special packages and competitive voice-only tariff plans such as One Rate One Thailand One Baht.

Hutchison CAT was one of only two operators to record consistent positive net growth in the post-paid market for the second half of the year. It possesses the strongest blended ARPU of any carrier in Thailand and it increased its customer base by 19.0% to approximately 732,000 in 2005.

During the year a number of cost saving initiatives were launched, including streamlining the organisation and outsourcing of network maintenance and IT operations. This not only resulted in improved financial results for the year, it is expected to generate positive returns in 2006. Despite the extremely difficult operating environment, the company has overcome many challenges and it is confident that the business is now well positioned for 2006.



Percentage of contribution to total Group turnover





Indonesia and Vietnam

Hutchison Telecom made strategic investments to enter the Indonesian and Vietnamese mobile markets, which it views as key growth markets in Asia.

217 million
Indonesia population

8.4%
Vietnam GDP growth rate

Constantly seeking opportunities to expand into markets that fit its strategy – a sizeable population, low wireless penetration rates and dynamic economic development – Hutchison Telecom announced its entry into Vietnam and Indonesia in 2005. Both markets present a tremendous opportunity for Hutchison Telecom. The Group believes that its expertise in high growth, prepaid markets such as India, as well as its extensive experience with advanced networks around the world will serve it well in these markets.

Indonesia

Indonesia has a sizable population of more than 217 million people, a relatively low mobile penetration rate of approximately 20% and a strong 2005 mobile customer growth rate of 35%.

In July, the Group acquired a 60% equity stake in PT Hutchison CP Telecommunications, formerly known as PT Cyber Access Communications, which owns a nationwide licence to provide GSM and 3G services.

Towards the end of 2005, expansion of the nationwide wireless network commenced and is expected to be launched commercially in the second half of 2006. With the network rapidly taking shape, work also took place to develop service offerings to meet the particular demands and preferences of the Indonesian market and position the business for success.

Hutchison Telecom Indonesia plans to offer nationwide GSM services. In certain densely populated areas it will overlay an advanced 3G infrastructure based on UMTS technology. Customers will enjoy voice and data services with an emphasis on product innovation, brand recognition and dependable customer service.

Vietnam

Vietnam has a population of approximately 83.5 million and a market penetration rate of about 10.9%. In 2005, the Group received an investment licence to develop and provide a nationwide CDMA network with Hanoi Telecom, with an expected launch in the second half of 2006.

Network roll out is underway together with in-depth service and product planning, brand development, as well as establishment of a robust distribution network to meet both near term and long term goals.

Aiming for the highest standards of quality and service, Hutchison Telecom Vietnam's strategy will be to offer quality voice services and advanced high-speed mobile data services. Hutchison Telecom Vietnam believes that as the market develops, the younger population will increasingly appreciate the exciting benefits of the high-speed network and its ability to enable access to up-to-the-minute information and high-speed data applications.

The company's goal is to tap the potential of this exciting emerging market by providing Vietnamese mobile phone users with mobile communications services based on an advanced network, outstanding customer services as well as innovative sales and marketing strategies.





Sri Lanka and Ghana

Sri Lanka and Ghana continue to be important markets in Hutchison Telecom's global footprint. In 2005 both markets registered positive growth in customer base and turnover.

77.2%
combined customer base increase



Sri Lanka

2005 was a rewarding year for the Group's Sri Lankan mobile operations Hutchison Telecom Lanka. Targetting specific segments of the fast growing Sri Lankan mobile market, the company registered the country's highest customer growth rate, with an increase of 88% as compared to 2004.

Like many other emerging markets around the world, Sri Lanka has a low wireless penetration rate, an intense focus on affordability and fast growing demand for telecommunications services. A predominantly prepaid market, Hutchison Telecom Lanka has developed specific service offerings to address this market in 2005. A highly competitive suite of prepaid packages was launched to address the needs of the different market segments. A convenient micro-credit electronic reload system was also introduced, enabling customers to recharge their prepaid accounts with any value.

Hutchison Telecom Lanka strengthened its network quality and capacity during the year, positioning it favourably to attract new customers in the low penetration, high growth mass market. The company signed two major network infrastructure contracts to commence expansion of its nationwide GSM coverage. It also acquired new GSM1800 spectrum to enhance its existing GSM900 network capacity with future dual band expansions.

With a low-cost nationwide GSM infrastructure, suite of competitive prepaid packages, advanced micro-credit reload system, as well as its ability to offer GPRS based data services, Hutchison Telecom Lanka is ideally positioned to capture new market share in Sri Lanka.



Ghana

Sensing the opportunities for growth in Ghana, the Group's Ghana mobile operation Kasapa switched from its AMPS analogue system to a CDMA 2000-1X digital network during the year. Complementing the improved call quality, network coverage and service facilities, a new logo and marketing communications campaign were launched in support of Kasapa's enhanced services and growing brand value.

With the introduction of the CDMA network, Kasapa saw its customer base grow 37% in the last three months of 2005. Kasapa plans to expand coverage to all ten regions in Ghana and offer a host of new services and features. The company currently provides 100% prepaid mobile telecommunications services offering electronic and printed top-up vouchers with tariffs at or below that of its competitors. This strategy has positioned the company for growth as the value-leading supplier.

Looking forward, the network improvements, expanded reach, price competitiveness and increased brand acceptance are expected to drive the expansion of the customer base and enhance financial returns.

