The Directors have pleasure in submitting to shareholders their report and statement of the audited accounts for the year ended 31 December 2005.

Principal Activities

The principal activity of the Company and its subsidiaries (the "Group") is the provision of mobile and fixed-line telecommunications services and the activities of its principal subsidiaries are shown on pages 174 to 175.

Group Profit

The consolidated profit and loss account is set out on page 102 and shows the Group profit for the year ended 31 December 2005.

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 29 to the accounts and the consolidated statement of recognised income and expense on page 106 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK$5.9 million.

Fixed Assets

Particulars of the movements of fixed assets are set out in note 18 to the accounts.

Share Capital

Details of the share capital of the Company are set out in note 28 to the accounts.

Directors

The Directors of the Company as at 31 December 2005 were:

Chairman:

Mr Fok Kin-ning, Canning

Executive Directors:

Mr Dennis Pok Man Lui
Mr Tim Lincoln Pennington

Non-executive Directors:

Mr Frank John Sixt
Mr Naguib Sawiris
Mr Aldo Mareuse

Independent Non-executive Directors:

Mr Kwan Kai Cheong
Mr John W Stanton
Mr Kevin Westley

Alternate Directors:

Mrs Chow Woo Mo Fong, Susan
(Alternate to Mr Fok Kin-ning, Canning)
Mr Chan Ting Yu
(Alternate to Mr Dennis Pok Man Lui)
Mr Woo Chiu Man, Cliff
(Alternate to Mr Tim Lincoln Pennington)
Ms Nardi, Kar Wai Agnes
(Alternate to Mr Frank John Sixt)
Mr Martin Michlmayr
(Alternate to Mr Naguib Sawiris)
Mr Ragy Soliman
(Alternate to Mr Aldo Mareuse)

Mr Woo Chiu Man, Cliff and Ms Nardi, Kar Wai, Agnes were appointed as Executive Directors of the Company on 8 March 2005 and 4 August 2005 respectively. Messrs Naguib Sawiris and Aldo Mareuse were appointed as Non-executive Directors of the Company on 21 December 2005. Messrs Martin Michlmayr and Ragy Soliman were appointed as Alternate Directors of Messrs Naguib Sawiris and Aldo Mareuse respectively on 21 December 2005.

On 21 December 2005, Messrs Chan Ting Yu, Woo Chiu Man, Cliff and Ms Nardi, Kar Wai Agnes resigned as Executive Directors of the Company and were appointed as Alternate Directors of Messrs Dennis Pok Man Lui, Tim Lincoln Pennington and Frank John Sixt respectively. On the same day, Mrs Chow Wo Mo Fong, Susan resigned as Non-executive Director of the Company and was appointed as Alternate Director of Mr Fok Kin-ning, Canning.

In accordance with Article 86(3) of the Company's Articles of Association, Messrs Naguib Sawiris and Aldo Mareuse will retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

In accordance with Article 87(1) of the Company's Articles of Association, Messrs Fok Kin-ning, Canning and Tim Lincoln Pennington 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 15.

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 20 May 2005, the Company entered into a credit agreement with an independent financial institution, and agreed to procure the issue of a standby letter of credit in the amount of US$22.5 million (approximately, HK$175.5 million) (the "JKF SBLC") on 20 May 2005 and expiring on 19 May 2006 as security for an INR875 million (approximately HK$156 million) term loan facility (the "Extended Term Loan Facility") extended to JayKay Finholding (India) Private Limited ("JKF"), the then indirect non-wholly owned subsidiary of the Company.

The JKF SBLC replaced the guarantee dated 18 July 2001 issued by Hutchison Whampoa Limited ("HWL"), the then ultimate holding company of the Company, in respect of a term loan facility (the "Original Term Loan Facility") in the principal amount of INR920 million (approximately HK$164 million) provided to JKF. The Original Term Loan Facility was extended on 25 May 2005 and the JKF SBLC was issued as security for the Extended Term Loan Facility.

JKF was a connected person of the Company by virtue of it being an associate of the Kotak Mahindra Group. The Kotak Mahindra Group, consisting of Kotak Mahindra Capital Co. and its subsidiaries, was a substantial shareholder of other Indian subsidiaries of the Company. The issue of the JKF SBLC as procured by the Company constituted provision of financial assistance by the Company to JKF and as such amounted to a connected transaction for the Company under the Listing Rules.

(2) On 30 June 2005, Essar Teleholdings Limited ("ETH") agreed to an extension of a term loan facility (the "Original Facility") provided by financial institutions independent of the Company and HWL (together the "Lenders"), to ETH pursuant to a loan agreement dated 22 December 2004 between ETH and the Lenders. Part of the security for the Original Facility was a US$260 million standby letter of credit (the "ETH SBLC") issued by a third party (the "ETH SBLC Issuer"), also an independent financial institution, under the ETH SBLC facility agreement dated 27 December 2004 (the "ETH SBLC Facility Agreement") between ETH and the ETH SBLC Issuer. The due performance of ETH's obligations under the ETH SBLC Facility Agreement was secured by the guarantee (the "HWL Guarantee") dated 30 December 2004 issued by HWL in favour of the ETH SBLC Issuer which in turn was counter-indemnified by Hutchison Telecom (BVI) Limited ("HT (BVI)"), a wholly owned subsidiary of the Company. The ETH SBLC Issuer had entered into a risk participation agreement with participants (the "Participants") in relation to the ETH SBLC Facility Agreement. The ETH SBLC Issuer, the Participants and HWL had agreed to extend the final maturity date of the ETH SBLC.

On 30 June 2005, a deed of amendment (the "First Deed of Amendment") was entered into between (i) ETH as ETH SBLC applicant, (ii) the ETH SBLC Issuer, (iii) the Participants and (iv) HWL as guarantor, under which HWL agreed to extend the final maturity date of the ETH SBLC facility (the "ETH SBLC Facility") made available to ETH under the ETH SBLC Facility Agreement from 30 June 2005 up to 30 September 2005, so as to enable the expiry date of the ETH SBLC to be extended by one or more amendments to up to 30 September 2005. On 30 September 2005, a second deed of amendment was entered into between the parties to the First Deed of Amendment under which HWL agreed to further extend the final maturity date of the ETH SBLC Facility from 30 September 2005 to 31 October 2005 so as to enable the expiry date of the ETH SBLC to be extended to 31 October 2005. The HWL Guarantee as extended above was counter-indemnified by HT (BVI).

On 30 June 2005, HWL and HT (BVI) entered into an agreement (the "Supplemental Pass Through Agreement") supplemental to the agreement dated 24 September 2004 among HTI (1993) Holdings Limited ("HTI (1993)", an indirect wholly owned subsidiary of HWL), HWL and HT (BVI) (the "ETH Pass Through Agreement"). Pursuant to the ETH Pass Through Agreement, HT (BVI) agreed to perform all of HTI (1993)'s outstanding obligations under the agreement dated 5 July 2003 (the "Indian Consolidation Agreement") between, inter alia, HTI (1993) and ETH in respect of, amongst others, the restructuring and consolidation of the Group's six Indian mobile telecommunications operators under one holding company as consideration for HTI (1993) passing through its rights under the said agreement. HT (BVI) agreed under the ETH Pass Through Agreement to indemnify HWL (the "HT (BVI) Indemnity") against all claims and liabilities of HWL in connection with the provision by HWL of any credit support for loans to ETH under the Indian Consolidation Agreement. The Supplemental Pass Through Agreement was required as a result of ETH agreeing to an extension of the Original Facility under the First Deed of Amendment. As contemplated in the Indian Consolidation Agreement and disclosed in the prospectus issued by the Company dated 30 September 2004 for the global offering of its shares (the "Prospectus"), HWL had an obligation, under certain circumstances, to extend the credit support to ETH to 30 June 2005.

ETH is a connected person of the Company by virtue of it being a substantial shareholder of Hutchison Essar Limited ("Hutchison Essar"), an indirect non-wholly owned subsidiary of the Company. The grant of the HT (BVI) Indemnity by HT (BVI) to HWL and the extension of the HT (BVI) Indemnity to cover the HWL Guarantee constituted connected transactions for the Company under the Listing Rules.

(3) As disclosed in the Prospectus, pursuant to the Indian Consolidation Agreement, ETH had a call option to acquire from Usha Martin Telematics Limited ("UMT"), the then indirect non-wholly owned subsidiary of the Company, an additional stake in Hutchison Essar equal to 30% of the valuation of Hutchison Telecom East Limited ("HTEL") over the valuation of Hutchison Essar (the "Call Option") at the historical cost of acquisition of the stake together with interest. ETH exercised the Call Option on 30 June 2005 and the parties agreed on 30 June 2005 (i) this stake to equate to approximately 3.43% of the issued share capital of Hutchison Essar; and (ii) the strike price to equate to approximately INR2,670 million. The granting of the Call Option constituted a connected transaction for the Company under the Listing Rules.

(4) As more fully described in the Prospectus, (i) HTI (1993) was granted a call option (the "HTI Call Option") which right and benefit were passed through to the Company pursuant to the ETH Pass Through Agreement to acquire all of the equity ownership held by ETH in Hutchison Essar (formerly known as Hutchison Max Telecom Limited) (also defined in the Prospectus as "Indian Holdco") equal to the outstanding amount under the Essar Loans (as defined in the Prospectus) (the "Option Shares"); (ii) ETH, a connected person of the Company, was granted a put option (the "ETH Put Option") to require HTI (1993) to acquire the Option Shares; and (iii) UMT was granted a call option (the "UMT Call Option") to acquire from ETH an additional stake in Indian Holdco.

The HTI Call Option, the ETH Put Option and the UMT Call Option all expired unexercised on 30 June 2005 in accordance with the respective terms on which these options were granted and without involving payment of any amounts by way of penalty, damages or other compensation.

(5) The proposed privatisation of Hutchison Global Communications Holdings Limited ("HGCH"), the then indirect non-wholly owned subsidiary of the Company, (the "Proposal") by way of a scheme of arrangement (the "Scheme") under Section 99 of the Companies Act 1981 of Bermuda, at the cancellation consideration of 2 shares of the Company ("HTIL Share(s)") for every 21 shares of HGCH (the "Scheme Shares") in issue as at the Record Date (as defined below) which are not benefically owned by the Group (the "Share Alternative") or cash of HK$0.65 per Scheme Share (the "Cash Alternative") was sanctioned without modification by the Supreme Court of Bermuda on 8 July 2005. The Company procured Hutchison Telecommunications Investment Holdings Limited ("HTIHL"), the then direct holder of 3,157,033,347 HTIL Shares (representing approximately 70.16% of the shares of the Company in issue as at 3 May 2005) to transfer such number of its holding of HTIL Shares in issue as to satisfy the election for the Share Alternative by the shareholders of HGCH who were connected persons of the Company (the "Connected Scheme Shareholders") and in return the Company assumed an indebtedness owing to HTIHL in the amount of the value of the Share Alternative satisfied on the Company's behalf (the "HWL Vendor Share Arrangement").

On 7 June 2005, the Company made a conditional offer (the "Option Offer") to the optionholders (the "Optionholders") of 110,400,000 outstanding options (the "Outstanding HGCH Share Options") to subscribe for the shares of HGCH (the "HGCH Shares") under the share option scheme adopted by HGCH on 2 April 2002.

The Option Offer provided that the Outstanding HGCH Share Options, to the extent not exercised on or prior to the record date on 15 July 2005 for determining entitlements under the Scheme (the "Record Date"), would, subject to the Scheme became effective, lapse on the day immediately following the Record Date. Each relevant Optionholder who accepted the Option Offer and lodged the relevant election forms for acceptance of the Option Offer and election of the form of consideration by the prescribed deadline were entitled to receive either the cash alternative under the Option Offer or (where available) the share alternative under the Option Offer if the Option Offer became unconditional.

On 1 August 2005, the Connected Scheme Shareholders and the Optionholders of HGCH who were connected persons of the Company (the "Connected Optionholders") had elected (or are deemed to have elected, if applicable) a total of 60,371,099 HTIL Shares and in return the Company assumed an indebtedness owing to HTIHL in the amount of HK$458.8 million, being the value of the Share Alternative satisfied on the Company's behalf. HTIHL is a connected person of the Company by virtue of it being a substantial shareholder of the Company. The assumption by the Company of the above indebtedness pursuant to the HWL Vendor Share Arrangement on an unsecured basis and on normal commercial terms constituted a connected transaction for the Company under the Listing Rules. The effective acquisition by the Company of interests in HGCH Shares from the Connected Scheme Shareholders or the Connected Optionholders through the cancellation of their HGCH Shares or lapsing of their Outstanding HGCH Share Options on the terms of the Proposal or the Option Offer constituted a connected transaction for the Company under the Listing Rules.

(6) ABN AMRO Bank N.V. (the "UMT Lender"), an independent financial institution, agreed to provide an INR1,770 million term loan facility (the "UMT New Facility") to UMT for the purpose of refinancing a then maturing existing facility of UMT. The security in respect of the maturing existing facility was a guarantee (the "UMT Guarantee") issued by Hutchison Telecommunications Limited, an intermediate holding company of the Company. On 24 September 2005, a facility agreement (the "UMT Facility Agreement") was entered into between the Company as obligor and the UMT Lender, acting through its Hong Kong branch (the "UMT SBLC Issuer"), also an independent financial institution, under which the UMT SBLC Issuer agreed to issue a US$42 million standby letter of credit (the "UMT SBLC") securing the obligations of UMT under the UMT New Facility at the request of the Company. In satisfaction of conditions precedent to the issue of the UMT SBLC, the Company entered into a counter-indemnity agreement (the "UMT Counter-Indemnity Agreement") with the UMT Lender on 24 September 2005, pursuant to which the Company agreed, amongst others, to indemnify the UMT SBLC Issuer in respect of any amounts paid under the UMT SBLC. The Company has also placed US$45 million on deposit with the UMT SBLC Issuer and has undertaken not to withdraw any amount from that deposit if it would result in the amount of the deposit being less than the outstanding amount under the UMT New Facility.

UMT was a connected person of the Company by virtue of it being an associate of the Kotak Mahindra Group.

The issuance of the UMT SBLC at the request of the Company and the entering into of the UMT Counter-Indemnity Agreement constituted provision of financial assistance by the Company to a connected person and hence a connected transaction for the Company under the Listing Rules.

(7) On 26 September 2005, Hutchison Essar as purchaser entered into (1) a legally binding conditional term sheet with (i) BPL Communications Limited ("BPL Com"), (ii) Capital Global Limited ("CGL") and (iii) ETH as vendors for the acquisition of 99.998% of the issued share capital of BPL Mobile Communications Limited ("BPL Mumbai", a licensee for GSM mobile services in the telecommunication circle of Mumbai in India) and the entire issued share capital of BPL Mobile Cellular Limited ("BPL Cellular", a licensee for GSM mobile services in the telecommunication circles of Maharashtra, Tamil Nadu, and Kerala in India) for an aggregate effective consideration of INR50,649 million, before adjustments; and (2) a conditional agreement with (i) ETH and (ii) Karthik Financial Services Limited (a subsidiary of ETH) as vendors (the "Spacetel Vendors") for the acquisition (the "Spacetel Acquisition") of the entire issued share capital of Essar Spacetel Limited ("Spacetel"), the applicant for UAS Licences in the additional 7 circles, namely, the telecommunication circles of Madhya Pradesh, North East, Himachal Pradesh, Bihar, Orissa, Assam, and Jammu and Kashmir in India for a cash consideration of INR255 million.

ETH (a vendor of BPL Mumbai in respect of approximately 9.99% of the issued shares in BPL Mumbai), Spacetel and the Spacetel Vendors are connected persons of the Company by virtue of being either the substantial shareholders or associates of substantial shareholders of Hutchison Essar. The Spacetel Acquisition and the acquisition of approximately 9.99% of the issued shares in BPL Mumbai from each such connected persons each constituted a connected transaction for the Company under the Listing Rules.

(8) On 17 December 2005, JKF and UMT as borrowers entered into a loan agreement (the "Loan Agreement") with an independent financial institution (the "JKF/UMT Lender") for a term loan facility (the "Term Loan Facility") of up to INR5,100 million (or approximately US$113.2 million or HK$877.5 million) on a joint and several basis entitling the JKF/UMT Lender to request that JKF and/or UMT repay the JKF/UMT Lender an amount equivalent to the total outstanding indebtedness under the Term Loan Facility. On 19 December 2005, the Company as SBLC applicant entered into the SBLC credit agreement to procure the issue of a short term one year standby letter of credit (the "SBLC") with a face value of up to US$125 million (approximately HK$969 million) in support of the obligations of JKF and UMT under the Term Loan Facility.

Each of JKF and UMT was a connected person of the Company by virtue of it being an associate of the Kotak Mahindra Group.

The entering into of the Loan Agreement by JKF and UMT on a joint and several basis and the procurement of the SBLC by the Company each constituted a connected transaction for the Company under the Listing Rules.

(9) On 27 January 2006, a share purchase agreement was entered into between CGP Investments (Holdings) Limited ("CGP"), an indirect wholly owned subsidiary of the Company, as purchaser and Hutchison Call Centre Holdings Limited ("HCCH"), an indirect wholly owned subsidiary of HWL, as vendor for the acquisition (the "HTSI Acquisition") of the entire issued share capital (the "Sale Shares") of Hutchison Tele-Services (India) Holdings Limited (which, through its wholly owned subsidiary, namely 3 Global Services Private Limited, operates a telecommunications services call centre in India) at the cash consideration of US$14,174,881. On completion of the HTSI Acquisition, CGP will grant to HCCH a call option and HCCH will grant to CGP a put option in respect of the Sale Shares (together the "Options").

HCCH is a connected person of the Company by virtue of it being an associate of a substantial shareholder of the Company. The HTSI Acquisition and the Options constituted connected transactions for the Company under the Listing Rules.

(10) On 1 March 2006, in anticipation of the current and future compliance with the new rules governing foreign direct investment in mobile telecommunications operators in India, the Group, the Kotak Mahindra Group and Komaf Enterprises Limited ("Komaf", together with the Kotak Mahindra Group, the "Kotak Group") re-structured their interests in Hutchison Essar (the "Reorganisation") by, inter alia,

(i) entering into agreements for sale and purchase of an aggregate of 1,344,000 ordinary shares of JKF representing as to 36% and 28% of JKF's issued ordinary share capital by Telecom Investments India Private Ltd ("TII"), a joint venture between the Kotak Group and the Group which was accounted for as subsidiary of the Company, from the Kotak Mahindra Group and Komaf respectively at an aggregate consideration of INR2,247,303,344 (approximately HK$393 million), as to an aggregate of INR1,264,108,131 (approximately HK$221 million) to the Kotak Mahindra Group and the balance of INR983,195,213 (approximately HK$172 million) to Komaf (the "JKF Acquisition");

(ii) entering into an agreement with Centrino Trading Company Private Limited ("Investco 1"), a wholly owned subsidiary of Plustech Mercantile Company Private Limited ("Investco 1 Holdco"), which in turn is wholly owned by Goldspot Mercantile Company Private Limited ("AGCo"), which in turn is wholly owned by Mr Asim Ghosh, a resident Indian citizen and the managing director of Hutchison Essar, for the subscription of 1,275,426 new ordinary shares of par value INR10 each in the share capital of TII (the "TII Shares") representing 23.97% of the enlarged issued ordinary share capital of TII for a cash consideration of INR4,898,579,655 (approximately HK$856.4 million) (the "Investco 1 Subscription").

The cash consideration of the Investco 1 Subscription was funded by the INR4,898,579,655 (or approximately HK$856,395,000) term loan facility (the "Investco 1 Term Loan Facility") made available to Investco 1 by a financial institution independent of the Company (the "Investco 1 Lender") secured by, inter alia, the US$124.5 million (or approximately HK$966 million) SBLC (the "Investco 1 SBLC") issued, at the request of the Company, by a financial institution independent of the Company (the "Investco 1 SBLC Issuer") to the Investco 1 Lender under the US$124.5 million (or approximately HK$966 million) SBLC facility (the "Investco 1 SBLC Facility") provided by the Investco 1 SBLC Issuer to the Company pursuant to a SBLC facility agreement dated 24 February 2006 between Investco 1 SBLC Issuer and the Company. Both the Investco 1 Term Loan Facility and the Investco 1 SBLC Facility are on normal commercial terms.

In consideration of the Company agreeing to provide to Investco 1 the credit support for the INR4,898,579,655 (or approximately HK$856,395,000) term loan (the "Investco 1 Term Loan") made available to Investco 1 by Investco 1 Lender and as part of security to the Company for providing such credit support:

(a) Investco 1 had granted to the Group a right exercisable by the Group at any time for a period of ten years from 1 March 2006 to subscribe at par value for new shares of Investco 1 representing up to 97.5% of the enlarged issued share capital of Investco 1, subject to certain adjustments (the "Investco 1 Subscription Option"); and

(b) AGCo, an indirect holding company of Investco 1, had granted to the Group a call option (the "Investco 1 Holdco Call Option") pursuant to which the Group may purchase all of the shares of Investco 1 Holdco held by AGCo. The Investco 1 Holdco Call Option may be exercised at any time after the Group (i) has exercised the Investco 1 Subscription Option which would result in the Group, in aggregate, holding more than 50% of the issued share capital of Investco 1, (ii) has exercised the TII Subscription Option (as defined below) which would result in the Group, in aggregate, holding more than 50% of the issued ordinary share capital of TII, or (iii) becomes eligible under all applicable Indian laws and regulations to hold the shares of Investco 1 issuable under the Investco 1 Subscription Option (the "Investco 1 Subscription Shares"). The strike price under the Investco 1 Holdco Call Option is the fair market value as agreed by the parties or if the parties are unable to agree, as determined in accordance with a pre-agreed formula set out in the agreement granting the option.

    In consideration of the granting of the Investco 1 Holdco Call Option to the Group, the Group had granted a put option (the "Investco 1 Holdco Put Option") to AGCo pursuant to which AGCo may require the Group to purchase all the shares of Investco 1 Holdco held by AGCo. The Investco 1 Holdco Put Option may be exercised in the same circumstances as the Investco 1 Holdco Call Option in addition to any time after the Group has transferred the Investco 1 Subscription Option to a party eligible under all applicable Indian laws and regulations to hold the Investco 1 Subscription Shares or if Investco 1 has received a notice of default under the Investco 1 Term Loan Facility. The strike price under the Investco 1 Holdco Put Option is determined in the same manner as the strike price in respect of the Investco 1 Holdco Call Option.

(iii) entering into an agreement with ND Callus Info Services Private Limited ("Investco 2"), a wholly owned subsidiary of MV Healthcare Services Private Limited ("Investco 2 Holdco"), which in turn is wholly owned by Scorpios Beverages Private Limited ("ASCo"), which in turn is wholly owned by Mr Analjit Singh, a resident Indian citizen and former director of Hutchison Essar, for the acquisition of 2,063,250 TII Shares by Investco 2 from the Kotak Group, being all the TII Shares held by the Kotak Group (the "Investco 2 Acquisition").

The cash consideration of the Investco 2 Acquisition was substantially funded by the INR7,924,411,516 (or approximately HK$1,385,387,000) term loan facility (the "Investco 2 Term Loan Facility") made available to Investco 2 by a financial institution independent of the Company (the "Investco 2 Lender") and secured by, inter alia, the US$200 million (or approximately HK$1,552 million) SBLC (the "Investco 2 SBLC") issued, at the request of the Company pursuant to the US$200 million (or approximately HK$1,552 million) SBLC facility ("Investco 2 SBLC Facility") provided by a financial institution independent of the Company (the "Investco 2 SBLC Issuer") pursuant to the US$200 million SBLC facility agreement dated 24 February 2006 between the Investco 2 SBLC Issuer and the Company. Both the Investco 2 Term Loan Facility and the Investco 2 SBLC Facility are on normal commercial terms.

In consideration of the Company agreeing to provide to Investco 2 the credit support for the Investco 2 Term Loan Facility and as part of security to the Company for providing such credit support:

(a) Investco 2 had granted to the Group a right exercisable by the Group at any time for a period of ten years from 1 March 2006 to subscribe at a subscription price of par value of Investco 2 shares, subject to certain adjustments (the "Investco 2 Subscription Option"); and

(b) ASCo, an indirect holding company of Investco 2, had granted to the Group a call option (the "Investco 2 Holdco Call Option") pursuant to which the Group may purchase all of the shares of Investco 2 Holdco held by ASCo. The Investco 2 Holdco Call Option may be exercised at any time after the Group (i) has exercised the Investco 2 Subscription Option which would result in the Group, in aggregate, holding more than 50% of the issued share capital of Investco 2, (ii) has exercised the TII Subscription Option which would result in the Group, in aggregate, holding more than 50% of the issued ordinary share capital of TII, or (iii) becomes eligible under all applicable Indian laws and regulations to hold the Investco 2 Subscription Shares. The strike price under the Investco 2 Holdco Call Option is the fair market value as agreed by the parties or if the parties are unable to agree, as determined in accordance with a pre-agreed formula set out in the agreement granting the option.

In consideration of the granting of the Investco 2 Holdco Call Option to the Group, the Group has granted ASCo a put option (the "Investco 2 Holdco Put Option") pursuant to which ASCo may require the Group to purchase all the share of Investco 2 Holdco held by ASCo. The Investco 2 Holdco Put Option may be exercised in the same circumstances as the Investco 2 Holdco Call Option in addition to any time after the Group has transferred the Investco 2 Subscription Option to a party eligible under all applicable Indian laws and regulations to hold the Investco 2 Subscription Shares or if Investco 2 has received a notice of default under the Investco 2 Term Loan Facility. The strike price under the Investco 2 Holdco Put Option is determined in the same manner as the strike price in respect of the Investco 2 Holdco Call Option.

At completion of the Reorganisation, CGP India Investments Limited, Investco 1, Investco 2 and TII entered into a shareholders' agreement which, among other things, provides, inter alia:

(a) for the grant by TII to the Group of an option to subscribe for new TII Shares at fair market value as determined below as will represent up to 25% of the enlarged ordinary share capital of TII (the "TII Subscription Option");

(b) for the grant by Investco 1 to the Group of an option to acquire all TII Shares at fair market value as determined below held by Investco 1 (the "Investco 1 TII Call Option");

(c) for the grant by the Group to Investco 1 of an option to sell all TII Shares at fair market value as determined below held by Investco 1 (the "Investco 1 TII Put Option");

(d) for the grant by Investco 2 to the Group of an option to acquire all TII Shares at fair market value as determined below held by Investco 2 (the "Investco 2 TII Call Option"); and

(e) for the grant by the Group to Investco 2 of an option to sell all TII Shares at fair market value as determined below held by Investco 2 (the "Investco 2 TII Put Option").

Each of the TII Subscription Option, the Investco 1 TII Put Option, the Investco 1 TII Call Option, the Investco 2 TII Put Option and the Investco 2 TII Call Option is exercisable at any time at a strike price equal to the fair market value of the TII Shares as agreed by the parties or, failing which agreement, as determined by a specified independent investment bank.

AGCo, Investco 1 Holdco and Investco 1 are all connected persons of the Company by virtue of being associates of Mr Asim Ghosh, the managing director of Hutchison Essar.

ASCo, Investco 2 Holdco and Investco 2 are all connected persons of the Company by virtue of being associates of Mr Analjit Singh who was a director of Hutchison Essar in the 12 months prior to the Reorganisation.

Each of the Kotak Mahindra Group and Komaf is a connected person of the Company by virtue of being a substantial shareholder in JKF.

The JKF Acquisition, Investco 1 Subscription, the provision of financial assistance by the Company to Investco 1 by requesting the issue of the Investco 1 SBLC, the provision of financial assistance by the Company to Investco 2 by requesting the issue of the Investco 2 SBLC, the grant and exercise of the Investco 1 Holdco Call Option, the Investco 1 Holdco Put Option, the Investco 1 Subscription Option, the Investco 1 TII Call Option, the Investco 1 TII Put Option, the Investco 2 Holdco Call Option, the Investco 2 Holdco Put Option, the Investco 2 Subscription Option, the TII Subscription Option, the Investco 2 TII Call Option and the Investco 2 TII Put Option constituted connected transactions for the Company under the Listing Rules.

(11) 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 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 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 then intermediate holding company of the Company and is a wholly owned subsidiary of HWL), 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 continuing connected transactions 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 (1) 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 (the "Consolidation Agreement") entered into in July 2003 with ETH and UMT, HTI (1993) 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 ETH (the "ETH Loans"). The ETH 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 ETH under an ETH Loan, the lender called on the corresponding standby letter of credit and the relevant letter of credit bank called on the HWL guarantee, HWL was entitled, under a subrogation agreement, to enforce the share pledge. In addition, pursuant to the Consolidation Agreement, HTI (1993) may have exercised a call option to acquire and ETH may have exercised a put option to require HTI (1993) to acquire, all of ETH'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 ETH Loans, upon default of the repayment of the ETH Loans.

ETH is one of the Group's Indian joint venture partners. UMT 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 Limited, HTEL and Aircel Digilink India Limited) prior to the consolidation described above. The Group had a wholly owned equity interest of 49% in UMT. Pursuant to the pass through agreement (the "ETH Pass Through Agreement"), HT (BVI) 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 ETH Loans would be passed through to HT (BVI). Pursuant to the ETH Pass Through Agreement, HT (BVI) would also indemnify HWL against all claims and liabilities of HWL in connection with the provision by HWL of any credit support for loans to ETH under the Consolidation Agreement after the Company's listing on the Stock Exchange (the "Pass Through Arrangements"). The ETH Pass Through Agreement was further supplemented on 30 June 2005 as stated in paragraph (2) above.

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

(I) 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.

(J) On 16 June 2005, in order to achieve greater efficiency in communications between the offices of the Group, which were then situtated in different locations in Hong Kong, and allow more room for expansion, the Company consolidated and relocated most of such offices to the premises currently known as Hutchison Telecom Tower, located at 99 Cheung Fai Road, Tsing Yi, New Territories, Hong Kong (the "Hutchison Telecom Tower") by entering into a tenancy agreement (together the "Tsing Yi Tenancy Agreements") of three year term commencing from 1 May 2005 (subject to any request from the tenant for options to renew the tenancy for two successive periods of three years each on terms to be agreed) between Hongkong International Terminals Limited ("HIT", an indirect non-wholly owned subsidiary of HWL) as landlord and each of (1) Hutchison Telecommunications International (HK) Limited ("HTIHK", an indirect wholly owned subsidiary of the Company) as tenant for the lease of the whole of the 20th Floor and portion of the 18th Floor of the Hutchison Telecom Tower (the "HTIHK Premises"), with a gross floor area of approximately 20,000 sq.ft. at (i) rental (excluding Government rent, rates and service charges) of HK$5.5 per sq.ft. and (ii) management fee of HK$1.8 per sq.ft. of gross floor area per month; (2) HTHK as tenant for the lease of the 7th, 11th, 12th and 15th Floors, and portions of the 5th, 8th, 16th, 18th and 19th Floors of the Hutchison Telecom Tower (the "HTHK Premises") with a gross floor area of approximately 152,931 sq.ft. at (i) rental (excluding Government rent, rates and service charges) of HK$6.9 per sq.ft. for 11th and 12th Floors and HK$5.5 per sq.ft. for the other areas of the HTHK Premises and (ii) management fee HK$1.8 per sq.ft. of gross floor area per month; and (3) Hutchison Global Communications Limited ("HGC", a wholly owned subsidiary of HGCH, a then indirect non-wholly owned subsidiary of the Company) as tenant for the lease of the whole of the 9th, 10th and 17th floors and portions of the 5th, 6th, 8th, 16th, 18th and 19th floors of the Hutchison Telecom Tower (the "HGC Premises") with a gross floor area of approximately 130,000 sq.ft. at (i) rental (excluding Government rent, rates and service charges) of HK$5.5 per sq.ft. and (ii) management fee of HK$1.8 per sq.ft. of gross floor area per month.

HIT is a connected person of the Company by virtue of it being an associate of a substantial shareholder of the Company. The tenancy of each of the HTIHK Premises, the HTHK Premises and the HGC Premises 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 set out in (A) to (I) above 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.

Annual Review Requirements

The aggregate annual rental payable under the continuing connected transactions set out in (J) above represents less than 2.5% of the applicable percentage ratios and are, only subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing rules.

Based on the rent and the maximum management fees mentioned above, the annual caps, excluding Government rent, rates and service charges, were set at (1) for eight months ended 31 December 2005 of not exceeding (a) HK$1.168 million for the HTIHK Premises, (b) HK$9.551 million for the HTHK Premises and (c) HK$7.592 million for the HGC Premises and (2) for each of the financial years ending 31 December 2006 and 2007, and four months ending 30 April 2008 of not exceeding (a) HK$1.8 million, HK$1.848 million and HK$0.624 million respectively for the HTIHK Premises (b) HK$14.693 million, HK$15.06 million and HK$5.081 million respectively for the HTHK Premises and (c) HK$11.70 million, HK$12.012 million and HK$4.056 million respectively for the HGC Premises.

The single highest amount or aggregate amounts, as applicable, attributable to each category of the continuing connected transactions for the year ended 31 December 2005 (the "2005 Continuing Connected Transactions") were as follows:

2005 Continuing Connected Transactions		Single highest amount or aggregate amount, as applicable, for the year ended 31 December 2005 HK$ millions
(i)	Cost Sharing Agreements (single highest amount)	14.10
(ii)	Lease and Licence Arrangements (single highest amount)	3.84
(iii)	(a) Retail Services Agreements	(a) 1.50
	(b) 3G Dealership Services Agreement	(b) 9.80
(iv)	Shared Services Arrangements	26.50
(v)	Kotak Advisory Services	48.20
		(US$6.18m)
(vi)	Thai Marketing Agreement:	
	(a) revenue to the Group	(a) 834.00
	(b) network operating expenses to CAT Telecom	(b) 18.34
(vii)	Pass Through Arrangements	1,872.67
		(US$240.09m)
(viii)	Thai Financial Assistance to:	
	(a) GMRP	(a) 0.82
	(b) DPBB	(b) 0.03
(ix)	Tsing Yi Tenancy Agreements	14.66

All the Independent Non-executive Directors of the Company have reviewed the 2005 Continuing Connected Transactions, and confirmed that:

(a) the 2005 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 2005 Continuing Connected Transactions for the year ended 31 December 2005, as applicable, did not exceed the cap amounts as stated in the Prospectus and referred to in the Waiver or in the previous announcement (as applicable).

Based on the work performed, the Company's auditors have confirmed in a letter to the Board of Directors of the Company to the effect that the 2005 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 Group if such 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 or in the previous announcement (as applicable).

Save as disclosed above, the transactions disclosed as related party transactions in note 35 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.

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

As at 31 December 2005, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were 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 contained in the Listing Rules adopted by the Company (the "Model Code") were as follows:

(I) Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

Long Positions in the Shares/Underlying Shares of the Company

Name of Director/ Alternate Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held	Approximate % of shareholding
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	1,202,380 *(Note 1)*	–	0.0253%
Dennis Pok Man Lui	Beneficial owner	Personal interest	100,000	–	0.0021%
Frank John Sixt	Beneficial owner	Personal interest	–	255,000 *(Note 2)*	0.0054%
Naguib Sawiris	Beneficiary of a trust	Other interest	917,759,172 *(Note 3)*	–	19.31%
John W Stanton	Interest held jointly with spouse	Other interest	–	105,000 *(Note 4)*	0.0022%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	250,000	–	0.0053%
Chan Ting Yu	Beneficial owner	Personal interest	100,000	–	0.0021%
Nardi, Kar Wai Agnes	Beneficial owner	Personal interest	100,000	–	0.0021%

Notes :

1. *Such shares are held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.*
2. *17,000 American Depositary Shares (each representing 15 ordinary shares) are held by Mr Frank John Sixt.*
3. *Such shares are held in the form of security interest under a share charge created in favour of Hutchison Telecommunications Investment Holdings Limited ("HTIHL"), a substantial shareholder of the Company, by Orascom Telecom Eurasia Limited ("OTE"), a wholly owned subsidiary of Orascom Telecom Holding S.A.E. ("OTH"), which in turn is an indirect non-wholly owned subsidiary of February Private Trust Company Limited ("FPT"), which in turn is the trustee of a discretionary trust ("DT") whose founder is Mr Nassef Onsi Naguib Sawiris. Mr Naguib Sawiris, his spouse and children are beneficiaries of the DT. Please also see Note 13 on page 88 below.*
4. *7,000 American Depositary Shares (each representing 15 ordinary shares) are held jointly by Mr John W Stanton and his spouse.*

(II) Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Associated Corporations of the Company

Long Positions in the Shares of the Associated Corporation of the Company

As at 31 December 2005, Mr Fok Kin-ning, Canning held corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.148% of the then issued share capital, in Partner Communications Company Ltd. through a company which is equally controlled by Mr Fok and his spouse.

Save as disclosed above, as at 31 December 2005, 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 corporation (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 subsidiaries of the Company on trust for other subsidiaries.

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 2005, 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 or as otherwise notified to the Company and the Stock Exchange:

(I) Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares of the Company

Long Positions in the Shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
HTIHL	(i) Beneficial owner	2,178,903,076 *(Note 1)*	
	(ii) Interest of a controlled corporation	187,966,653 *(Note 1)*	49.80%
Hutchison Telecommunications Limited ("HTL")	Interest of controlled corporations	2,366,869,729 *(Note 1)*	49.80%
HIL	Interest of controlled corporations	2,366,869,729 *(Note 1)*	49.80%
HWL	Interest of controlled corporations	2,366,869,729 *(Note 1)*	49.80%
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporations	2,418,962,316 *(Note 2)*	50.90%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,418,962,316 *(Note 3)*	50.90%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,418,962,316 *(Note 4)*	50.90%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,418,962,316 *(Note 4)*	50.90%
Li Ka-shing ("Mr Li")	(i) Founder of discretionary trusts and interest of controlled corporations	2,419,115,596 *(Note 5)*	
	(ii) Interest of controlled corporations	27,513,355 *(Note 6)*	51.48%
OTE	Beneficial owner	917,759,172 *(Note 7)*	19.31%
OTH	Interest of a controlled corporation	917,759,172 *(Note 7)*	19.31%
Weather Capital Sarl ("WCS")	Interest of controlled corporations	917,759,172 *(Note 7)*	19.31%
Weather Investments Srl ("WIS")	Interest of controlled corporations	917,759,172 *(Note 7)*	19.31%

Name	Capacity	Number of shares held	Approximate % of shareholding
Weather Investments II Sarl ("WI II")	Interest of controlled corporations	917,759,172 *(Note 7)*	19.31%
April Holding ("AH")	Interest of controlled corporations	917,759,172 *(Note 7)*	19.31%
FPT	Interest of controlled corporations and trustee	917,759,172 *(Note 8)*	19.31%
Mr Nassef Onsi Naguib Sawiris	Founder of a discretionary trust	917,759,172 *(Note 9)*	19.31%

Short Positions in the Underlying Shares of the Company

Name	Capacity	Number of underlying shares held	Approximate % of shareholding
HTIHL	Beneficial owner	175,326,456 *(Note 10)*	3.69%
HTL	Interest of a controlled corporation	175,326,456 *(Note 10)*	3.69%
HIL	Interest of controlled corporations	175,326,456 *(Note 10)*	3.69%
HWL	Interest of controlled corporations	175,326,456 *(Note 10)*	3.69%
CKH	Interest of controlled corporations	175,326,456 *(Note 10)*	3.69%
TUT1	Trustee	175,326,456 *(Note 10)*	3.69%
TDT1	Trustee and beneficiary of a trust	175,326,456 *(Note 10)*	3.69%
TDT2	Trustee and beneficiary of a trust	175,326,456 *(Note 10)*	3.69%
Mr Li	Founder of discretionary trusts and interest of controlled corporations	175,326,456 *(Note 10)*	3.69%

(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

Name	Capacity	Number of shares held	Approximate % of shareholding
Massachusetts Financial Services Company ("MFS")	Investment Manager	237,959,970 *(Note 11)*	5.01%
Sun Life Financial, Inc. ("SLF")	Interest of controlled corporations	237,959,970 *(Note 12)*	5.01%

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 2,178,903,076 shares of the Company and 187,966,653 shares of the Company held respectively by HTIHL and a wholly owned subsidiary of HTIHL. Please also see Note 13 below.*

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 or in which HWL, HIL or HTL is taken as interested 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. Please also see Note 13 below.*

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 or in which HWL, HIL or HTL is taken as interested (together with CKH's interest in the share capital of the Company through certain wholly owned subsidiary companies) as a substantial shareholder of the Company under the SFO. Please also see Note 13 below.*

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 or in which HWL, HIL or HTL is taken as interested (together with CKH's interest in the share capital of the Company through certain wholly owned subsidiary companies) as a substantial shareholder of the Company under the SFO. Please also see Note 13 below.*

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 or in which HWL, HIL or HTL is taken as interested (together with CKH's interest in the share capital of the Company through certain wholly owned subsidiary companies) as a substantial shareholder of the Company under the SFO. Please also see Note 13 below.*

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

7. *OTE is a direct wholly owned subsidiary of OTH, which in turn is a non-wholly owned subsidiary of WCS, which in turn is a wholly owned subsidiary of WIS, which in turn is a non-wholly owned subsidiary of WI II, which in turn is a non-wholly owned subsidiary of AH. The 917,759,172 shares of the Company were subject to a share charge created in favour of HTIHL as security for OTE's obligation to repay a promissory note it issued on 21 December 2005 in favour of HTIHL. Such security was released on 28 February 2006 on due repayment of the promissory note. Please also see Note 13 below.*

8. *AH is a wholly owned subsidiary of FPT. By virtue of the SFO, FPT, as trustee of a discretionary trust ("DT"), is taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which OTE is taken to be interested as a substantial shareholder of the Company under the SFO. Please also see Note 13 below.*

9. *Mr Nassef Onsi Naguib Sawiris is the founder of the DT and is taken to have a duty of disclosure in relation to the shares of the Company under the SFO. He is also deemed to be interested in the shares of the Company in which the DT is taken to have a duty of disclosure under the SFO. Please also see Note 13 below.*

10. *Such underlying shares of the Company are held by virtue of a call option granted over such shares by HTIHL in favour of OTE. Such call option was granted pursuant to a shareholders' agreement dated 21 December 2005, which was made pursuant to a sale and purchase agreement dated 21 December 2005 for the sale of 917,759,172 shares of the Company held by HTIHL to OTE.*

11. *Certain subsidiary companies of MFS and MFS together hold 5% or more of the issued share capital of the Company. By virtue of the SFO, MFS is taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company.*

12. *By virtue of the SFO, SLF is taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by its controlled corporations referred to in Note 11 above.*

13. *According to the disclosures made to the Company pursuant to and solely for the purposes of the SFO, each of Mr Li, CKH, TUT1, TDT1, TDT2, HTIHL, HTL, HIL and HWL appeared to be taken as being interested in the 917,759,172 shares of the Company, which were sold to OTE by HTIHL under a share purchase agreement dated 21 December 2005, and such shares were subject to a share charge created in favour of HTIHL as security for OTE's obligation to repay a promissory note issued by OTE on 21 December 2005 in favour of HTIHL. Such security was released on 28 February 2006 on due repayment of the promissory note, whereupon the 917,759,172 shares of the Company were beneficially owned by OTE and controlled exclusively by OTE and OTH. Each of Mr Naguib Sawiris, OTH, OTE, WCS, WI II, FPT and Mr Nassef Onsi Naguib Sawiris appeared to be taken as being interested in the 2,366,869,729 shares of the Company beneficially owned by HTIHL (and its controlled corporation) and controlled exclusively by HWL, HIL, HTL and HTIHL, all as a result of the application of Sections 317 and 318 of the SFO by virtue of HWL, HTIHL, OTH and OTE being parties to a shareholders' agreement dated 21 December 2005 that imposes obligations or restrictions on any party with respect to their use, retention or disposal of their shares of the Company even though no shares of the Company have been acquired in pursuance of that agreement.*

Save as disclosed above, as at 31 December 2005, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares 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 or as otherwise notified to the Company and the Stock Exchange.

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, Messrs Fok Kin-ning, Canning and Frank John Sixt, both being Non-executive Directors of the Company, and Mrs Chow Woo Mo Fong, Susan, who resigned as Non-executive Director and appointed as Alternate Director 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 (the "HTIL 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 comprised the member countries of the European Union (prior to its enlargement in 2004), the Vatican City, the Republic of 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 comprised 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 Telesystem 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 during the year.

Share Options and Directors' Rights to Acquire Shares

The Group operates certain option schemes, details of which are as follows:

(I) Share Option Scheme of the Company

The following is a summary of the principal terms of the Company's share option plan (the "Share Option Scheme") conditionally approved and adopted by a resolution of the then sole shareholder of the Company passed on 17 September 2004. The Share Option Scheme was further approved at an extraordinary general meeting of shareholders of HWL on 19 May 2005 and subsequently amended by written resolutions of the Directors of the Company passed on 12 July 2005 and 9 February 2006 respectively.

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

- any employee or 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) of the Company, any of its subsidiary companies or any entity in which any member of the Group 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 any member of the Group or any invested entity;
- any customer of any member of the Group or any invested entity;
- any person or entity that provides research, development or other technological support to any member of the Group or any invested entity;
- any shareholders or security holders of any member of the Group or 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 Group; and
- any company wholly owned by any 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 Scheme. The eligibility of any of the foregoing classes 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 Group.

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 Scheme 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 Scheme and any other share option plan of the Group) to be granted under this Share Option Scheme 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, being 450,000,000 ordinary shares, as at 15 October 2004, the date on which the shares of the Company were 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 Share Option Scheme 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. The Company may seek separate approval of shareholders in a general meeting to grant options beyond these limits.

The total number of ordinary shares of the Company issued and which may fall to be issued upon exercise of the options (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the Company's issued share capital for the time being. 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 Scheme 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 of the Company 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 Scheme 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.

The following share options were outstanding under the Company's Share Option Scheme during the year:

Name or category of participants	Date of grant of share options(1)	Number of share options held at 1 January 2005	Granted during 2005	Exercised during 2005	Cancelled/ expired during 2005	Number of share options held at 31 December 2005	Exercise period of share options	Price of share of the Company(3): Exercise price of share options(2) HK$	At the grant date of share options(3) HK$	At the exercise date of share options HK$
Directors/Alternate Directors										
Dennis Pok Man Lui	8.8.2005	-	13,500,000	-	-	13,500,000	8.8.2006 to 7.8.2015	8.70	8.60	N/A
Tim Lincoln Pennington	8.8.2005	-	5,000,000	-	-	5,000,000	8.8.2006 to 7.8.2015	8.70	8.60	N/A
Chan Ting Yu	8.8.2005	-	5,000,000	-	-	5,000,000	8.8.2006 to 7.8.2015	8.70	8.60	N/A
Woo Chiu Man, Cliff	8.8.2005	-	3,500,000	-	-	3,500,000	8.8.2006 to 7.8.2015	8.70	8.60	N/A
Nardi, Kar Wai Agnes	8.8.2005	-	4,000,000	-	-	4,000,000	8.8.2006 to 7.8.2015	8.70	8.60	N/A
		-	31,000,000	-	-	31,000,000				
Other Employees in aggregate	8.8.2005	-	45,300,000	-	-	45,300,000	8.8.2006 to 7.8.2015	8.70	8.60	N/A
Total:			76,300,000			76,300,000				

Notes:

(1) *The share options will be vested according to a schedule, namely, as to as close to 1/3 of the shares of the Company which are subject to the share options as possible by each of the three anniversaries of the date of offer of the share options and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as defined in the Share Option Scheme) on such vesting date.*

(2) *The exercise price of the share options is subject to adjustment, in accordance with the provisions of the Share Option Scheme, in the event of an alteration in the capital structure of the Company.*

(3) *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 options are exercisable for a period of nine years commencing on the first anniversary after the date on which the option was offered, provided that no options may be exercised after 7 August 2015.

As at the date of this report, the Company had 76,300,000 share options outstanding under the Share Option Scheme, which represented approximately 1.61% of the shares of the Company in issue as at that date.

The weighted average fair value of options granted during the year determined using the Black-Scholes valuation model was HK$3.05 at measurement date. The significant inputs into the model were the Company's share price of HK$8.70, grant date on 8 August 2005, at exercise price of HK$8.70 per ordinary share, standard deviation of expected share price returns of 27.76%, expected life of options of 5.5 to 6.5 years, zero expected dividend paid out rate, annual risk-free interest rate of 3.68% and an expected workforce turnover rate of 5%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of comparable telecommunication companies over the last three years.

(II) Share Option Scheme of Subsidiary Companies

HGCH, the Company's subsidiary and HGCH's subsidiaries, operates certain option schemes, details of which are as follows:

(A) 2002 Option Scheme of HGCH

To enable HGCH 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, an option scheme (the "2002 Option Scheme") was adopted by HGCH on 2 April 2002. 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 shares in HGCH (the "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 following share options were outstanding under the 2002 Option Scheme during the year:

Category of participants	Date of grant of share options[1]	Number of share options held at 1 January 2005	Granted during 2005	Exercised during 2005	Expired/ cancelled/ lapsed during 2005	Number of share options held at 31 December 2005	Exercise period of share options	Exercise price of share options[3] HK$	Price of HGCH Share[4] At the grant date of share options HK$	Price of HGCH Share[4] At the exercise date of share options HK$
Employees in aggregate	2.5.2002[1]	6,850,000	-	-	(6,850,000)	-	2.5.2003 to 1.5.2006	0.940	0.930	N/A
	2.5.2003[1]	3,800,000	-	-	(3,800,000)	-	2.5.2004 to 1.5.2007	0.340	0.315	N/A
	16.5.2003[1]	750,000	-	-	(750,000)	-	16.5.2004 to 15.5.2007	0.410	0.410	N/A
	19.8.2004[2]	105,000,000	-	-	(105,000,000)	-	19.8.2004 to 18.8.2008	0.480	0.480	N/A
Total:		116,400,000	-	-	(116,400,000)	-				

Notes:

(1) *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.*

(2) *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.*

(3) *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.*

(4) *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.*

On 29 April 2005, the Company requested the directors of HGCH to put forward a proposal to shareholders of HGCH regarding a proposed privatisation of HGCH by way of a scheme of arrangement (the "Scheme") under Section 99 of the Companies Act 1981 of Bermuda.

On 7 June 2005, the Company made an appropriate offer (the "Option Offer") in accordance with the Code on Takeovers and Mergers to the holders ("Optionholders") of 110,400,000 outstanding options to subscribe for HGCH shares under the 2002 Option Scheme ("Outstanding HGCH Share Options") in consideration for allowing such options to lapse. Out of the total 110,400,000 outstanding share options, 25,000,000 were held by two directors of HGCH (who were then connected persons of HWL or of the Company, the "Connected Optionholders") and the remaining were held by other eligible participants under the 2002 Option Scheme.

If any of the Outstanding HGCH Share Options were exercised on or prior to the record date on 15 July 2005 for determining entitlements under the Scheme (the "Record Date"), any shares of HGCH issued as a result of the exercise of such Outstanding HGCH Share Options would be subject to, and eligible to participate in, the Scheme.

The Option Offer provided that any Outstanding HGCH Share Options, to the extent not exercised on or prior to the Record Date, would lapse on the day immediately following the Record Date if the Scheme became effective. Each relevant Optionholder who accepted the Option Offer and lodged the relevant election forms for acceptance of the Option Offer and election of the form of consideration by the prescribed deadline at 4:00 p.m. on 1 August 2005 (the "Closing Time") were entitled to receive either the cash alternative under the Option Offer (the "Option Cash Alternative") or (where available) the share alternative under the Option Offer (the "Option Share Alternative", together with the Option Cash Alternative, the "Option Lapsing Consideration") as follows if the Option Offer became unconditional:

Exercise price of Outstanding HGCH Share Options	Option Share Alternative	Option Cash Alternative
HK$0.34	for every 20.3 such Outstanding HGCH Share Options unexercised as at the Record Date, 1 HTIL Share	for each such Outstanding HGCH Share Option, HK$0.31 in cash
HK$0.41	for every 25.1 such Outstanding HGCH Share Options unexercised as at the Record Date, 1 HTIL Share	for each such Outstanding HGCH Share Option, HK$0.24 in cash
HK$0.48	for every 32.9 such Outstanding HGCH Share Options unexercised as at the Record Date, 1 HTIL Share	for each such Outstanding HGCH Share Option, HK$0.17 in cash
HK$0.94	not available	for every 50,000 such Outstanding HGCH Share Options unexercised as at the Record Date, HK$0.01 in cash

The Scheme was sanctioned without modification by the Supreme Court of Bermuda on 8 July 2005. The Outstanding HGCH Share Options lapsed on 16 July 2005, the day immediately following the Record Date.

As at the Closing Time, (i) acceptances of the Option Offer had been received from Optionholders making elections for the Option Share Alternative in respect of a total of 98,550,000 HGCH Outstanding Share Options, and (ii) acceptances of the Option Offer had been received from Optionholders making election for the Option Cash Alternative in respect of a total of 5,000,000 Outstanding HGCH Share Options.

As a result, 2,466,295 shares of the Company were issued by the Company to the Optionholders (excluding the Connected Optionholders) and 759,878 shares of the Company were transferred (pursuant to the HWL Vendor Share Arrangement) to the Connected Optionholders pursuant to their election of the Option Share Alternative as the form of the Option Lapsing Consideration.

As at the date of this report, there were no share options outstanding under the 2002 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' Schemes"). The purpose of the adoption of the Subsidiaries' Schemes are 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' Schemes 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' Schemes, 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' Schemes 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' Schemes). 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' Schemes.

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' Schemes 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 date of this report, no options have been granted under the Subsidiaries' Schemes.

(C) Employee Stock Option Plans of Partner Communications Company Ltd.

In July 2004, the board of directors of Partner Communications Company Ltd. ("Partner") approved an employee stock option plan (as amended on 1 March 2006) (the "2004 Plan") for options to be granted to employees under the provisions of the capital gain's tax route provided for in section 102 of the Israeli Income Tax Ordinance.

The purpose of the 2004 Plan is to promote the interests of Partner and its shareholders by providing employees, officers and advisors of Partner with appropriate incentives and rewards to encourage them to enter into and continue in the employment of or service to Partner and to acquire a proprietary interest in the long-term success of Partner. The 2004 Plan will remain in force for 10 years from its adoption in July 2004.

A total number of 5,775,000 ordinary shares of Partner (the "Partner Shares"), representing 3.15% of the total issued share capital of Partner as at the date of adoption of the 2004 Plan may be issued under the 2004 Plan. The maximum number of options which may be issued and allotted to each participants under the 2004 Plan shall not exceed 1,834,615 Partner Shares, representing approximately 1% of the total number of shares in issue at the date of adoption of the said Plan.

An option shall become cumulatively vested as to one-fourth (25%) of the shares covered thereby on each of the first, second, third and fourth anniversaries of the date of the relevant grant, unless otherwise set by the compensation committee of Partner (the "Partner Compensation Committee") being appointed by Partner's board of directors to administer the 2004 Plan, in the relevant grant instrument. The exercise period during which an option may be exercised will be determined by the Partner Compensation Committee and will not exceed ten years from the date of grant of options. No payment is required to be made by the grantee on application or acceptance of an option.

The Partner Compensation Committee shall determine the exercise price per share (the "Option Exercise Price"). The Option Exercise Price will be determined taking into consideration the fair market value of a Partner Share at the time of grant. Such fair market value on any date will be equal to the average of the closing sale price of the Partner Shares during the preceding thirty trading days, as such closing sale price is published by the national securities exchange in Israel on which the Partner Shares are traded, or if there is no sale of Partner Shares on such date, the average of the bid and asked prices on such exchange at the closing of trading on such date, or if Partner Shares are not listed on a securities exchange in Israel or the over the counter market, the fair market value on such date as determined in good faith by the Partner Compensation Committee.

The board of directors of Partner adopted the 1998 Employee Stock Option Plan (the "1998 Plan") and 2000 Employee Stock Option Plan (the "2000 Plan") in 1998 and 2000 respectively. Until November 2003, Partner granted options to senior managers and other employees pursuant to the 1998 Plan and the 2000 Plan. In November 2003, the 1998 Plan and the 2000 Plan were amended to conform with the changes in the Israeli Income Tax Ordinance (New Version), 1961. As a result, any grant of options after November 2003 would be subject to the terms of the 2000 Plan as so amended, referred to as the 2003 Amended Plan. No options will further be granted under the aforesaid three Plans without the board of directors of Partner approving relevant amendments being made necessary by the changes in Israeli laws and other regulatory requirements, as applicable.

The following share options were outstanding under the employee stock option plans of Partner during the period from 20 April 2005 (being the date on which Partner became a subsidiary of the Company) to 31 December 2005:

Category of participants	Date of grant of share options[1]	Number of share options held at 20 April 2005[1]	Granted from 20 April to 31 December 2005	Exercised from 20 April to 31 December 2005	Expired/ cancelled from 20 April to 31 December 2005	Number of share options held at 31 December 2005[1]	Exercise period of share options[2]	Exercise price of share options (US$/NIS)	Price of Partner Share: At the grant date of share options[3] (NIS)	Price of Partner Share: At the exercise date of share options[4] (NIS)
Employees in aggregate										
1998 Plan	5.11.1998 to 22.12.2002	889,386	–	456,912	–	432,474	5.11.1999 - 15.12.2011	US$0.343 and 20.45 NIS	0.01	38.52
2000 Plan	3.11.2000 to 30.12.2003	2,193,010	–	565,929	43,500	1,583,581	3.11.2000 - 30.12.2012	17.25 NIS to 27.35 NIS	17.25 to 27.35	38.49
2003 Amended Plan	30.12.2003	195,000	–	–	–	195,000	30.12.2003 - 30.12.2012	20.45 NIS	34.12	–
2004 Plan	29.11.2004 to 20.4.2005	5,158,500	350,000	152,000	500,750	4,855,750	29.11.2004- 20.4.2015	26.74 NIS to 33.72 NIS	33.13 to 38.10	38.54
Total:		8,435,896	350,000	1,174,841	544,250	7,066,805				

Notes:

(1) The number of share options disclosed is the aggregate figure of share options held at 31 December 2005 under each of Partner's stock option plans. The share options were granted on various date(s) during the corresponding period(s) and in respect of the 2003 Amended Plan, on the date of grant as disclosed.

(2) Subject to the terms of individual stock option plans, vesting schedules are in general: 25% of the options become vested on each of the first, second, third and fourth anniversary of the date of employment of the grantee or date of grant, unless otherwise specified by the Employee Stock Option Committee.

(3) The price of Partner Shares disclosed as at the date of grant of share option was the average closing price as recorded by the Tel Aviv Stock Exchange 30 days prior to the date of grant.

(4) The price of the Partner Shares disclosed as at the date of exercise of share options was the weighted average closing price of the shares immediately before the dates on which the options were exercised.

The fair value of options granted, determined using the Black and Scholes valuation model, was NIS 21.27 per Partner Share. The significant inputs into the model were share price of NIS 38.10 at the date of grant, exercise price of NIS 33.72 per Partner Share, standard deviation of expected share price returns of 58%, expected life of options of five years, expected dividend paid out rate of 0% and annual risk-free interest rate of 3.5%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over one year immediately preceding the grant date.

Save as disclosed above, 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.

Pre-emptive Rights

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

Purchase, Sale or Redemption of Shares

During the 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, over 29% 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, 9 March 2006