

Investing for Growth



The Group

30 million
mobile customers

The Company is proud to be building substantial value for shareholders through marketing and product innovation, high-quality service and effective cost control.

In the emerging markets where we operate we give many customers the ability to communicate by phone for the first time. We understand that mobile telephony changes lives and plays an important role in driving economic development.



In 2006, the Company's customer base grew from 17 million to 30 million worldwide, driven primarily by strong growth in India. Hutchison Essar doubled the size of its network in India and doubled the size of its customer base to 23 million customers.

Hutchison Telecom also strengthened its position in established and very competitive markets with high penetration rates, including Hong Kong and Israel. As a leader in new technologies such as 3G, differentiation continued to be a major contributor to success. The Group continued to introduce new technology, lead the market with innovative marketing and branding, and deliver responsive customer service.

In 2007, Hutchison Telecom will maintain its strategy on course, but with a change in its composition. In February, the Company reached agreement to sell its interests in Hutchison Essar to Vodafone. This transaction will unlock significant value for shareholders and reaffirm the Company's strategy of building value in its businesses through commitment, innovation and expertise.

This is the strategy that will allow Hutchison Telecom to take full advantage of the exceptional opportunities for growth in Vietnam, Indonesia and Sri Lanka.

With a track record of delivering returns to shareholders, a balanced group of businesses and a committed workforce, Hutchison Telecom is well positioned for growth and to continue to deliver exceptional results.



Creating Value



India

Customer base doubled to

23.3
million



Hutchison Essar achieved several milestones towards becoming one of India's top telecommunications providers in 2006. These achievements, and continual expansion and improvement over the years, helped the Group to achieve an exceptional price for the sale of its interest in Hutchison Essar to Vodafone.

Hutchison Essar kept pace with fast customer growth by nearly doubling the size of its customer base by the end of 2006. Growth was driven by rapid network expansion and a doubling of cell sites to over 22,000 within its 16 licence areas. The increase in physical capacity was supported by strong branding, marketing and distribution, allowing the company to take full advantage of favourable demographics to keep growing.

During the year, Hutchison Essar signed several key strategic partnership agreements with leading global companies that will drive increased usage of value added services ('VAS') through the Hutch network and further strengthen the company's position as the market leader in VAS. In November, the company and Microsoft™ announced that they will extend their successful alliance to allow advertisers and content partners to reach Hutch customers via paid search. Microsoft™ content will also be delivered to Hutch customers through applications such as Windows Live Mail™ and Windows Live Spaces™.

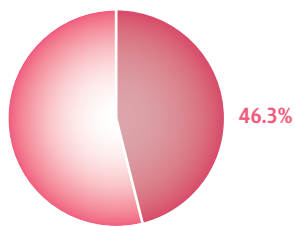
In 2006, the company became a truly nationwide operator upon receiving licences for six of the remaining seven licence areas in the country. The seventh



and final licence was obtained in the first quarter of 2007. The expansion of the company's footprint in 2007 to all 23 of India's licence areas is an important milestone and will further strengthen Hutch's position in India, differentiating it from smaller, regional operators.

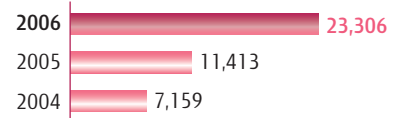
In February 2007, the Group announced that it had reached agreement to sell its interests in Hutchison Essar to Vodafone. This transaction is a significant milestone for Hutchison Telecom, Hutchison Essar and the Indian telecommunications industry. The transaction underscores the success of the Group's strategy of building market leadership and value in all of the dynamic markets in which it operates.

Percentage of contribution to total group turnover



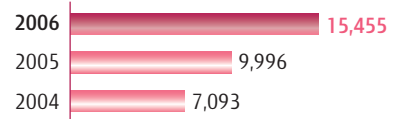
Customers

thousands



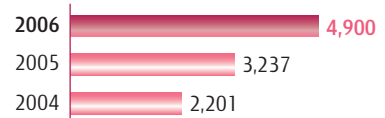
Turnover

HK\$ millions



EBITDA

HK\$ millions





From Strength to Strength

Hong Kong and Macau

2.1 million
mobile customers

The Hong Kong and Macau telecommunications market continued to be challenging in 2006, but the Group set itself apart and improved operating results against extremely intense competition. This achievement was the result of a combination of winning strategies, including strong branding and marketing campaigns, technology and service innovations and creative tariff plans.

Building on cost control initiatives taken in 2005, the economies of scale derived from the continually growing customer base and a shift in lower ARPU customers to higher ARPU contract customers, the Group reaped further operational efficiencies that enhanced profitability.





Hong Kong Mobile

Our market-leading position again contributed to winning the competition in a mobile market where penetration is above 100%. In 2006, the Group's Hong Kong mobile operations led the way in steering the market towards demand for more than just mobile voice.

3 Hong Kong partnered with many of the world's leading music labels and creative local content providers and launched a differentiated and comprehensive mobile music platform in July, capturing demand from young, dynamic and technology-friendly customers. In the fourth quarter of 2006, 3 Hong Kong launched territory-

wide HSDPA service. 3 Hong Kong also launched the X-Series services - MSN and 3Xplorer. Registration for these two applications was overwhelming, confirming 3 Hong Kong's belief that mobile data usage will be propelled by the convergence of personal computing, Internet and TV through a user-friendly interface, simple monthly tariffs and reliable network performance.

During the year, 3 Hong Kong also succeeded in becoming the leading mobile number portability player with a majority of the growth of its customer base being customers coming from other operators. The quality growth trend of our customer base

was also exemplified by the increasing proportion of new 3G contract customers and mobile data customers, rather than pure voice customers. The company's unique product and service offerings drove improvement in churn, which was one of the lowest in the market in 2006.

In 2006, the Hong Kong mobile operation also entered into an exclusive partnership with NTT DoCoMo to bring i-mode™ to Hong Kong and Macau. i-mode™ will be another attractive offering for customers and is expected to further reinforce the company's market leadership.

Macau Mobile

The Macau mobile market is to enter into a new chapter in 2007 after the government announced three 3G licences in October 2006. Hutchison Telecom Macau was one of the winning bidders and aims to launch 3G services in 2007.

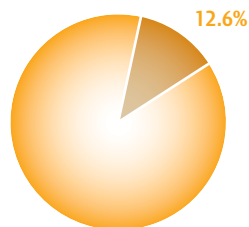
With its unique geographical location and tremendous economic and social development, Macau is fast becoming an information and entertainment hub in the region. The influx of sophisticated

business and leisure travelers to the enclave caused demand to surge for quality voice and mobile data services. Hutchison Telecom Macau is well positioned to tap this growing potential, not only with existing services but with a wide range of new infotainment content and applications that leverage the 3 Group's offering elsewhere.

In 2006, Hutchison Telecom Macau maintained its position as the second largest service provider in the market through continuous network expansion and new service and product offerings.

Hong Kong and Macau mobile operations

Percentage of contribution to total group turnover



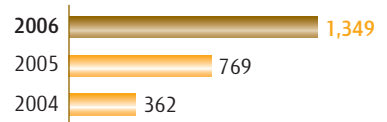
Customers
thousands



Turnover
HK\$ millions



EBITDA
HK\$ millions



Hong Kong Fixed-Line

The Group's fixed-line operation, Hutchison Global Communications ('HGC'), operates the largest fibre-to-the-building fixed-line telecommunications network in Hong Kong. It also owns unparalleled backbone connectivity to most parts of the world, in particular its 22.5 GB transmission capacity to China. This sophisticated infrastructure, together with tailored marketing and sales programmes and a team of experienced technical experts, allowed HGC to continue to register impressive growth in all services despite keen competition and increasing price pressure.

At the end of 2006, the number of residential telephone lines had reached over 331,000, an increase of 9%. Residential broadband services grew 10% to 237,000 customers at the end of the year. International direct dialing services continued to grow. Total outgoing traffic increased to 1,286 million minutes in 2006.

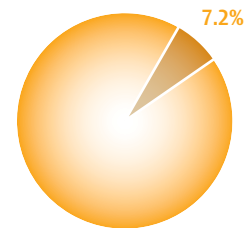
The market is today in a bandwidth-demanding era with more and more applications requiring reliable, stable and high network through-put. HGC has addressed this trend by offering 30MB,

50MB and 100MB broadband services in the fourth quarter of 2006, giving customers a flexible choice to meet different connectivity needs.

Building on its sophisticated network infrastructure and its continuous drive to provide diverse value added solutions and services, HGC is well positioned to meet the discriminating demand from corporate users and multinational clients. During the year, HGC continued to register healthy growth in the business and corporate sectors even amidst constant competition.

As technology and service convergence takes shape in the fixed and mobile world, HGC has launched an integrated connectivity solution that allows household customers to enjoy IPTV, broadband Internet, local voice and IDD through a single modem. The company also upgraded its network to an application-adaptive Next Generation Network and became the first fixed-line operator in Asia to launch an open-network information and communications and technology ('ICT') partnership program. ICT service and application providers around the world reacted to this initiative and the result was the introduction of several leading value-added network services that give more choices to customers and maximise the intrinsic value of HGC's cutting-edge network.

Percentage of contribution to total group turnover



Turnover

HK\$ millions



EBITDA

HK\$ millions





Onward, Forward



Israel

2.7 million
mobile customers



Partner provides telecommunications services under the orange™ brand to 2.7 million users in Israel using the most advanced mobile communications technology available. Leveraging on Israel's most extensive 3G network, a strong brand, high network quality and award-winning customer service, Partner delivered strong results in 2006.

Partner has been included in the new NASDAQ Global Select Market tier for public companies that incorporate NASDAQ's world-class corporate governance standards and strict financial and liquidity requirements.

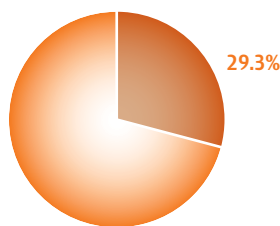
Rising above the clutter is vital in markets like Israel where competition is intense. Partner again distinguished itself with industry-leading marketing and customer service campaigns. For the third straight time, Partner won first prize for customer service in telecommunications in a contest sponsored by the Israel Management Center. It was also honoured as the best in customer service in the Israeli market. For four consecutive years, the Israeli business newspaper *Globes* has chosen orange™ as the strongest brand in the telecommunications industry and ranked it second among all consumer brands in Israel.



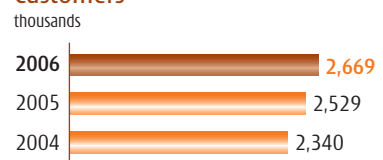
In 2006, Partner acquired the transmission business of MED-1 and approximately 900 kilometres of fibre optic fixed-line infrastructure. By owning a high speed fibre optic network, Partner will not only be able to save on the cost of leased transmission lines for its core network, but will be able to provide services such as fixed-line telephony to business customers.

Partner leads the Israeli market in customer service, network quality, data and content variety. It gives its customers the convenience of hundreds of international roaming agreements with mobile operators overseas. Partner's strategy, expertise, professionalism and integrity have made orange™ not only a market leader in the telecommunications industry in Israel but also a household name.

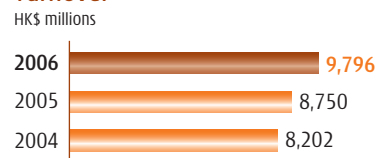
Percentage of contribution to total group turnover



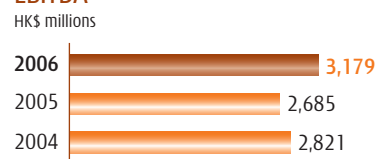
Customers



Turnover



EBITDA



Note:

The Group consolidated Partner's results from April 2005. The turnover and EBITDA shown above represent the turnover and EBITDA for the years ended 31 December 2004 to 2006.



Surging Forward



Vietnam and Indonesia



Vietnam and Indonesia are vibrant and high-growth markets that fit well with the Group's model of creating value in dynamic markets.

Vietnam

After pushing hard in 2006 to complete nationwide coverage, HT Mobile officially entered the Vietnamese mobile market on 15 January 2007, offering a suite of products and services including prepaid, postpaid, SMS and high-speed Internet and infotainment services. With highly competitive coverage in Vietnam's three main cities, Hanoi, Ho Chi Minh City and Da Nang, as well as a growing presence in all 64 provinces, HT Mobile is well positioned to be successful.

Due to its cost effective business model, HT Mobile is able to offer

highly competitive tariff plans and to differentiate itself from the competition with high-speed data services including mobile broadband and multimedia content that capture the imagination of the country's young people.

Since 2001, the Vietnamese authorities have consistently reaffirmed their commitment to economic liberalisation and implemented structural reforms to modernise the economy. In January 2007, Vietnam joined the World Trade Organisation, which should boost the economy and benefit consumer-driven industries such as telecommunications.


By expanding its nationwide distribution network in 2007, HT Mobile is well positioned to capture market share and increase its visibility within Hutchison Telecom.



Indonesia

With one of the largest population in the region and below-average but rapidly expanding mobile penetration, Indonesia is one of the greatest telecommunications opportunities in Asia. The Group is building a lean operation with a focus on cost. In 2006, the company built the backbone of a dependable, nationwide wireless network with network supplier Siemens. At launch, the business will target the Island of Java, the most densely populated of Indonesia's islands. The network will expand in Java and to Sumatra and will extend to Kalimantan and Sulawesi.

Using the Group's dynamic and well-known brand 3 and innovative tariff plans, the company seeks to provide market-leading products to set itself apart. In addition to targeting the mass market, it will also offer 3G services, initially in the capital Jakarta. By leveraging the 3G buying power of the Group's major shareholder, Hutchison Whampoa Limited, the company will offer handset choices, value-added services and 3G expertise unmatched in the market.



An Eye to the Future

Thailand, Sri Lanka and Ghana



Thailand

In 2006, Hutchison CAT embarked on several marketing initiatives including the first reverse auction in Thailand which enabled customers to participate in reverse auctions over mobile phone, allowing them to pay a unique and lowest bid price for valuable items. Hutchison CAT also launched "Always Great Value" campaign in the year, offering customers simplicity and transparency in expenses control. Hutchison CAT strengthened its

relationship with leading content partners in music and image downloads via WAP and BREW, causing Hutchison CAT to successfully achieve over three million paid downloads since the launch of advanced wireless data services in November 2003.

Since the fourth quarter of 2006, Hutchison CAT has been working closely with its partner, CAT Telecom Public Company Limited, to launch a CDMA nationwide network roaming service in the second quarter of 2007. This is an important landmark and marks a vital change for the business that provides an opportunity for Hutchison CAT to further improve its operational and financial results.



Sri Lanka

Since launching nationwide GSM service in 2004, Hutchison Telecom Lanka's customer base has grown at an ever faster pace. In October 2006, it crossed the 500,000 customer mark. The company is continuing its rapid expansion and expects to cover 90% of Sri Lanka's population by the end of 2007. Hutchison Telecom Lanka is a singularly focussed company offering only prepaid service targeting a significant segment of the population with widely available, affordable mobile service.



By positioning the company and its product offerings to attract a high percentage of new and existing prepaid customers, Hutchison Telecom Lanka has developed a variety of options, including Electronic Reload Service. With the largest network of electronic reload points of sale, customers can reload their SIM cards at hundreds of locations for as little as one rupee, as many times a day as they wish based on their lifestyle. The expansion of the direct, point-of-sale network has enabled Hutchison Telecom Lanka to consistently increase market share and to achieve its position as one of Sri Lanka's leading prepaid mobile companies.

With country-wide penetration at 25% and an established brand, Hutchison Telecom Lanka is well positioned to expand its market share and leadership in Sri Lanka's rapidly growing mobile communications industry.

Kasapa

Ghana

In 2006, the first full year of operation with a CDMA mobile network, the Ghana business recorded solid growth in its customer base. Kasapa's strategy is to provide affordable basic voice pre-paid services to customers with low disposable income or erratic cash flow. This strategy is making good strides. The Group's ability to transfer marketing and technology know-how amongst businesses has been a tremendous benefit to smaller businesses like Kasapa. Experience gained in countries like India, where pre-paid customers account for a significant portion of the customer base, benefits Kasapa as it develops its own marketing strategy.

Africa is the second largest and second most populous continent in the world after Asia and a source of potential future growth. Our business in Ghana puts us in a good position to evaluate opportunities as they arise.