

# Report of the Directors

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

## Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and jointly controlled entities are shown on pages 204 to 208.

## Group Profit

The consolidated profit and loss account is set out on page 123 and shows the Group profit for the year ended 31 December 2005.

## Dividends

An interim dividend of HK\$0.51 per share was paid to shareholders on 7 October 2005 and the Directors recommend the declaration of a final dividend at the rate of HK\$1.22 per share payable on 19 May 2006 to all persons registered as holders of shares on 18 May 2006. The Register of Members will be closed from 11 May 2006 to 18 May 2006, both days inclusive.

## Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 45 and note 33 to the accounts on pages 202 and 190 respectively.

## Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK\$70,000,000 (2004 - approximately HK\$170,000,000).

## Fixed Assets

Particulars of the movements of fixed assets are set out in note 14 to the accounts.

## Share Capital

Details of the share capital of the Company are set out in note 32 to the accounts.

## Directors

The board of Directors of the Company (the "Board") as at 31 December 2005 comprised Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt, Mr Lai Kai Ming, Dominic, Mr Kam Hing Lam, The Hon Sir Michael David Kadoorie, Mr Holger Kluge, Mr George Colin Magnus, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr Simon Murray, Mr Or Ching Fai, Raymond, Mr William Shurniak and Mr Wong Chung Hin (also Alternate Director to Mr Simon Murray).

Mr Peter Alan Lee Vine retired as Director with effect from 7 January 2005 and passed away on 14 April 2005. The Board records with great regret the passing away and records its deep appreciation for his services to the Group from 1997 until his retirement.

On 6 June 2005, Mr Wong Chung Hin was appointed as Alternate Director to Mr Simon Murray.

On 1 November 2005, Mr George Colin Magnus was re-designated as a Non-executive Director. The Board records its deepest gratitude to him for his over 25 years dedicated service and his many substantial contributions to the Group.

Mrs Chow Woo Mo Fong, Susan and Messrs Lai Kai Ming, Dominic, Simon Murray, Or Ching Fai, Raymond and William Shurniak will retire by rotation at the forthcoming annual general meeting under the provisions of Article 85 of the Articles of Association of the Company and, being eligible, will offer themselves for re-election.

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

The Directors' biographical details are set out on pages 69 to 72.

### Interest in Contracts

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

### Connected Transactions

On 9 May 2005, the Company exercised its rights to accelerate completion of the acquisition from (i) KPN Mobile N.V. ("KPN") of its 15% indirect interests in (the "KPN UK Sale"), and (ii) NTT DoCoMo Inc. ("DoCoMo") of its 20% indirect interests in (the "DoCoMo UK Sale") Hutchison 3G UK Holdings Limited ("Hutchison 3G UK Holdings"), a company indirectly owned, prior to these acquisitions, as to 65% by the Company, as to 15% by KPN and as to 20% by DoCoMo. Upon completion of the KPN UK Sale and the DoCoMo UK Sale, Hutchison 3G UK Holdings became an indirect wholly owned subsidiary of the Company. On 27 May 2004, DoCoMo was granted an option (the "DoCoMo's Option") to require the Company to purchase or procure the purchase of all the 187,966,653 ordinary shares of Hutchison Telecommunications International Limited ("Hutchison Telecommunications International", a then non wholly owned subsidiary of the Company) (the "HTIL Shares") acquired by DoCoMo in October 2004 in connection with the DoCoMo UK Sale. On 23 May 2005, the Company received notice of DoCoMo's intention to effectively exercise the DoCoMo's Option and to sell all the 187,966,653 HTIL Shares at HK\$6.91 per HTIL Share. Completion of the sale and purchase of the 187,966,653 HTIL Shares pursuant to the exercise of the DoCoMo's Option ("DoCoMo HTIL Put") occurred on 23 June 2005. The total purchase consideration payable in cash on completion of the DoCoMo HTIL Put was US\$166,520,000. DoCoMo was then a connected person of the Company within the meaning of the Listing Rules by virtue of being (i) a substantial shareholder of Hutchison 3G UK Holdings, and (ii) a substantial shareholder of Hutchison Telephone Company Limited and Hutchison 3G HK Holdings Limited, both of which were then indirect non wholly owned subsidiaries of the Company, prior to the DoCoMo UK Sale. KPN was then a connected person of the Company within the meaning of the Listing Rules by virtue of being a substantial shareholder of Hutchison 3G UK Holdings prior to completion of the KPN UK Sale. The acceleration of the DoCoMo UK Sale and the KPN UK Sale and the exercise of the DoCoMo's Option each constituted a connected transaction of the Company under the Listing Rules.

On 12 May 2005, Chellic Limited ("Chellic"), a company indirectly owned as to 50% by each of the Company and Cheung Kong (Holdings) Limited ("Cheung Kong"), entered into two agreements (the "Wuhan Agreements") with Land Reserve Center of Wuhan Municipal for the acquisition by Chellic of the land use rights in respect of (i) a piece of land with an area of 31,900 square metres, located at Lot no. P(2005)013 at the junction of Jingnan Main Road and Jiangnan Road, Jiang Han District, Wuhan, the People's Republic of China (the "PRC") (the "North Property") and (ii) a piece of land with an area of 132,178 square metres, located at Lot no. P(2005)012 at Hualou Jie, Jiang Han District, Wuhan, the PRC (the "South Property") for a consideration of RMB420,000,000 and RMB1,203,000,000 respectively payable by instalments and subject to the other terms and conditions set out therein respectively. Two new joint ventures, namely Hutchison Whampoa Properties (Wuhan Jiangnan North) Limited ("JV Co.1") and Hutchison Whampoa Properties (Wuhan Jiangnan South) Limited ("JV Co.2", together with JV Co.1 as the "JVCos"), owned as to 50% by each of the Company and Cheung Kong through Chellic, have been established in the PRC to own and develop the North Property into commercial and residential properties and the South Property into residential and commercial properties. To fund the payment of land cost, construction costs and other project costs for the development of the North Property, the total investment and registered capital of JVCo.1 are proposed to be US\$121,700,000 and US\$42,600,000 respectively. To fund the payment of land cost, construction costs and other project costs for the development of the South Property, the total investment and registered capital of JV Co.2 are proposed

to be US\$188,400,000 and US\$66,000,000 respectively. Any contribution to the registered capital of, and any shareholders' loans to, both JVCos has been, and was expected to be, made equally by indirect subsidiaries of the Company and Cheung Kong in proportion to their respective equity interests in these companies. Cheung Kong is a substantial shareholder of the Company and hence is a connected person of the Company within the meaning of the Listing Rules. The establishment of the JVCos for the purpose of effecting the acquisition of the land use rights in respect of the North Property and the South Property pursuant to the Wuhan Agreements and their development constituted connected transactions for the Company under the Listing Rules.

On 13 May 2005, (i) Convoys Investment S.à r.l. ("CIS"), a company indirectly owned as to 50% by each of the Company and Cheung Kong, as purchaser, (ii) News Property One Limited ("NPOL") as vendor and (iii) News International Limited as the vendor's guarantor, entered into a contract (the "CIS Agreement") relating to the acquisition by CIS of the freehold premises comprising land and buildings with an aggregate area of approximately 16 hectares located at the Royal Naval Yard Deptford (or otherwise known as the Convoys Wharf, Deptford), London, the United Kingdom (the "Property") and such of the existing licences for the use of certain structures adjacent to the Property as more particularly described in the CIS Agreement at the consideration of £100,000,000 (exclusive of VAT). On the same day, CIS also entered into an agreement with NPOL (the "Profit Participation Agreement") which governs the basis for computing the amount of, and NPOL's entitlement to, any amount which is payable by CIS to NPOL under the Profit Participation Agreement if planning permission comprising private residential housing is obtained prior to the prescribed deadline and is of an amount which is determined in accordance with a pre-agreed formulation set forth therein based, inter alia, on any additional area over which such planning permission is obtained (the "Additional Payment"). The consideration and any Additional Payment were/would be funded by the Company and Cheung Kong in proportion to their indirect 50/50 interests in CIS. Cheung Kong is a connected person of the Company within the meaning of the Listing Rules. CIS is an associate of Cheung Kong and thus a connected person of the Company within the meaning of the Listing Rules. The financial assistance provided or to be provided by the Company to CIS by way of the contribution to the consideration and any Additional Payment on an unsecured basis and on normal commercial terms in proportion to its 50% interests in CIS constituted or would constitute a connected transaction for the Company under the Listing Rules.

On 23 May 2005, Bayswater Developments Limited ("BDL"), a company indirectly owned as to 50% by each of the Company and Cheung Kong, entered into an agreement (the "Tianjin Agreement") with Tianjin Metro General Corp. ("TMGC") in respect of the establishment of Hutchison Whampoa Properties (Tianjin) Limited ("HWPT"), a sino-foreign co-operative joint venture established for the development of a piece of land with an area of 19,617.1 square metres located at Yingkou Dao, Tianjin, the PRC (the "Tianjin Property") into commercial development (in phase one) and residential development (in phase two). The proposed registered capital of HWPT is US\$47,500,000. The initial total investment of HWPT is US\$72,830,000 to be increased to US\$123,500,000 upon embarking on phase two of the development of the Tianjin Property. The registered capital would be contributed on an 80:20 basis by BDL and TMGC respectively. BDL's contribution would be in the form of cash and TMGC would inject into HWPT the Tianjin Property which would be recognised as TMGC's contribution to HWPT's registered capital and surplus. Any contribution to the registered capital of, and any shareholders' loans to, HWPT through BDL would be made equally by indirect subsidiaries of the Company and Cheung Kong in proportion to their respective equity interests in these companies. Pursuant to the Tianjin Agreement, TMGC is entitled to approximately 25% of the floor area of the completed buildings in the Tianjin Property as its return of investment in HWPT and therefore not entitled to any profit share of HWPT. Any profit of BDL would be ultimately shared equally by indirect subsidiaries of the Company and Cheung Kong in proportion to their respective indirect equity interests in BDL. Cheung Kong is a connected person of the Company within the meaning of the Listing Rules. BDL is an associate of Cheung Kong and thus a connected person of the Company within the meaning of the Listing Rules. The financial assistance provided or to be provided by the Company to BDL by way of the contribution to the registered capital of, and any shareholders' loans to, HWPT through BDL on an unsecured basis and on normal commercial terms in proportion to its 50% interests in BDL constituted or would constitute a connected transaction for the Company under the Listing Rules.

On 10 June 2005, each of Rhine Office Investments Limited ("ROIL") and Vember Lord Limited ("VLL"), both indirect wholly owned subsidiaries of the Company, entered into a placing agreement (collectively the "Placing Agreements") with The Hongkong and Shanghai Banking Corporation Limited and UBS AG acting through its business group UBS Investment Bank, in relation to the acquisition of new H Shares in China COSCO Holdings Company Limited ("China COSCO"), a joint stock limited company established in the PRC and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Pursuant to the Placing Agreements, each of ROIL and VLL acquired such number of new H Shares equal to an amount of US\$75,000,000 at the final offer price of share offered pursuant to the global offering of China COSCO, rounded down to the nearest board lot. Such number of new H Shares

acquired by ROIL and VLL represented approximately 6% of the entire issued share capital of China COSCO immediately after the global offering. COSCO Pacific Limited ("COSCO Pacific") is a substantial shareholder of a subsidiary of the Company and is an indirect subsidiary of China COSCO. Hence China COSCO is a connected person of the Company within the meaning of the Listing Rules. The acquisition of the new H shares in China COSCO pursuant to the Placing Agreements constituted a connected transaction for the Company under the Listing Rules.

On 13 June 2005, Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited ("HWPCJ"), a company indirectly owned as to 50% by each of the Company and Cheung Kong, entered into an agreement (the "Chongqing Land Contract") with Chongqing Municipal Land Resources and Real Estate Administration Bureau for the acquisition by HWPCJ of the land use right in respect of a piece of land with an area of 470,975 square metres, located at the west of B17 Road within DouXi District of the Economic and Technological Development Park, New Northern Zone, Chongqing, the PRC (the "Chongqing Land") for a consideration of RMB503,183,800 payable by instalments, and subject to the other terms and conditions set out therein. To fund the payment of land cost, construction costs and other project costs for the development of the Chongqing Land, the total investment and registered capital of HWPCJ are RMB714,000,000 and RMB250,000,000 respectively. Any contribution to the registered capital of, and any shareholders' loans to, HWPCJ has been, and was expected to be, made equally by indirect subsidiaries of the Company and Cheung Kong in proportion to their respective equity interests in HWPCJ. Cheung Kong is a connected person of the Company within the meaning of the Listing Rules. The establishment of HWPCJ for the purpose of effecting the acquisition of the land use right of the Chongqing Land pursuant to the Chongqing Land Contract and its development constituted connected transactions for the Company under the Listing Rules.

On 30 June 2005, Essar Teleholdings Limited ("ETH") agreed to an extension of a term loan facility of Rs. 10,913,000,000 (the "Original Facility") provided by independent financial institutions pursuant to a loan agreement dated 22 December 2004. Part of the security for the Original Facility was a US\$260,000,000 standby letter of credit (the "US\$260m SBLC") issued by another independent financial institution (the "SBLC Issuer") under a SBLC facility agreement dated 27 December 2004 (the "SBLC Facility Agreement") between ETH and the SBLC Issuer, which was supported by the guarantee (the "Guarantee") dated 30 December 2004 issued by the Company. The Guarantee was in turn counter-indemnified by Hutchison Telecom (BVI) Limited ("HTBVI"), a wholly owned subsidiary of Hutchison Telecommunications International. On the same date, a deed of amendment (the "First Deed of Amendment") was entered into, among others, between ETH, the SBLC Issuer and the Company under which the Company agreed to extend the final maturity date of the US\$260,000,000 SBLC facility (the "SBLC Facility") made available to ETH under the SBLC Facility Agreement from 30 June 2005 to up to 30 September 2005, so as to enable the expiry date of the US\$260m SBLC to be extended by one or more amendments to up to 30 September 2005. The contracting parties of the First Deed of Amendment entered into a second deed of amendment on 30 September 2005 and a third deed of amendment on 8 November 2005 under which the Company respectively agreed to further extend the final maturity date of the SBLC Facility (i) from 30 September 2005 to 31 October 2005 so as to enable the expiry date of the US\$260m SBLC to be extended to 31 October 2005 and (ii) from 31 October 2005 to 23 December 2005 so as to enable the expiry date of the US\$260m SBLC to be extended to 23 December 2005. Any claims against and liabilities of the Company arising from the Guarantee as extended would be counter-indemnified by HTBVI. ETH is a connected person of the Company within the meaning of the Listing Rules by virtue of being a substantial shareholder of Hutchison Essar Limited (then known as "Hutchison Max Telecom Limited") ("HEL"), an indirect non wholly owned subsidiary of the Company. The extensions of the Guarantee constituted connected transactions for the Company under the Listing Rules.

On 8 July 2005, the proposed privatisation (the "Proposal") of Hutchison Global Communications Holdings Limited ("Hutchison Global Communications", a then indirect non wholly owned subsidiary of Hutchison Telecommunications International), whose shares were then listed on the Stock Exchange, by way of a scheme of arrangement (the "Scheme") under Section 99 of the Companies Act 1981 of Bermuda, at the cancellation consideration (the "Cancellation Consideration") of 2 HTIL Shares for every 21 shares of Hutchison Global Communications ("HGCH Share") (the "Share Alternative") valuing at HK\$0.7048 per HGCH Share or cash of HK\$0.65 per HGCH Share, was sanctioned without modification by the Supreme Court of Bermuda. Under the Proposal, Hutchison Telecommunications International made a conditional offer (the "Option Offer") to the optionholders (the "Optionholders") of 110,400,000 outstanding options under the share option scheme of Hutchison Global Communications adopted on 2 April 2002 (the "Outstanding HGCH Share Options"), pursuant to which each relevant Optionholder who accepted the Option Offer and lodged the relevant election forms for acceptance and election of the form of consideration by the prescribed deadline was entitled to receive either cash alternative or share alternative (the "Option Share

Alternative”) as option lapsing consideration (the “Option Lapsing Consideration”) in respect of the lapsing of the Outstanding HGCH Share Options. In August 2005, Hutchison Telecommunications International has procured Hutchison Telecommunications Investment Holdings Limited (“HTIH”), an indirect wholly owned subsidiary of the Company and the immediate holding company of Hutchison Telecommunications International, to transfer 60,371,099 HTIL Shares in issue to holders of HGCH Shares (the “Connected Scheme Shareholders”) or Optionholders (the “Connected Optionholders”) who have validly elected the Share Alternative or the Option Share Alternative as the form of Cancellation Consideration or the Option Lapsing Consideration respectively (the “HWL Vendor Share Arrangement”).

The identity of the Connected Scheme Shareholders was disclosed on page 64 of the document dated 7 June 2005 despatched to the HGCH Shareholders containing details of the Scheme and the Connected Optionholders were Messrs Wong King Fai, Peter and Kan Ka Wing, Frankie. These share transferees are connected persons of the Company within the meaning of that expression under the Listing Rules by virtue of being either directors of the Company, Hutchison Telecommunications International and/or Hutchison Global Communications or associates of such directors or associate of a substantial shareholder of the Company, Hutchison Telecommunications International and/or Hutchison Global Communications. The satisfaction of the Cancellation Consideration and the Option Lapsing Consideration by transfer of existing HTIL Shares to Connected Scheme Shareholders or Connected Optionholders pursuant to the HWL Vendor Share Arrangement constituted a connected transaction for the Company under the Listing Rules.

On 14 July 2005, Choicewide Group Limited (“Choicewide”), a company indirectly owned as to 50% by each of the Company and Cheung Kong, jointly with Bayfront Development Pte Ltd and Sageland Pte Ltd (collectively the “Tendering Parties”), have been awarded by Urban Redevelopment Authority of Singapore a tender for certain parcels of land at Marina Boulevard/Central Boulevard, Singapore with the maximum total gross floor area of 478,000 square metres (the “Marina Bay Land”) for the development of a business and financial centre and a single integrated development for public attraction uses. Choicewide, being one of the parties to a joint tender, is interested in one-third of the acquisition and development of the 99-year lease of phase 1 of land parcel A of Marina Bay Land pursuant to a tender for the development of a business and financial centre with a right to exercise the Parcel A Option (i.e. option to take up all phases subsequent to phase 1 of land parcel A of the Marina Bay Land to develop a business and financial centre) and the Parcel B Option (i.e. option to take up land parcel B of the Marina Bay Land to develop a single integrated development for public attraction uses) (the “Acquisition and Development”). Pursuant to the joint tender submitted by Choicewide and the Tendering Parties, Choicewide and the Tendering Parties agreed, (i) to acquire all or part of land parcel A of the Marina Bay Land at a total consideration of up to S\$1,796,238,000 (subject to adjustment in case of the exercise of the Parcel A Option) to be paid by instalments; and (ii) subject to the exercise of the Parcel B Option, to acquire land parcel B of the Marina Bay Land at a total consideration of S\$164,040,000 (subject to adjustment). Choicewide shall be responsible for one-third of each of the purchase price of the Acquisition and Development, the option fees in respect of the Parcel A Option and the Parcel B Option in the maximum respective sums of S\$138,613,800 and S\$2,460,600 should the options be exercised, and the applicable taxes (including stamp duty and goods and services tax), fees and costs (including the Parcel A Electric Substation Costs (i.e. cost for provision of a proposed electric substation in Downtown at Marina Bay, Singapore by the Government of Singapore and a third party in the sum of S\$7,200,000), and should the Parcel B Option be exercised, the Parcel B Electric Substation Costs (i.e. cost for provision of a proposed electric substation in Downtown at Marina Bay, Singapore by the Government of Singapore and a third party in the sum of S\$480,000)) relating to the Acquisition and Development. BFC Development Pte. Ltd., a new joint venture, has been established in Singapore and is owned by Choicewide and each of the Tendering Parties in equal proportion for the sole purpose of owning and developing phase 1 of the land parcel A of the Marina Bay Land. Cheung Kong is a connected person of the Company within the meaning of the Listing Rules. Any contribution to the consideration for the acquisition of the Marina Bay Land and any payment in proportion to their 50/50 interest in Choicewide for the development of a business and financial centre and/or a single integrated development for public attraction uses thereon is expected to be made equally by the Company and its subsidiaries and Cheung Kong and its subsidiaries in proportion to their respective equity interests in Choicewide. Such contribution and payments which lead to the financial assistance provided or to be provided by the Company to Choicewide constituted or would constitute a connected transaction for the Company under the Listing Rules.

On 4 October 2005, (i) City Island Developments Limited (“City Island”), a wholly owned subsidiary of Hutchison Harbour Ring Limited (“Hutchison Harbour Ring”) which in turn is an indirect non wholly owned subsidiary of the Company, as purchaser, (ii) Hildon Development Limited (“Hildon”), a company indirectly owned as to 50% by each of the Company and Cheung Kong, as vendor, (iii) Cheung Kong Holdings (China) Limited (“CKHC”), a wholly owned

subsidiary of Cheung Kong, and Hutchison Whampoa Properties Limited ("HWP"), a wholly owned subsidiary of the Company, as vendor guarantors and (iv) Hutchison Harbour Ring as purchaser guarantor entered into a conditional agreement (the "Newscott Agreement") relating to the sale by Hildon to City Island of (a) 100 shares of US\$ 1.00 each, representing the entire issued share capital, in Newscott Investments Limited ("Newscott"), a then wholly owned subsidiary of Hildon, and (b) all the shareholder's loans due and owing from Newscott to Hildon for a total consideration of approximately HK\$ 1,797,554,000 payable in cash, subject to adjustment. On the same day, (i) City Island as purchaser, (ii) Montoya (HK) Limited ("Montoya"), a company indirectly owned as to 50% by each of the Company and Cheung Kong, as vendor, (iii) CKHC and HWP as vendor guarantors and (iv) Hutchison Harbour Ring as purchaser guarantor entered into a conditional agreement (the "Great Winwick Agreement") relating to the sale by Montoya to City Island of (a) 100 shares of US\$ 1.00 each, representing the entire issued share capital, in Great Winwick Limited ("Great Winwick"), a then wholly owned subsidiary of Montoya, and (b) all the shareholder's loans due and owing from Great Winwick to Montoya for a total consideration of approximately HK\$ 394,327,000 payable in cash, subject to adjustment. The principal assets of Newscott and Great Winwick are the holding of the entire equity interests in, and loans to, Shanghai He Hui Property Development Co., Ltd. and Shanghai Xin Hui Property Development Co., Ltd. which are joint owners of the development known as "The Center" located at 989 Changle Road, Shanghai, the PRC with a total gross floor area of 98,337.09 square meters (including 204 underground parking spaces) and the clubhouse with a gross floor area of 2,337.79 square metres located at The Summit, No. 1 to No. 4, Lane 99 Urumqi Zhong Lu, Shanghai, the PRC. Both Hildon and Montoya are associates of Cheung Kong and hence are connected persons of the Company within the meaning of the Listing Rules. The transactions under the Newscott Agreement and the Great Winwick Agreement constituted connected transactions for the Company under the Listing Rules.

On 8 November 2005, the following documents were executed in respect of the expansion of the Shenzhen Yantian Port construction and operation of six additional container berths:

- (i) A supplemental contract between Hutchison Ports Yantian Limited ("HPYL"), an indirect non wholly owned subsidiary of the Company, and Shenzhen Yantian Port Group Company Limited ("SYPG") (the "Supplemental JV Contract") supplemental to the joint venture contract dated 26 November 2001 made between HPYL and SYPG for, among other things, the increase in the total investment and registered capital of Yantian International Container Terminals (Phase III) Limited ("Yantian JVCo"), a company owned as to 65% by HPYL and 35% by SYPG, from HK\$ 5,746,520,000 and HK\$ 2,400,000,000 respectively to HK\$ 16,194,980,000 and HK\$ 6,056,960,000 respectively. Yantian JVCo is a sino-foreign equity joint venture company in the PRC for the development, operation and management of the container and berthing terminal, depot and other related facilities at Phase III of the Shenzhen Yantian Port and expansion of the Shenzhen Yantian Port. The estimated aggregate amount of interest-free shareholders' loans expected to be contributed to Yantian JVCo by HPYL and SYPG is RMB 4,460,000,000. Any contribution to increase the registered capital of, and any shareholders' loans to, Yantian JVCo would be effected by HPYL and SYPG pro rata to their 65:35 respective equity interests in Yantian JVCo;
- (ii) A transfer contract between SYPG and Yantian JVCo (the "Terminal Site and Coastline Use Right Transfer Contract") for, the satisfaction of certain project requirements of the expansion of Shenzhen Yantian Port, including the transfer of the land use right and coastline use right by SYPG to Yantian JVCo for an aggregate cash consideration of RMB 1,854,512,613.20 payable by instalments and the construction and provision of access roads to the project site and other post-related facilities at a management fee equivalent to 10% of the contract price under the construction contract between SYPG and the contractor to be engaged in the construction of access roads to the project site in respect of the project site for the expansion of the Shenzhen Yantian Port;
- (iii) A supplemental contract between Yantian International Container Terminals Limited ("YICT"), a company owned as to 73% by HPYL and Yantian JVCo (the "Supplemental Management Agreement") supplemental to a management contract dated 26 November 2001 made between YICT and Yantian JVCo for, among other things, the operation and management of the facilities at Phases I, II and III and expansion of the Shenzhen Yantian Port on a consolidated basis;
- (iv) A rock materials supply contract between SYPG and Yantian JVCo (the "Rock Materials Supply Contract") for, among other things, the supply of rock materials by SYPG to Yantian JVCo for the construction work to be carried out for expansion of the Shenzhen Yantian Port for an aggregate cash consideration of RMB 450,000,000 payable by instalments; and

- (v) A dredging management contract between SYPG and Yantian JVCo (the "Dredging Management Contract") for, among other things, the provision by SYPG to Yantian JVCo of management services in relation to dredging work to be carried out at the expansion of the Shenzhen Yantian Port for a management fee in an amount not exceeding 11% of the contract price under dredging contract to be entered into by Yantian JVCo with dredging contractor.

SYPG is a connected person of the Company within the meaning of the Listing Rules by virtue of it being a substantial shareholder of Yantian JVCo. Yantian JVCo is a connected person of the Company within the meaning of the Listing Rules by virtue of being a 35%-held associate of SYPG. Each contribution of additional capital in Yantian JVCo by HPYL constituted a connected transaction for the Company. The financial assistance to be provided by HPYL to Yantian JVCo by way of shareholder's loans on an unsecured basis and on normal commercial terms in proportion to its 65%-held equity interest in Yantian JVCo constituted a connected transaction for the Company under the Listing Rules. The entering into of the Terminal Site and Coastline Use Right Transfer Contract, the Supplemental Management Agreement, the Rock Materials Supply Contract and the Dredging Management Contract constituted connected transactions for the Company under the Listing Rules.

On 17 December 2005, a loan agreement (the "Loan Agreement") was entered into between (i) JayKay Finholding (India) Private Limited ("JKF") and Usha Martin Telematics Limited ("UMT") (both being then indirect non wholly owned subsidiaries of the Company) as borrowers and (ii) an independent financial institution as lender for a term loan facility of up to INR5,100,000,000 (the "Term Loan Facility") on a joint and several basis entitling the lender to request that JKF and/or UMT repay the lender an amount equivalent to the total outstanding indebtedness under the Term Loan Facility. On 19 December 2005, Hutchison Telecommunications International entered into a credit agreement with another independent financial institution to procure its issue of a short term one year standby letter of credit in the amount of US\$125,000,000 (the "US\$125m SBLC") in support of the obligations of JKF and UMT under the Term Loan Facility. Each of JKF and UMT was a holding company in respect of part of the Group's interest in telecommunications operators in India. Each of them was a then connected person of the Company within the meaning of the Listing Rules by virtue of it being an associate of the Kotak Mahindra Group, which was also a substantial shareholder of other Indian subsidiaries of the Company then. The entering into of the Loan Agreement by JKF and UMT on a joint and several basis and the procurement of the US\$125m SBLC by Hutchison Telecommunications International each constituted a connected transaction for the Company under the Listing Rules.

On 19 December 2005, Mapleleaf Developments Limited ("Mapleleaf"), a company in which the Company and Cheung Kong have an indirect shareholding 25% and 25% respectively, entered into an agreement (the "Pudong Land Contract") with Shanghai Lujiazui Finance & Trade Zone United Development Co., Ltd. for the acquisition by Mapleleaf of the land use right in respect of a piece of land known as Land 2-4 with an area of approximately 50,850 square metres located at Century Avenue, Pudong District, Shanghai, the PRC (the "Pudong Land") for a consideration of RMB2,599,452,000, subject to adjustment and payable by instalments. The remaining 50% shareholding of Mapleleaf is held indirectly by Li Ka Shing (Overseas) Foundation (the "Foundation"). Hutchison Whampoa Properties (Shanghai) Lujiazui Limited ("Pudong JVCo"), a wholly foreign owned enterprise owned by Mapleleaf would be established for the purposes of owning and developing the Pudong Land for its development into commercial, cultural and office properties. To fund the payment of land cost, construction costs and other project costs for the development of the Pudong Land, the total investment and registered capital of Pudong JVCo are US\$683,000,000 and US\$240,000,000 respectively. Any contribution to the registered capital of, and any shareholders' loans to, Pudong JVCo was made or is expected to be made by the Company, Cheung Kong and the Foundation (or their respective subsidiaries) in proportion to their respective equity interests in Pudong JVCo. Cheung Kong is a connected person of the Company within the meaning of the Listing Rules. The joint venture arrangements between the Company and Cheung Kong in relation to Mapleleaf and Pudong JVCo for the purpose of effecting the acquisition of the land use right of the Pudong Land pursuant to the Pudong Land Contract and its development constituted connected transactions for the Company under Listing Rules.

On 19 December 2005, Hutchison Ports Yangshan Limited ("HPYSL"), an indirect wholly owned subsidiary of the Company, entered into a contract (the "Yangshan JV Contract") with 上海盛東國際集裝箱碼頭有限公司 ("SSICTC"), APM Terminals Yangshan Company Limited ("APM"), COSCO Ports (Yangshan) Limited ("COSCO") and 中海碼頭發展有限公司 ("CS") (collectively the "JV Partners") in relation to the establishment of an equity joint venture company to be named as 上海亞東國際集裝箱碼頭有限公司 (the "Shanghai JVCo") in the PRC for the purposes of acquiring, developing, operating and managing the Phase II Container Terminal located at Yangshan deep water port, including 4 berths with a quay length of 1,400 metres, relevant sea area, land area of approximately 0.64 square kilometers, buildings, structures, machinery and equipment supporting facilities and all other facilities required for the normal operation of the terminal (the "Yangshan Phase II Terminal"). Pursuant to the Yangshan JV Contract, SSICTC, HPYSL, APM, COSCO and CS respectively hold 16%, 32%, 32%, 10% and 10% equity interests in Shanghai JVCo. To fund the payment of development costs and other project costs for the development and operation of Yangshan Phase II Terminal, both the total investment and registered capital of Shanghai JVCo are proposed to be RMB4,000,000,000. Any contribution to the registered capital of Shanghai JVCo is expected to be made by HPYSL and the JV Partners in proportion to their respective equity interests in the Shanghai JVCo. On the same day, an agreement (the "Acquisition Principles Agreement") was entered into by HPYSL and the JV Partners under which the parties agreed to use best endeavours to procure the acquisition of Yangshan Phase II Terminal by Shanghai JVCo from the owner of Yangshan Phase II Terminal, which is independent of the Company, no later than 6 months after the issuance of the business licence of the Shanghai JVCo. COSCO Pacific is a substantial shareholder of a subsidiary of the Company and the holding company of COSCO, and hence COSCO is a connected person of the Company within the meaning of the Listing Rules. The joint venture arrangements between HPYSL and COSCO in relation to Shanghai JVCo for the purpose of effecting the acquisition of Yangshan Phase II Terminal pursuant to the Acquisition Principles Agreement and the development thereof constituted connected transactions for the Company under the Listing Rules.

On 6 February 2006, Golden Castle Management Limited ("GCML"), a company indirectly owned equally as to 50% by each of the Company and Cheung Kong, entered into a contract (the "First Amended and Restated JV Contract") with 廣州方興房地產建設有限公司 (transliterated as "Guangzhou Fang Xing Real Estate Development Limited") ("GZ Fang Xing"), as a result of further discussions regarding the expansion and enhancement of the scale and quality of development of the GZ Lands (as defined below). The First Amended and Restated JV Contract was entered into for the purposes of amending and restating the provisions of the joint venture contract dated 21 December 2005 (the "Yu Hu JV Contract") entered into between GCML and GZ Fang Xing in respect of the establishment of a sino-foreign co-operative joint venture named as 廣州御湖房地產發展有限公司 (transliterated as "Guangzhou Yu Hu Real Estate Development Limited") ("GZ Project Co") to own and develop four pieces of land (the "GZ Lands") into residential properties. The GZ Lands comprise (i) the piece of land with an area of 66,571 square metres, located at Jinkeng Village Shanxia (Tuming), Zhongxin Town (Zhenlong); (ii) the piece of land with an area of 66,247 square metres, located at Jinkeng Village Shangxin She (Shangtang), Zhongxin Town Zhenlong; (iii) the piece of land with an area of 66,063 square metres, located at Jinkeng Village Shanxia (Tuming), Zhongxin Town (Zhenlong) and (iv) the piece of land with an area of 26,666.7 square metres, located at Jinkeng Village Shangxin She, Zhongxin Town (Zhenlong). The initial registered capital and total investment of GZ Project Co were both RMB806,000,000. Under the Yu Hu JV Contract, GCML would make a cash contribution of RMB241,200,000 to the registered capital of GZ Project Co, and GZ Fang Xing would contribute the balance in the sum of RMB564,800,000 by way of transfer of the land use rights in the GZ Lands to GZ Project Co. The First Amended and Restated JV Contract was entered into for the purpose of increasing both the registered capital and the total investment of GZ Project Co to RMB1,040,640,000 and RMB1,544,320,000 respectively and providing for the payment of special distributions in and up to the pre-agreed amounts to GZ Fang Xing and GCML in alternative rounds with GZ Fang Xing being entitled to the first one and thereafter, sharing of available profits and assets of the GZ Project Co between GCML and GZ Fang Xing on an 80:20 basis (subject to adjustment in the case of non-compliance by any party of certain obligations under the First Amended and Restated JV Contract including, without limitation, its obligation to provide shareholders' loans to the GZ Project Co). Under the First Amended and Restated JV Contract, GCML would make an aggregate cash contribution of RMB475,840,000 to the registered capital of the GZ Project Co, representing approximately 45.7% of the registered capital of the GZ Project Co, and GZ Fang Xing would make an aggregate contribution of RMB564,800,000 by way of transfer of the land use rights in the GZ Lands to the GZ Project Co, representing approximately 54.3% of the registered capital of the GZ Project Co. Any shareholders' loans advanced by GCML and GZ Fang Xing to GZ Project Co would be made, as between GCML and GZ Fang Xing, on the basis of the then sharing ratio applicable to GCML and GZ Fang Xing. Any contribution to the registered capital of, and any shareholders' loans to, the GZ Project Co through GCML is expected to be made equally by the indirect subsidiaries of the Company and Cheung Kong in proportion to their respective effective equity interests in GCML. Cheung Kong is a connected person of the Company within the meaning of the Listing Rules. The joint venture arrangements between Cheung Kong and the Company in respect of the establishment of GCML and the GZ Project Co as contemplated under the First Amended and Restated JV Contract constituted connected transactions for the Company under the Listing Rules.

On 17 March 2006, (i) Kingdom Development S.A. ("Kingdom"), an indirect wholly owned subsidiary of the Company, (ii) Proficient Investment Limited ("Proficient Investment"), an indirect wholly owned subsidiary of 北京首都旅遊集團有限責任公司 (transliterated as "Beijing Tourism Group Corporation Limited") ("BTG"), and (iii) Beijing Tourism Development Company Limited ("BTDC", a company owned as to 45.8% by Kingdom, 44.07% by Proficient Investment and 10.13% by New Civic Company Ltd. ("New Civic"), which is an indirect wholly owned subsidiary of BTG, prior to the Repurchase (as defined below)) entered into a repurchase agreement (the "Repurchase Agreement") relating to, and on the same day completed, the repurchase by BTDC of 2,750 "B" shares of BTDC held by Kingdom and 2,642 "B" shares of BTDC held by Proficient Investment (the "Repurchase") at an aggregate consideration of HK\$703,738,003 and payable as to 51% (i.e. HK\$358,906,382) and 49% (i.e. HK\$344,831,621) to Kingdom and Proficient Investment respectively, being the value attributable to all "B" shares of BTDC based on the book value of BTDC's investment in Doncaster International Limited ("Doncaster"), a wholly owned subsidiary of BTDC and the principal asset of which is its 82% equity interest in the Great Wall Hotel Joint Venture of Beijing, as at 28 February 2006. The consideration for the Repurchase payable by BTDC was satisfied by transferring BTDC's entire shareholding in Doncaster to Kingdom and Proficient Investment in proportion to their 51:49 holding of "B" shares in BTDC. Each of Kingdom and Proficient Investment has directed BTDC to transfer their proportional entitlements to the interests in Doncaster to Cavendish Hotels (Holdings) Limited ("Cavendish"), a company then owned as to 51% by Kingdom and 49% by Proficient Investment. Upon completion of the Repurchase, BTDC became wholly owned by New Civic. On the same day, BTG as vendor and Cavendish as purchaser entered into a conditional agreement (the "BTG Agreement") for the sale and purchase of 160,000,000 non-tradable legal person shares, representing 69.14% of the issued share capital of 北京首都旅遊股份有限公司 (Beijing Capital Tourism Co., Ltd.) ("BCT"), a company incorporated under the laws of the PRC and whose "A" shares are listed on the Shanghai Stock Exchange, (the "BCT Sale Shares") for an aggregate cash consideration of RMB657,600,000 (the "Acquisition"). It is contemplated that BCT will implement a share reform proposal (the "Share Reform Proposal") for converting the BCT Sale Shares into tradable A Shares subject to and in accordance with the terms of the Share Reform Proposal and PRC laws and regulations, which will result in a reduction of the BCT Sale Shares to be acquired or held by Cavendish to approximately 60% of the current issued share capital of BCT. BTDC and BTG are both connected persons of the Company by virtue of being an associate of and the holding company respectively of Proficient Investment, a substantial shareholder of Cavendish which in turn was a then non wholly owned subsidiary of the Company. Each of the Repurchase and the Acquisition constituted a connected transaction for the Company under the Listing Rules.

### **Directors' Service Contract**

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

## Directors' 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 executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers adopted by the Company (the "Model Code") were as follows:

### (I) Interests and short positions in the shares, underlying shares and debentures of the Company

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

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
Li Ka-shing	(i)	Founder of discretionary trusts	2,141,698,773 <sup>(1)</sup>	18,613,202 <sup>(2)</sup>		
	(ii)	Interest of controlled corporations	47,577,000 <sup>(3)</sup>	-		
					2,207,888,975	51.7874%
Li Tzar Kuoi, Victor	(i)	Beneficiary of trusts	2,141,698,773 <sup>(1)</sup>	18,613,202 <sup>(2)</sup>		
	(ii)	Interest of controlled corporations	1,086,770 <sup>(4)</sup>	-		
					2,161,398,745	50.6969%
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	4,310,875 <sup>(5)</sup>	-	4,310,875	0.1011%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	150,000	-	150,000	0.0035%
Frank John Sixt	Beneficial owner	Personal interest	50,000	-	50,000	0.0012%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	-	50,000	0.0012%
Kam Hing Lam	Beneficial owner	Personal interest	60,000	-	60,000	0.0014%
Michael David Kadoorie	Beneficiary of trust(s)	Other interest	15,984,095 <sup>(6)</sup>	-	15,984,095	0.3749%
Holger Kluge	Beneficial owner	Personal interest	40,000	-	40,000	0.0009%
George Colin Magnus	(i)	Founder and beneficiary of a discretionary trust	950,100 <sup>(7)</sup>	-		
	(ii)	Beneficial owner	40,000	-		
	(iii)	Interest of spouse	9,900	-		
					1,000,000	0.0235%
Simon Murray	Founder of a discretionary trust	Other interest	87,000 <sup>(8)</sup>	-	87,000	0.0020%
William Shurniak	Beneficial owner	Personal interest	165,000	-	165,000	0.0039%

**Short positions in the underlying shares of the Company**

Name of Director	Capacity	Nature of interests	Number of underlying shares held	Approximate % of shareholding
Li Ka-shing	Founder of discretionary trusts	Other interest	18,613,202 <sup>(2)</sup>	0.4366%
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	18,613,202 <sup>(2)</sup>	0.4366%

Notes:

(1) The two references to 2,141,698,773 shares of the Company relate to the same block of shares comprising:

- (a) 2,130,202,773 shares held by certain subsidiaries of Cheung Kong. Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 and its related companies in 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 ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong.

The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of Cheung Kong by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of Cheung Kong independently without any reference to Unity Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

As Mr Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies and the said shares of the Company held by the subsidiaries of Cheung Kong under the SFO as directors of Cheung Kong. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of Cheung Kong and has no duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

- (b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3").

Mr Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.

As Mr Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 under the SFO as Directors of the Company. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of the Company held by TUT3 as trustee of UT3 under the SFO.

(2) The references to 18,613,202 underlying shares of the Company relate to the same block of underlying shares comprising:

- (a) 10,463,201 underlying shares of the Company by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong; and
- (b) 8,150,001 underlying shares of the Company by virtue of the HK Dollar equity-linked notes due 2008 issued under HK\$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong.

(3) Such shares were held by certain companies of which Mr Li Ka-shing is interested in the entire issued share capital.

(4) Such shares were held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

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

(6) The Hon Sir Michael David Kadoorie is deemed to be interested by virtue of the SFO in 15,984,095 shares in the Company.

(7) Such shares were indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and a discretionary beneficiary.

(8) Such shares were held by an offshore discretionary family trust of which Mr Simon Murray was the founder.

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

#### ***Long positions in the shares, underlying shares and debentures of the associated corporations of the Company***

As at 31 December 2005, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

- (i) (a) 1,912,109,945 shares, representing approximately 84.82% of the then issued share capital, in Cheung Kong Infrastructure Holdings Limited ("Cheung Kong Infrastructure") of which 1,906,681,945 shares were held by a wholly owned subsidiary of the Company and 5,428,000 shares were held by TUT1 as trustee of UT1;
- (b) 2 underlying shares in Cheung Kong Infrastructure by virtue of the HK\$300,000,000 capital guaranteed notes due 2009 held by a wholly owned subsidiary of Cheung Kong; and
- (c) 31,644,801 underlying shares in Cheung Kong Infrastructure by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong;
- (ii) (a) 2,419,115,596 ordinary shares, representing approximately 50.90% of the then issued share capital, in Hutchison Telecommunications International of which 52,092,587 ordinary shares and 2,366,869,729 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3; and
- (b) 917,759,172 underlying shares in Hutchison Telecommunications International held by a wholly owned subsidiary of the Company in the form of security interest under a share charge created by Orascom Telecom Eurasia Limited ("Orascom"), a substantial shareholder of Hutchison Telecommunications International;
- (iii) 146,809,478 common shares, representing approximately 34.61% of the then issued share capital, in Husky Energy Inc. ("Husky Energy") held by a wholly owned subsidiary of the Company;
- (iv) (a) 829,599,612 shares, representing approximately 38.87% of the then issued share capital, in Hongkong Electric Holdings Limited ("Hongkong Electric") which shares were held by certain wholly owned subsidiaries of Cheung Kong Infrastructure; and

- (b) 20,990,201 underlying shares in Hongkong Electric by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong;
- (v) 1,429,024,545 shares, representing approximately 36.71% of the then issued share capital, in TOM Group Limited ("TOM Group") of which 476,341,182 shares and 952,683,363 shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively; and
- (vi) all the shares, underlying shares and debentures of the subsidiary and associated companies of the Company held by the Company and its subsidiary companies.

As Mr Li Ka-shing may be regarded as a founder of DT3 for the purpose of SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of DT3 as disclosed in Note (1) above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 152,801,701 common shares, representing approximately 36.03% of the then issued share capital, in Husky Energy which were held by a company in respect of which TDT3 as trustee of DT3 is indirectly entitled to substantially all the net assets thereof and of which Mr Li Ka-shing is additionally entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings. In addition, Mr Li Ka-shing had, as at 31 December 2005, corporate interests in (i) 27,513,355 ordinary shares, representing approximately 0.58% of the then issued share capital, in Hutchison Telecommunications International and (ii) 4,600 class C common shares, representing 46% of the then issued share capital, in Husky Oil Holdings Limited, which were held by companies of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2005, the following interests:

- (i) family interests in 151,000 shares, representing approximately 0.007% of the then issued share capital, in Hongkong Electric held by his spouse; and
- (ii) corporate interests in (a) a nominal amount of US\$21,000,000 in the 6.5% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited; (b) a nominal amount of US\$12,000,000 in the 7% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited; and (c) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in Hutchison Telecommunications International, which were held by companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

Mr Fok Kin-ning, Canning had, as at 31 December 2005, the following interests:

- (i) corporate interests in (a) a nominal amount of US\$6,500,000 in the 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited; and (b) a nominal amount of €12,600,000 in the 4.125% Notes due 2015 issued by Hutchison Whampoa Finance (05) Limited;
- (ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.08% of the then issued share capital, in Hutchison Harbour Ring;
- (iii) (a) 5,100,000 ordinary shares, representing approximately 0.75% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("Hutchison Telecommunications Australia") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively; and
  - (b) 1,474,001 underlying shares in Hutchison Telecommunications Australia comprising personal and corporate interests in 134,000 underlying shares and 1,340,001 underlying shares respectively on conversion of the listed and physically settled 5.5% Unsecured Convertible Notes due 2007 issued by Hutchison Telecommunications Australia;
- (iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.03% of the then issued share capital, in Hutchison Telecommunications International;

(v) corporate interests in 300,000 common shares, representing approximately 0.07% of the then issued share capital, in Husky Energy; and

(vi) corporate interests in 225,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.15% of the then issued share capital, in Partner Communications Company Ltd. ("Partner Communications").

Mr Fok Kin-ning, Canning held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2005, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in Hutchison Telecommunications International.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 31 December 2005, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.15% of the then issued share capital, in Hutchison Telecommunications Australia; and (ii) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in Hutchison Telecommunications International.

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 31 December 2005, personal interests in 100,000 shares, representing approximately 0.004% of the then issued share capital, in Cheung Kong Infrastructure.

Mr Holger Kluge in his capacity as a beneficial owner had, as at 31 December 2005, personal interests in (i) 200,000 ordinary shares, representing approximately 0.03% of the then issued share capital, in Hutchison Telecommunications Australia; and (ii) 10,000 common shares, representing approximately 0.002% of the then issued share capital, in Husky Energy.

Mr George Colin Magnus had, as at 31 December 2005, the following interests:

(i) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in Hutchison Telecommunications International comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and

(ii) personal interests in 25,000 American Depositary Shares (each representing one ordinary share), representing approximately 0.02% of the then issued share capital, in Partner Communications held in his capacity as a beneficial owner.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2005, personal interests in 1,000 common shares, representing approximately 0.0002% of the then issued share capital, in Husky Energy.

### ***Short positions in the underlying shares of the associated corporations of the Company***

As at 31 December 2005, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong as described in Note (1) above:

(i) 31,644,801 underlying shares in Cheung Kong Infrastructure by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong;

(ii) 175,326,456 underlying shares in Hutchison Telecommunications International by virtue of a call option granted over such shares by a wholly owned subsidiary of the Company in favour of Orascom; and

(iii) 20,990,201 underlying shares in Hongkong Electric by virtue of the HK Dollar equity-linked notes due 2007 issued under HK\$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong.

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 corporations (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 executives of the Company, as at 31 December 2005, other than the interests and short positions of the Directors or chief executives of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, 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 and underlying shares of the Company*

Name	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,130,202,773 <sup>(1)</sup>	18,613,202 <sup>(2)</sup>	2,148,815,975	50.40%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773 <sup>(1)</sup>	18,613,202 <sup>(2)</sup>	2,148,815,975	50.40%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773 <sup>(1)</sup>	18,613,202 <sup>(2)</sup>	2,148,815,975	50.40%
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interest of controlled corporations	2,130,202,773 <sup>(1)</sup>	18,613,202 <sup>(2)</sup>	2,148,815,975	50.40%
Continental Realty Limited	Beneficial owner	465,265,969 <sup>(3)</sup>	-	465,265,969	10.91%

##### *Short positions in the underlying shares of the Company*

Name	Capacity	Number of underlying shares held	Approximate % of shareholding
TDT1	Trustee and beneficiary of a trust	18,613,202 <sup>(2)</sup>	0.43%
TDT2	Trustee and beneficiary of a trust	18,613,202 <sup>(2)</sup>	0.43%
TUT1	Trustee	18,613,202 <sup>(2)</sup>	0.43%
Cheung Kong	Interest of controlled corporations	18,613,202 <sup>(2)</sup>	0.43%

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

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

Name	Capacity	Number of shares held	Approximate % of shareholding
Honourable Holdings Limited	Interest of controlled corporations	322,942,375 <sup>(3)</sup>	7.57%
Winbo Power Limited	Beneficial owner	236,260,200 <sup>(3)</sup>	5.54%
Polycourt Limited	Beneficial owner	233,065,641 <sup>(3)</sup>	5.47%
Well Karin Limited	Beneficial owner	226,969,600 <sup>(3)</sup>	5.32%

#### Notes:

- (1) The four references to 2,130,202,773 shares of the Company relate to the same block of shares in the Company which represent the total number of shares of the Company held by certain wholly owned subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under the SFO. In addition, by virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same 2,130,202,773 shares of the Company held by Cheung Kong as described in Note (1)(a) of the section entitled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (2) The references to 18,613,202 underlying shares of the Company relate to the same block of interest and short position in the underlying shares of the Company which were derived from the HK Dollar equity-linked notes due 2007 and the HK Dollar equity-linked notes due 2008 issued under HK\$10,000,000,000 retail note issuance programme held by a wholly owned subsidiary of Cheung Kong. By virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same block of interest and short position in the 18,613,202 underlying shares of the Company held by Cheung Kong as described in Note (1)(a) of the section entitled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".
- (3) These are wholly owned subsidiaries of Cheung Kong and their interests in the shares of the Company are duplicated in the interests of Cheung Kong.

Saved as disclosed above, as at 31 December 2005, there was no other person (other than the Directors and chief executives of the Company) who had an interest or short position 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.

## Share Option Schemes

The Company has no share option scheme but certain of the Company's subsidiary companies have adopted share option schemes. The principal terms of such share option schemes are summarized as follows:

### (I) 3 ITALIA S.P.A. (formerly "HUTCHISON 3G ITALIA S.P.A.") ("3 Italia")

The purpose of the employee share option plan of 3 Italia (the "3 Italia Plan") constituted and governed by the rules of such plan as amended from time to time (the "3 Italia Rules") is to provide 3 Italia with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to any employee of 3 Italia and any other company of which 3 Italia has control from time to time (the "3 Italia Participating Company") or any director of any 3 Italia Participating Company who is required to devote to his duties a substantial part of his working hours (the "3 Italia Eligible Employees").

The duly constituted remuneration committee of the board of directors of 3 Italia (the "3 Italia Board") or before the establishment of a remuneration committee, any duly appointed committee of the 3 Italia Board set up for the purpose of administering the 3 Italia Plan (the "3 Italia Remuneration Committee") may grant a right to acquire the ordinary shares of €5 each in the capital of 3 Italia (or such other nominal value as may be determined by 3 Italia in general meeting from time to time) (the "3 Italia Shares") granted in accordance with the 3 Italia Rules (the "3 Italia Options") under the 3 Italia Plan to individuals who are 3 Italia Eligible Employees, subject always to any limits and restrictions specified in the 3 Italia Rules.

The form, manner and timing of grant of the 3 Italia Options, the maximum number of 3 Italia Shares in respect of each 3 Italia Option, the price at which each 3 Italia Share subject to a 3 Italia Option may be acquired on the exercise of that 3 Italia Option being subject to adjustment in case of reorganisation of capital structure (the "Subscription Price"), any condition on exercise of each 3 Italia Option, and all other terms relating or attaching to such grant shall be at the absolute discretion of the 3 Italia Remuneration Committee subject to compliance with the Listing Rules. The 3 Italia Remuneration Committee may delegate to the chief executive officer(s) of 3 Italia the power to grant 3 Italia Options to any 3 Italia Eligible Employee which power shall in all cases be subject to the directions of the 3 Italia Remuneration Committee in relation thereto.

A 3 Italia Eligible Employee is not required to pay for the grant of a 3 Italia Option.

The Subscription Price will be, (i) in the case of the one time initial grants of 3 Italia Options recognising the long service and ongoing contribution of those 3 Italia Eligible Employees who were under the employment of 3 Italia and any 3 Italia Participating Company prior to 31 July 2001 and who at the date on which a 3 Italia Option is granted under the 3 Italia Plan (the "3 Italia Date of Grant") remain so employed and who the 3 Italia Remuneration Committee determines should receive such an initial grant, the price as determined by the 3 Italia Remuneration Committee, and (ii) in any other case the market value of the 3 Italia Share at the 3 Italia Date of Grant as determined by the 3 Italia Remuneration Committee but in any event not being less than the nominal value of such 3 Italia Share at the 3 Italia Date of Grant.

In respect of any 3 Italia Option granted either: (i) after the Company has resolved to seek a separate listing and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the Stock Exchange in relation to a listing on the Main Board of the Stock Exchange (or an equivalent application in the case of a listing on the Growth Enterprise Market of the Stock Exchange or an overseas exchange) up to the date of the listing, and where the Subscription Price notified to a 3 Italia Option Holder (as referred to below) is less than the issue price of the 3 Italia Shares on listing, the Subscription Price shall be adjusted to the issue price of the 3 Italia Shares on listing and no 3 Italia Option (to which the 3 Italia Rule applies) shall be exercised at a Subscription Price below such issue price.

No 3 Italia Option shall be granted under the 3 Italia Plan which would, at the 3 Italia Date of Grant, cause the number of 3 Italia Shares which shall have been or may be issued both (a) in pursuance of the 3 Italia Options granted under the 3 Italia Plan and (b) under any other share option scheme involving the grant by 3 Italia or any of its subsidiaries of options over new 3 Italia Shares issued by 3 Italia or any of its subsidiaries established by 3 Italia or any of its subsidiaries in accordance with Chapter 17 of the Listing Rules (whether or not before 1 September 2001) or any other share option scheme which is determined by the Stock Exchange to be analogous to a share option scheme as described in Chapter 17 of the Listing Rules (the "Other 3 Italia Plan") (the "3 Italia Option Plan Shares") to exceed such number as represents 5% the number of 3 Italia Shares in the capital of 3 Italia in issue at the date of approval of the 3 Italia Plan subject to compliance with Rule 17.03(3) of the Listing Rules. This limit may only be exceeded with approval of the shareholders of both 3 Italia and the Company in general meetings in accordance with the requirements of the Listing Rules.

No 3 Italia Option shall be granted under the 3 Italia Plan which would, at the 3 Italia Date of Grant, cause the number of 3 Italia Option Plan Shares which shall have been or may be issued both (a) in pursuance of the 3 Italia Options granted under the 3 Italia Plan and (b) under any Other 3 Italia Plan to exceed 130,185,000 (on the basis of an assumed total number of shares in issue of 4,500,000,000 at €1 per share representing an aggregate paid up shareholders' equity of €4,500,000,000 immediately prior to a listing application being made to the competent Listing Authority (i.e. any authority acting in its capacity as the competent listing authority in respect of a recognised stock exchange) for admission to trading on a recognised stock exchange the ordinary share capital of 3 Italia without the prior written consent of the board of Directors of the Company (or such other person(s) as it may designate from time to time) which consent may be withheld at its absolute discretion.

The limit on the number of 3 Italia Shares which may be issued upon exercise of all outstanding 3 Italia Options granted and not yet exercised under the 3 Italia Plan and under any Other 3 Italia Plan to 3 Italia Eligible Employees must not exceed 30% of the 3 Italia Shares in issue from time to time.

The 3 Italia Remuneration Committee shall not grant any 3 Italia Options (the "3 Italia Relevant Options") to any 3 Italia Eligible Employee which, if exercised, would result in such 3 Italia Eligible Employee becoming entitled to subscribe for such number of 3 Italia Shares as, when aggregated with the total number of 3 Italia Shares already issued or to be issued to him under all 3 Italia Options granted to him (including exercised, cancelled and outstanding 3 Italia Options) in the 12-month period up to and including the 3 Italia Date of Grant of the 3 Italia Relevant Options, exceed 1% of the 3 Italia Shares in issue at such date. Notwithstanding this, the 3 Italia Remuneration Committee may grant 3 Italia Options to any 3 Italia Eligible Employee causing this limit to be exceeded, but only with the approval of the shareholders of 3 Italia and the Company in general meetings (with such 3 Italia Eligible Employee and his Associates (as defined in the Listing Rules) abstaining from voting in favour) in compliance with the requirements of the Listing Rules.

The rights of a 3 Italia Option Holder (i.e. a 3 Italia Eligible Employee who has accepted an offer from a 3 Italia Participating Company of a 3 Italia Option in accordance with the 3 Italia Plan or where the context requires a person becoming entitled to a 3 Italia Option in consequence of the death of a 3 Italia Option Holder) to exercise 3 Italia Options which have neither lapsed nor been exercised (or part thereof) shall be crystallised as to one third on the date of (and immediately following) a listing, as to a further one third on the date one calendar year after a listing and as to the final one third on the date two calendar years after a listing.

A 3 Italia Option may be exercised in whole or in part by the 3 Italia Option Holder or where appropriate by his legal personal representatives at any time during the period commencing with a listing and terminating with the lapse of the 3 Italia Option. 3 Italia Options must be exercised with the period of eight years from the 3 Italia Date of Grant.

The 3 Italia Remuneration Committee may at any time (but not earlier than 20 May 2004 nor later than the eighth anniversary thereof) grant options under the 3 Italia Plan to individuals who are 3 Italia Eligible Employees.

The following share options were outstanding under the 3 Italia Plan during the year ended 31 December 2005:

Name or category of participant	Effective date of grant or date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2005	Granted during 2005	Exercised during 2005	Expired/cancelled during 2005	Number of share options held at 31 December 2005	Exercise period of share options	Exercise price of share options	Price of 3 Italia Share	
								€	At grant date of share options	At exercise date of share options
Employees in aggregate	20.5.2004	21,724,241	-	-	(3,198,209)	18,526,032	On Listing <sup>(2)</sup> to 16.7.2009	5.17	5.00	N/A
	20.11.2004	2,892,689	-	-	(76,006)	2,816,683	On Listing to 16.7.2009	5.17	5.00	N/A
	2.2.2005	N/A	335,320	-	-	335,320	On Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	N/A	4,311,469	-	-	4,311,469	On Listing to 16.7.2009	5.17	5.00	N/A
Total:		24,616,930	4,646,789	-	(3,274,215)	25,989,504				

Notes:

(1) The share options shall vest as to one-third on the date of (and immediate following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.

(2) Listing refers to an application being made to the competent listing authority for admission to trading on a recognised stock exchange of the ordinary share capital of 3 Italia.

As at the date of this report, 3 Italia had 25,989,504 share options outstanding under the 3 Italia Plan, which represented approximately 2.00% of 3 Italia's shares in issue as at that date.

3 Italia is an unlisted 95% owned subsidiary of the Company and the options relate to these unlisted shares. Based on the best estimate of the Directors of the Company and taking into consideration the losses incurred by 3 Italia, prevailing market perception, the option exercise price and 3 Italia being an unlisted company, the value of the options were estimated to be not material to the Group.

## (II) HUTCHISON 3G UK HOLDINGS

The purpose of the employee share option plan of Hutchison 3G UK Holdings (the "H3GUKH Plan") is to provide Hutchison 3G UK Holdings with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible employees of Hutchison 3G UK Holdings (the "H3GUKH Eligible Employees"), being:

- any employee of Hutchison 3G UK Holdings and any other company of which Hutchison 3G UK Holdings has control from time to time (collectively the "H3GUKH Participating Company"); or
- any director of Hutchison 3G UK Holdings and any H3GUKH Participating Company who is required to devote to his duty substantially the whole of his working hours being not less than 25 hours per week.

The duly constituted remuneration committee of the board of Hutchison 3G UK Holdings or, before the establishment of a remuneration committee, any duly appointed committee of the board of Hutchison 3G UK Holdings set up for the purpose of administering the H3GUKH Plan (the "H3GUKH Remuneration Committee") may grant options under the H3GUKH Plan to individuals who are H3GUKH Eligible Employees, subject always to any limits and restrictions specified in the rules of the H3GUKH Plan as amended from time to time.

The subscription price for H3GUKH Shares (as defined below) will be, (i) in the case of the one time initial grants of options recognising the long service and ongoing contribution of the founders and other H3GUKH Eligible Employees who were under the employment of Hutchison 3G UK Holdings and any H3GUKH Participating Company (the "H3GUKH Group") prior to 31 March 2001 and who remain so employed and who the H3GUKH Remuneration Committee determines should receive such an initial grant (the "Founders"), the price as determined by the H3GUKH Remuneration Committee (not being less than £1.00 per share); and (ii) in any other case the market value of the ordinary shares of £1.00 each in the capital of Hutchison 3G UK Holdings (the "H3GUKH Shares") at the date on which an option is granted under the H3GUKH Plan (the "H3GUKH Grant Date") as determined by the H3GUKH Remuneration Committee but in any event not being less than the nominal value of such H3GUKH Share at the H3GUKH Grant Date.

In respect of any option granted either: (i) after the Company has resolved to seek a separate listing and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the Stock Exchange in relation to a listing on the Main Board of the Stock Exchange (or an equivalent application in case of a listing on the Growth Enterprise Market of the Stock Exchange, the London Stock Exchange or an overseas exchange) up to the date of the listing, and where the subscription price notified to an option holder is less than the issue price of the H3GUKH Shares on listing, the subscription price shall be adjusted to the issue price of the H3GUKH Shares on listing and no option (to which the rules of the H3GUKH Plan applies) shall be exercised at a subscription price below such issue price.

No option shall be granted under the H3GUKH Plan which would, at the H3GUKH Grant Date, cause the number of H3GUKH Shares which shall have been or may be issued both (a) in pursuance of options granted under the H3GUKH Plan and (b) under any share option scheme involving the grant by Hutchison 3G UK Holdings or any of its subsidiaries of option over new H3GUKH Shares issued by Hutchison 3G UK Holdings or any of its subsidiaries established by Hutchison 3G UK Holdings or any of its subsidiaries in accordance with Chapter 17 of the Listing Rules (whether or not before 1 September 2001) or any other share option scheme which is determined by the Stock Exchange to be analogous to a share option scheme as described in Chapter 17 of the Listing Rules or any other employees share scheme within the meaning of Section 743 of the Companies Act 1985 (the "Other H3GUKH Plan") (the "H3GUKH Option Plan Shares") to exceed such number as represents 5% of the number of H3GUKH Shares in the capital of Hutchison 3G UK Holdings in issue at the date of approval of the H3GUKH Plan. This limit may only be exceeded with the approval of the shareholders of both Hutchison 3G UK Holdings and the Company in general meetings in accordance with the requirements of the Listing Rules.

No option shall be granted under the H3GUKH Plan which would, at the H3GUKH Grant Date, cause the number of H3GUKH Option Plan Shares to exceed such number as represents 4% of the number of H3GUKH Shares in issue at the date of approval of the H3GUKH Plan without the prior written consent of the board of directors of the Company (or such other person(s) as it may designate from time to time) which consent may be withheld at its absolute discretion.

The limit on the number of H3GUKH Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the H3GUKH Plan and under any Other H3GUKH Plan to H3GUKH Eligible Employees must not exceed 30% of the H3GUKH Shares in issue from time to time.

The H3GUKH Remuneration Committee shall not grant any options (the "H3GUKH Relevant Options") to any H3GUKH Eligible Employee which, if exercised, would result in such H3GUKH Eligible Employee becoming entitled to subscribe for such number of H3GUKH Shares as, when aggregated with the total number of H3GUKH Shares already issued or to be issued to him under all options granted to him in the 12-month period up to and including the H3GUKH Grant Date of the H3GUKH Relevant Options, exceed 1% of the H3GUKH Shares in issue at such date. Notwithstanding this, the H3GUKH Remuneration Committee may grant options to any H3GUKH Eligible Employee causing this limit to be exceeded, but only with the approval of the shareholders of Hutchison 3G UK Holdings and the Company in general meeting (with such H3GUKH Eligible Employee and his Associates (as defined in the Listing Rules) abstaining from voting in favour) in compliance with the requirements of the Listing Rules.

An option may be exercised in whole or in part by the option holder or where appropriate by his legal personal representatives at any time during the period commencing with a listing and terminating with the lapse of the option. Options must be exercised within the period of ten years from the H3GUKH Grant Date.

The H3GUKH Remuneration Committee may at any time (but not earlier than the 20 May 2004 nor later than the tenth anniversary thereof) grant options under the H3GUKH Plan to individuals who are H3GUKH Eligible Employees.

The following share options were outstanding under the H3GUKH Plan during the year ended 31 December 2005:

Name or category of participant	Effective date of grant or date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2005	Granted during 2005	Exercised during 2005	Expired/cancelled during 2005	Number of share options held at 31 December 2005	Exercise period of share options	Exercise price of share options	Price of H3GUKH Share	
									At grant date of share options	At exercise date of share options
								£	£	£
Employees in aggregate	20.5.2004	18,787,000	-	-	(445,000)	18,342,000	On Listing <sup>(2)</sup> to 18.4.2011	1.00	1.00	N/A
	20.5.2004	62,409,500	-	-	(10,343,750)	52,065,750	On Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	5,740,250	-	-	(1,135,000)	4,605,250	On Listing to 20.8.2011	1.35	1.00	N/A
	20.5.2004	3,435,000	-	-	(1,060,000)	2,375,000	On Listing to 18.12.2011	1.35	1.00	N/A
	20.5.2004	2,323,250	-	-	(825,500)	1,497,750	On Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	2,652,750	-	-	(475,000)	2,177,750	On Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	507,500	-	-	(90,000)	417,500	On Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	1,175,000	-	-	(300,000)	875,000	On Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	7,852,500	-	-	(240,000)	7,612,500	On Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	N/A	4,512,750	-	(65,000)	4,447,750	On Listing to 16.1.2015	1.35	1.00	N/A
	11.7.2005	N/A	1,881,000	-	(190,000)	1,691,000	On Listing to 10.7.2015	1.35	1.00	N/A
Total:		104,882,750	6,393,750	-	(15,169,250)	96,107,250				

*Notes:*

- (1) Subject to the terms of individual stock options, the share options shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.*
- (2) Listing refers to an application being made to the Financial Services Authority for admission to the official list of the ordinary share capital of Hutchison 3G UK Holdings or to have the shares of Hutchison 3G UK Holdings admitted to trading on any other recognised investment exchange in the United Kingdom or elsewhere.*

As at the date of this report, Hutchison 3G UK Holdings had 96,107,250 share options outstanding under the H3GUKH Plan, which represented approximately 2.16% of H3GUKH Shares in issue at as that date.

Hutchison 3G UK Holdings is an unlisted wholly owned subsidiary of the Company and the options relate to these unlisted shares. Based on the best estimate of the Directors of the Company and taking into consideration the losses incurred by Hutchison 3G UK Holdings, prevailing market perception, the option exercise price and Hutchison 3G UK Holdings being an unlisted company, the value of the options were estimated to be not material to the Group.

### (III) HUTCHISON HARBOUR RING

The purpose of the share option scheme of Hutchison Harbour Ring (the "HHR Share Option Scheme") is to enable Hutchison Harbour Ring and its subsidiaries (the "HHR Group") to grant options to selected participants as incentives or rewards for their contribution to the HHR Group, to continue and/or render improved service with the HHR Group, and/or to establish a stronger business relationship between the HHR Group and such participants.

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

- (a) any employee/consultant (as to functional areas of finance, business or personnel administration or information technology) or proposed employee/consultant (whether full time or part time, including any executive director but excluding any non-executive director) of Hutchison Harbour Ring (the "HHR Eligible Employee"), any of its subsidiaries or any entity (the "HHR Invested Entity") in which any member of the HHR Group holds any equity interest;
- (b) any non-executive directors (including independent non-executive directors) of Hutchison Harbour Ring, any of its subsidiaries or any HHR Invested Entity;
- (c) any supplier of goods or services to any member of the HHR Group or any HHR Invested Entity;
- (d) any customer of any member of the HHR Group or any HHR Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the HHR Group or any HHR Invested Entity;
- (f) any shareholder of any member of the HHR Group or any HHR Invested Entity or any holder of any securities issued by any member of the HHR Group or any HHR Invested Entity;

- (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the HHR Group; and
- (h) any company wholly owned by one or more persons belonging to any of the above classes of participants.

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

The eligibility of any of the above class of participants to the grant of any options shall be determined by the HHR Directors from time to time on the basis of their contribution to the development and growth of the HHR Group. The maximum number of HHR Shares to be allotted and issued is as follows:

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

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

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

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

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

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

The following share options were outstanding under the HHR Share Option Scheme during the year ended 31 December 2005:

Name or category of participant	Date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2005	Granted during 2005	Exercised during 2005	Expired/cancelled during 2005	Number of share options held at 31 December 2005	Exercise period of share options	Price of HHR Share		
								Exercise price of share options HK\$	At grant date of share options <sup>(2)</sup> HK\$	At exercise date of share options HK\$
Employees in aggregate	3.6.2005	N/A	123,750,000	-	(1,500,000)	122,250,000	3.6.2006 to 16.9.2014	0.822	0.82	N/A

Notes:

- (1) The share options are exercisable subject to the vesting schedule pursuant to which approximately one-third of the options will be vested on each of 3 June 2006 and 3 June 2007 and the balance of the options will be vested on 3 June 2008.
- (2) The price of the shares disclosed as at the date of grant of share options refers to the closing price of the shares quoted on the Stock Exchange on the trading day immediately prior to the date of grant of the share options.

As at the date of this report, Hutchison Harbour Ring had 122,250,000 share options outstanding under the HHR Share Option Scheme, which represented approximately 1.82% of HHR Shares in issue at as that date.

The fair value of options granted, determined using the Binomial valuation model, was HK\$0.2498 per HHR Share. The significant inputs into the model were share price of HK\$0.82 at the grant date, exercise price of HK\$0.822 per HHR Share, standard deviation of expected share price returns of 31.7%, expected life of options of seven years, expected dividend paid out rate of 2.44% and annual risk-free interest rate of 3.444%. 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.

#### (IV) HUTCHISON TELECOMMUNICATIONS AUSTRALIA

The purpose of the executive option plan of Hutchison Telecommunications Australia (the "HTAL Option Plan") is to provide selected employees of Hutchison Telecommunications Australia with the right to acquire ordinary shares in Hutchison Telecommunications Australia (the "HTAL Shares") at a predetermined price and subject to various conditions. The objectives of the HTAL Option Plan are to enable selected employees to benefit from growth in Hutchison Telecommunications Australia's share price, if any, without any downside risk, unless the options are exercised.

Options are granted to directors and executives of Hutchison Telecommunications Australia under the HTAL Option Plan which was approved by the board of directors of Hutchison Telecommunications Australia (the "HTAL Board") on 3 July 1999. The HTAL Option Plan is governed by the rules of the HTAL Option Plan. Full time, permanent part-time and casual employees are eligible to participate in the HTAL Option Plan and acquire the HTAL Shares.

The total number of securities available for issue under the HTAL Option Plan is 5% of the issued capital of Hutchison Telecommunications Australia (when combined with all other shares issued under employee participation schemes). However, under the current program, the HTAL Board has limited the total number of options to be issued to 20,000,000. This represents 2.94% of the issued share capital of Hutchison Telecommunications Australia as at the date of this report.

The maximum entitlement of each participant under the HTAL Option Plan is determined by the HTAL Board. Currently, the maximum period within which the shares must be taken up under any option already granted pursuant to the HTAL Option Plan is six years and five months. Unless otherwise determined by the HTAL Board, there is no minimum period after the commencement of the exercise period under the HTAL Option Plan for the holding of an option before it can be exercised.

Options are granted under the HTAL Option Plan for no consideration. Options granted under the HTAL Option Plan carry no dividend or voting rights. When exercisable, each option is convertible into one HTAL Share.

The following share options were outstanding under the HTAL Option Plan during the year ended 31 December 2005:

Name or category of participant	Date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2005	Granted during 2005	Exercised during 2005	Expired/cancelled during 2005	Number of share options held at 31 December 2005	Exercise period of share options	Exercise price of share options <sup>(2)</sup>	Price of HTAL Share	
									At grant date of share options <sup>(3)</sup>	At exercise date of share options
								A\$	A\$	A\$
Employees in aggregate	18.8.2001	70,000	-	-	-	70,000	18.8.2001 to 17.8.2006	0.540	0.540	N/A
	23.7.2004	15,820,000	-	-	(1,980,000)	13,840,000	1.9.2005 to 31.12.2010	0.455	0.455	N/A
	30.7.2004	150,000	-	-	(100,000)	50,000	1.9.2005 to 31.12.2010	0.460	0.460	N/A
	20.8.2004	100,000	-	-	-	100,000	1.9.2005 to 31.12.2010	0.405	0.405	N/A
	10.12.2004	450,000	-	-	-	450,000	1.9.2005 to 31.12.2010	0.360	0.360	N/A
	23.12.2004	150,000	-	-	-	150,000	1.9.2005 to 31.12.2010	0.345	0.345	N/A
	8.4.2005	N/A	200,000	-	(200,000)	-	1.9.2005 to 31.12.2010	0.330	0.330	N/A
	3.6.2005	N/A	50,000	-	-	50,000	1.9.2005 to 31.12.2010	0.270	0.270	N/A
	1.7.2005	N/A	200,000	-	-	200,000	1.9.2005 to 31.12.2010	0.270	0.270	N/A
	5.8.2005	N/A	200,000	-	-	200,000	1.9.2005 to 31.12.2010	0.270	0.270	N/A
<b>Total:</b>		<b>16,740,000</b>	<b>650,000</b>	<b>-</b>	<b>(2,280,000)</b>	<b>15,110,000</b>				

*Notes:*

- (1) The share options are exercisable subject to amongst other relevant vesting criteria the vesting schedule of one-fourth on 1 September 2005, one-half on 1 September 2006 and the remaining one-fourth on 1 September 2007.*
- (2) The exercise price of option disclosed is the higher of (i) the closing price of shares on the Australian Stock Exchange on the day on which the options are granted; and (ii) the average closing price of shares for the five trading days immediately preceding the day on which the options are granted.*
- (3) The price of the shares disclosed as at the date of grant of share options was the Australian Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.*

As at the date of this report, Hutchison Telecommunications Australia had 15,110,000 share options outstanding under the HTAL Option Plan, which represented approximately 2.23% of HTAL Shares in issue as at that date.

The fair value of options granted, determined using the Binomial valuation model, was A\$0.15 per HTAL Share. The significant inputs into the model were weighted average share price of A\$0.29 at the grant date, weighted average exercise price of A\$0.45 per HTAL Share, weighted average standard deviation of expected share price returns of 52%, weighted average expected life of options of five years, expected dividend paid out rate of 0% and weighted average annual risk-free interest rate of 5.3%. 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.

#### **(V) HUTCHISON TELECOMMUNICATIONS INTERNATIONAL**

The share option plan of Hutchison Telecommunications International (the "HTIL Share Option Scheme") has a term of ten years commencing on the date on which the HTIL Share Option Scheme becomes unconditional and its purpose is to enable Hutchison Telecommunications International group (the "HTIL Group") to grant options to selected participants as incentives or rewards for their contribution to the HTIL Group, including but not limited to:

- (a) 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 Hutchison Telecommunications International, any of its subsidiary companies or any entity in which any member of the HTIL Group holds any equity interest, which is also referred to as an invested entity;
- (b) any non-executive directors (including independent non-executive directors) of Hutchison Telecommunications International, any of Hutchison Telecommunications International's subsidiary companies or any invested entity;
- (c) any supplier of goods or services to any member of the HTIL Group or any invested entity;
- (d) any customer of any member of the HTIL Group or any invested entity;
- (e) any person or entity that provides research, development or other technological support to any member of the HTIL Group or any invested entity;
- (f) any shareholders or security holders of any member of the HTIL Group or any invested entity;
- (g) 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 HTIL Group; and
- (h) 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 Hutchison Telecommunications International for the subscription of ordinary shares of Hutchison Telecommunications International (the "HTIL Shares") or other securities of Hutchison Telecommunications International to any person who falls within any of the above classes of participants shall not, by itself, unless the directors of Hutchison Telecommunications International otherwise determine, be construed as a grant of options under the HTIL Share Option Scheme. The eligibility of any of the foregoing class of participants to receive a grant of any options shall be determined by the directors of Hutchison Telecommunications International from time to time on the basis of their contribution to the development and growth of the HTIL Group.

The maximum number of HTIL Shares that may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the HTIL Share Option Scheme and any other share option plan must not in the aggregate exceed 30% of the HTIL Shares issued and outstanding from time to time. The total number of HTIL 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 the HTIL Share Option Scheme and any other share option plan of the Hutchison Telecommunications International group) to be granted under the HTIL Share Option Scheme and any other share option plan of Hutchison Telecommunications International must not in the aggregate exceed 10% of the relevant class of securities of Hutchison Telecommunications International in issue as at 15 October 2004, the date on which the shares of Hutchison Telecommunications International 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 the HTIL Share Option Scheme and any other plan of Hutchison Telecommunications International must not exceed 10% of the relevant class of securities of Hutchison Telecommunications International in issue as at the date of approval of the limit by its shareholders (the "HTIL Shareholders") in general meeting. Hutchison Telecommunications International may seek separate approval of HTIL Shareholders in a general meeting to grant options beyond these limits.

The total number of HTIL Shares 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 issued share capital of Hutchison Telecommunications International for the time being. Any grant of options in excess of 1% in any such 12-month period must be approved by the HTIL 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 HTIL 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 HTIL Share Option Scheme to a director, chief executive or substantial shareholder of Hutchison Telecommunications International or any of their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director of Hutchison Telecommunications International who is also the grantee of the options). Approval of HTIL Shareholders in a general meeting is required if any grant of options to a substantial shareholder, an independent non-executive director of Hutchison Telecommunications International or any of their respective associates would result in the HTIL 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 HTIL Shares in issue; and (2) having an aggregate value, based on the closing price of the HTIL Shares at the date of each grant, in excess of HK\$5,000,000. Any such meeting must be in accordance with the Listing Rules. Any change in the terms of options granted to a substantial shareholder or an independent non-executive director of Hutchison Telecommunications International or any of their respective associates must also be approved by HTIL 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 HTIL Shares under the HTIL Share Option Scheme shall be a price determined by the directors of Hutchison Telecommunications International but shall not be less than the highest of: (1) the closing price of HTIL Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HTIL Shares on the date of the offer of grant which must be a business day; (2) the average closing price of HTIL Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of HTIL 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 HTIL Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

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

Hutchison Telecommunications International ceased to be a subsidiary of the Company on 21 December 2005. Accordingly, the disclosure made therein and for the share option schemes of Hutchison Global Communications and Partner Communications (both being subsidiaries of Hutchison Telecommunications International) as set out under sections (VI) and (VII) below are for the period up to 21 December 2005.

The following share options were outstanding under the HTIL Share Option Scheme for the period from 1 January to 21 December 2005:

Name or category of participant	Date of grant of share options <sup>(1)</sup>	Number of share options held at		Granted from 1 January to 21 December 2005	Exercised from 1 January to 21 December 2005	Expired/cancelled from 1 January to 21 December 2005	Number of share options held at 21 December 2005	Exercise period of share options	Price of HTIL Share	
		1 January 2005	21 December 2005						At grant date of share options <sup>(3)</sup>	At exercise date of share options
									HK\$	HK\$
Employees in aggregate	8.8.2005	N/A	76,300,000	-	(6,000,000)	70,300,000	8.8.2006 to 7.8.2015	8.70	8.60	N/A

*Notes:*

- (1) The share options will be vested according to a schedule, namely, as to as close to one-third of the shares of Hutchison Telecommunications International 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 HTIL 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 HTIL Share Option Scheme, in the event of an alteration in the capital structure of Hutchison Telecommunications International.
- (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.

As at 21 December 2005, Hutchison Telecommunications International had 70,300,000 share options outstanding under the HTIL Share Option Scheme, which represented approximately 1.48% of HTIL Shares 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 HTIL Share price of HK\$8.70, grant date on 8 August 2005, at exercise price of HK\$8.70 per HTIL 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.

## (VI) HUTCHISON GLOBAL COMMUNICATIONS

### (i) 2002 Option Scheme

To enable Hutchison Global Communications to reward and provide incentives to, and to strengthen the business relationship of Hutchison Global Communications group (the "HGCH Group") 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 Hutchison Global Communications on 2 April 2002. The 2002 Option Scheme will remain in force for ten 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 Hutchison Global Communications ("HGCH Directors") from time to time on the basis of their contribution to the development and growth of the HGCH Group. The HGCH Directors may, at their discretion, invite any person belonging to any of the following classes of participants to take up options for HGCH Shares:

- (a) any employee/consultant or proposed employee/consultant (including executive director but excluding any non-executive director) of Hutchison Global Communications, any of its subsidiary companies or any entity (the "HGCH Invested Entity") in which a member of the HGCH Group holds any equity interest, including any executive director of Hutchison Global Communications, any of such subsidiary companies or any HGCH Invested Entity;
- (b) any non-executive directors (including independent non-executive directors) of Hutchison Global Communications, any of its subsidiary companies or any HGCH Invested Entity;
- (c) any supplier of goods or services to any member of the HGCH Group or any HGCH Invested Entity;
- (d) any customer of any member of the HGCH Group or any HGCH Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the HGCH Group or any HGCH Invested Entity;
- (f) any shareholder of any member of the HGCH Group or any HGCH Invested Entity, or any holder of any securities issued by any member of the HGCH Group or any HGCH 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 HGCH 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 Hutchison Global Communications (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 Hutchison Global Communications in issue at the date of approval of the limit by Hutchison Global Communications 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 Hutchison Global Communications for the time being unless approved by the shareholders of Hutchison Global Communications (the "HGCH Shareholders") in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of Hutchison Global Communications, or to any of their associates, are subject to approval in advance by the independent non-executive directors of Hutchison Global Communications. Where any grant of option to a substantial shareholder or an independent non-executive director of Hutchison Global Communications, 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\$5,000,000, 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 of Hutchison Global Communications, or any of their associates must be approved by the HGCH 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 HGCH Directors 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 HGCH Directors, 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 for the period from 1 January to 21 December 2005:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2005	Granted from 1 January to 21 December 2005	Exercise from 1 January to 21 December 2005	Expired/cancelled from 1 January to 21 December 2005	Number of share options held at 21 December 2005	Exercise period of share options	Exercise price of share options <sup>(3)</sup>	Price of HGCH Share	
									At grant date of share options <sup>(4)</sup>	At exercise date of share options
								HK\$	HK\$	HK\$
Employees in aggregate	2.5.2002 <sup>(1)</sup>	6,850,000	-	-	(6,850,000)	-	2.5.2003 to 1.5.2006	0.940	0.930	N/A
	2.5.2003 <sup>(1)</sup>	3,800,000	-	-	(3,800,000)	-	2.5.2004 to 1.5.2007	0.340	0.315	N/A
	16.5.2003 <sup>(1)</sup>	750,000	-	-	(750,000)	-	16.5.2004 to 15.5.2007	0.410	0.410	N/A
	19.8.2004 <sup>(2)</sup>	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 schedule, 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-third 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 Hutchison Global Communications.*
- (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.*

In conjunction with the proposal made on 7 June 2005 to privatise Hutchison Global Communications by way of a scheme of arrangement, Hutchison Telecommunications International also made a cash or share offer in accordance with the Code on Takeovers and Mergers to the holders of the outstanding share options in consideration for allowing such options to lapse. As at 21 December 2005, there were no share options outstanding under the 2002 Option Scheme.

#### ***(ii) Share option schemes of subsidiary companies of Hutchison Global Communications***

On 21 May 2001, Hutchison Global Communications approved the adoption by certain subsidiary companies (the "HGCH Subsidiaries") of their respective share option schemes (collectively the "HGCH Subsidiaries' Schemes"). The purpose of the adoption of the HGCH Subsidiaries' Schemes is to provide greater incentive to the HGCH Subsidiaries' employees, thereby improving their productivity and helping to retain key staff. The boards of directors of the HGCH Subsidiaries may, at their discretion, offer to grant options to subscribe for shares in the respective HGCH Subsidiaries to employees and any executive directors of the HGCH Subsidiaries. Subject to any earlier termination by the respective HGCH Subsidiaries, the HGCH 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 HGCH 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 HGCH Subsidiaries (the "HGCH Subsidiary Shares") on any internationally recognised stock exchange. Subject to the above, an option may be exercised in accordance with the terms of the HGCH Subsidiaries' Schemes, but in any event shall not exceed ten years commencing from the date of grant of the option.

The total number of HGCH Subsidiary Shares which can be subscribed through exercising all options granted under the HGCH Subsidiaries' Schemes and any other share option scheme of the respective HGCH Subsidiaries shall in aggregate not exceed 10% of the total number of the HGCH Subsidiary Shares in issue from time to time (excluding any HGCH Subsidiary Shares issued pursuant to the HGCH Subsidiaries' Schemes). No option may be granted to any one person which if exercised in full would result in the total number of the HGCH 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 HGCH Subsidiary Shares subject to the HGCH 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 HGCH Subsidiaries incorporated in Hong Kong, or an appropriate amount in the currency of the jurisdiction, if not in Hong Kong, in which the respective HGCH Subsidiaries have their principal places of business.

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

As at 21 December 2005, no options were granted under the HGCH Subsidiaries' Schemes.

### (VII) PARTNER COMMUNICATIONS

In July 2004, the board of directors of Partner Communications 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 Communications and its shareholders by providing employees, officers and advisors of Partner Communications with appropriate incentives and rewards to encourage them to enter into and continue in the employment of or service to Partner Communications and to acquire a proprietary interest in the long-term success of Partner Communications. 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 Communications (the "PCCL Shares"), representing 3.15% of the total issued share capital of, Partner Communications 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 PCCL Shares, representing approximately 1% of the total number of shares in issue at the date of adoption of the 2004 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 Communications (the "PCCL Compensation Committee"), being appointed by the board of directors of Partner Communications 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 PCCL 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 PCCL 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 PCCL 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 PCCL Shares during the preceding thirty trading days, as such closing sale price is published by the national securities exchange in Israel on which the PCCL Shares are traded, or if there is no sale of PCCL 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 PCCL 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 PCCL Compensation Committee.

The board of directors of Partner Communications 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 Communications granted options to senior managers and other employees pursuant to the 1998 Plan and 2000 Plan. In November 2003, the 1998 Plan and 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 Communications 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 stock option plans of Partner Communications (the "PCCL Option Plans") during the period from 20 April 2005 (being the date on which Partner Communications became a subsidiary of the Company) to 21 December 2005:

Name or category of participant and corresponding Employee Stock Option Plan	Date of grant of share options <sup>(1)</sup>	Number of share options held at 20 April 2005 <sup>(1)</sup>	Granted from 20 April to 21 December 2005	Exercised from 20 April to 21 December 2005	Expired/cancelled from 20 April to 21 December 2005	Number of share options held at 21 December 2005 <sup>(1)</sup>	Exercise period of share options <sup>(2)</sup>	Exercise price of share options US\$/NIS	Price of PCCL Share	
									At date of grant of share options <sup>(3)</sup>	At exercise date of share options <sup>(4)</sup>
								NIS	NIS	NIS
Employees in aggregate										
1998 Plan	5.11.1998 to 22.12.2002	889,386	-	(456,912)	-	432,474	5.11.1999 to 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 to 30.12.2012	17.25 NIS to 27.35 NIS	17.25 to 27.35	38.81
2003 Amended Plan	30.12.2003	195,000	-	-	-	195,000	30.12.2003 to 30.12.2012	20.45 NIS	34.12	N/A
2004 Plan	29.11.2004 to 20.4.2005	5,158,500	350,000	(152,000)	(500,750)	4,855,750	29.11.2004 to 20.04.2015	26.74 NIS to 33.72 NIS	31.45 to 39.61	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 20 April or 21 December 2005 under each of Partner Communications' 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 anniversaries 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 the shares disclosed as at the date of grant of share options 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 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.

As at 21 December 2005, Partner Communications had 7,066,805 share options outstanding under the PCCL Option Plans, which represented approximately 4.63% of PCCL Shares in issue as at that date.

The fair value of options granted, determined using the Black and Scholes valuation model, was NIS21.27 per share. The significant inputs into the model were share price of NIS38.10 at the grant date, exercise price of NIS33.72 per PCCL Share, standard deviation of expected share price returns of 58%, expected life of options of 5 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.

## Directors' Interests in Competing Business

During the year ended 31 December 2005, the following Directors of the Company had interests in the following businesses (apart from the Company's businesses) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company conducted during the year required to be disclosed pursuant to Listing Rule 8.10:

Name of Director	Name of company	Nature of interest	Nature of competing business
Li Ka-shing	Cheung Kong	Chairman	- Property and hotels - Finance & investments and others
Li Tzar Kuoi, Victor	Cheung Kong	Managing Director and Deputy Chairman	- Property and hotels - Finance & investments and others
	Cheung Kong Infrastructure	Chairman	- Energy, infrastructure, finance & investments and others
	CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences")	Chairman	- Retail (research and development, manufacture and sale of environmental and human health products) - Finance & investments and others
	Hongkong Electric	Executive Director	- Energy
	Husky Energy	Co-Chairman	- Energy
Fok Kin-ning, Canning	Cheung Kong	Non-executive Director	- Property and hotels - Finance & investments and others
	Cheung Kong Infrastructure	Deputy Chairman	- Energy, infrastructure, finance & investments and others
	Hanny Holdings Limited	Non-executive Director (Retired on 1 September 2005)	- Telecommunications (distribution and marketing of computer products and information technology services and solution) - Finance & investments and others
	Hongkong Electric	Chairman (since 1 November 2005) Deputy Chairman (From 1 January 2005 to 31 October 2005)	- Energy
	Husky Energy	Co-Chairman	- Energy
	Hutchison Global Communications <i>(Note)</i>	Chairman	- Telecommunications
	Hutchison Harbour Ring	Chairman	- Property
	Hutchison Telecommunications Australia	Chairman	- Telecommunications
	Panva Gas Holdings Limited	Non-executive Director	- Energy
	Partner Communications	Chairman	- Telecommunications

<b>Name of Director</b>	<b>Name of company</b>	<b>Nature of interest</b>	<b>Nature of competing business</b>
Chow Woo Mo Fong, Susan	Cheung Kong Infrastructure	Executive Director	- Energy, infrastructure, finance & investments and others
	Hongkong Electric	Non-executive Director	- Energy
	Hutchison Global Communications <i>(Note)</i>	Director	- Telecommunications
	Hutchison Harbour Ring	Executive Director	- Property
	Partner Communications	Director	- Telecommunications
	TOM Group	Non-executive Director	- Telecommunications (E-commerce and general information portals and broadband content)
	TOM Online Inc. ("TOM Online")	Alternate Director	- Telecommunications (wireless value added services, online advertising and commercial enterprise solutions)
Frank John Sixt	Cheung Kong	Non-executive Director	- Property and hotels - Finance & investments and others
	Cheung Kong Infrastructure	Executive Director	- Energy, infrastructure, finance & investments and others
	Hongkong Electric	Executive Director	- Energy
	Husky Energy	Director	- Energy
	Hutchison Global Communications <i>(Note)</i>	Director	- Telecommunications
	Hutchison Telecommunications Australia	Director	- Telecommunications
	Partner Communications	Director	- Telecommunications
	TOM Group	Chairman	- Telecommunications (E-commerce and general information portals and broadband content)
	TOM Online	Chairman	- Telecommunications (wireless value added services, online advertising and commercial enterprise solutions)

## REPORT OF THE DIRECTORS

Name of Director	Name of company	Nature of interest	Nature of competing business
Lai Kai Ming, Dominic	Hutchison Global Communications <i>(Note)</i>	Deputy Chairman	- Telecommunications
	Hutchison Harbour Ring	Deputy Chairman	- Property
	Hutchison Telecommunications Australia	Director	- Telecommunications
Kam Hing Lam	Cheung Kong	Deputy Managing Director	- Property and hotels - Finance & investments and others
	Cheung Kong Infrastructure	Group Managing Director	- Energy, infrastructure, finance & investments and others
	CK Life Sciences	President and Chief Executive Officer	- Retail (research and development, manufacture and sale of environmental and human health products) - Finance & investments and others
	Hongkong Electric	Executive Director	- Energy
	Spark Infrastructure Group	Non-executive Director (Appointed on 1 November 2005)	- Energy
	George Colin Magnus	Cheung Kong	Non-executive Director (Since 1 November 2005) Deputy Chairman (From 1 January 2005 to 31 October 2005)
George Colin Magnus	Cheung Kong Infrastructure	Non-executive Director (Since 1 November 2005) Deputy Chairman (From 1 January 2005 to 31 October 2005)	- Energy, infrastructure, finance & investments and others
	Hongkong Electric	Non-executive Director (Since 1 November 2005) Chairman (From 1 January 2005 to 31 October 2005)	- Energy
	William Shurniak	Husky Energy	Director and Deputy Chairman

Note: Privatized on 15 July 2005

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

During the year, Messrs Fok Kin-ning, Canning and Frank John Sixt are non-executive directors of Hutchison Telecommunications International which was engaged in telecommunications businesses. Mrs Chow Woo Mo Fong, Susan resigned as a non-executive director of Hutchison Telecommunications International on 21 December 2005 and was appointed as an alternate director to Mr Fok Kin-ning, Canning on the same date. The non-competition agreement entered into by the Company and Hutchison Telecommunications International 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 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 Hutchison Telecommunications International Group exercises its option to acquire our Group's interest in Hutchison Telecommunications Argentina S.A., Argentina. The exclusive territory of the HTIL Group comprised all the remaining countries of the world. There is no single country in which both groups have competing operations.

### **Purchase, Sale or Redemption of Shares**

During the year, neither the Company nor any of its subsidiaries has purchased or sold any of the ordinary shares of the Company. In addition, the Company has not redeemed any of its ordinary shares 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 information available to the Company and within the knowledge of the Directors of the Company, approximately 48% of the issued share capital of the Company was held by the public.

### **Auditors**

The accounts have been audited by PricewaterhouseCoopers, who will retire and, being eligible will offer themselves for re-appointment.

By order of the Board

### **Edith Shih**

*Company Secretary*

Hong Kong, 23 March 2006