

Report of the Directors

The Directors have pleasure in submitting to shareholders their report and statement of the audited financial statements for the year ended 31 December 2009.

Principal Activities

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out on pages 138 to 139.

Group Profit

The consolidated income statement is set out on page 71 and shows the Group profit for the year ended 31 December 2009.

Dividends

An interim dividend of 1.12 HK cents per share was paid to shareholders on 10 September 2009.

The Directors recommend the declaration of a final dividend at the rate of 6.16 HK cents per share, or HK\$297 million in total, payable on 18 May 2010 to those persons registered as shareholders on 11 May 2010. The Register of Members will be closed from 7 May 2010 to 11 May 2010, both days inclusive.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in Note 23 to the consolidated financial statements.

Charitable Donations

There were no donations to charitable organisations by the Group during the year (2008: HK\$0.03 million).

Property, Plant and Equipment

Particulars of the movements of property, plant and equipment are set out in Note 13 to the consolidated financial statements.

Share Capital

Details of the share capital of the Company are set out in Note 22 to the consolidated financial statements.

Directors

The Board of Directors of the Company (the "Board") as at 31 December 2009 comprised nine Directors: Mr Fok Kin-ning, Canning (Chairman and Non-executive Director), Mr Lui Dennis Pok Man (Deputy Chairman and Non-executive Director), Mr Wong King Fai, Peter (Executive Director), three Non-executive Directors, namely Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt and Mr Lai Kai Ming, Dominic (Mr Ma Lai Chee, Gerald is Alternate Director to Mr Lai Kai Ming, Dominic), and three Independent Non-executive Directors, namely, Mr Cheong Ying Chew, Henry, Mr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna.

On 4 March 2009, Messrs Chan Ting Yu, Robin Sng Cheng Khoong, Edmond Wai Leung Ho and Richard Waichi Chan resigned as Directors of the Company. On the same day, Mr Fok Kin-ning, Canning, Mr Lui Dennis Pok Man, Mr Frank John Sixt and Mr Lai Kai Ming, Dominic were appointed as Non-executive Directors of the Company, Mr Wong King Fai, Peter was appointed as an Executive Director of the Company, and Mrs Chow Woo Mo Fong, Susan was designated as a Non-executive Director of the Company.

On 3 April 2009, Mr Cheong Ying Chew, Henry, Mr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna were appointed as Independent Non-executive Directors of the Company.

Mr Ma Lai Chee, Gerald was appointed as Alternate Director to Mr Lai Kai Ming, Dominic on 9 June 2009.

Mr Cheong Ying Chew, Henry, an Independent Non-executive Director, was appointed as Alternate Director to Dr Wong Yick Ming, Rosanna on 8 March 2010.

The Board expresses its gratitude to Messrs Chan Ting Yu, Robin Sng Cheng Khoong, Edmond Wai Leung Ho and Richard Waichi Chan for their valuable contributions to the Company.

In accordance with Article 83(3) of the Company's Articles of Association, Mr Fok Kin-ning, Canning, Mr Lui Dennis Pok Man, Mr Wong King Fai, Peter, Mr Frank John Sixt, Mr Lai Kai Ming, Dominic, Mr Cheong Ying Chew, Henry, Mr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

In accordance with Article 84(1) of the Company's Articles of Association, Mrs Chow Woo Mo Fong, Susan will retire by rotation at the forthcoming annual general meeting and being eligible, offer herself for re-election.

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

The Directors' biographical details are set out on pages 30 to 33.

Directors' Service Contracts

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

Interest in Contracts

No contracts of significance in relation to the businesses of the Company and its 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

Pursuant to a facility agreement dated 25 November 2008 between Hutchison Telecommunications International Limited ("HTIL", being the then intermediate holding company of the Company before the listing of the shares of the Company on the Stock Exchange on 8 May 2009 (the "Listing Date")) and certain subsidiaries of Hutchison Whampoa Limited ("HWL", being the ultimate holding company of HTIL and of the Company, which together with its subsidiaries, the "HWL Group"), such members of the HWL Group committed to make available to HTIL and certain of its subsidiaries (together, the "HTIL Group") which at that time included Hutchison Telephone Company Limited ("HTCL", an indirect 75.9%-owned subsidiary of the Company) a senior secured term loan/revolving facility for a maximum aggregate amount of US\$2.5 billion (or approximately HK\$19,376 million) (the "US\$2.5 billion HWL Secured Facility").

As security in support of the US\$2.5 billion HWL Secured Facility, HTCL agreed to cross guarantee, or procure certain members of the Group to provide security over their assets, for the HTIL Group's borrowings (the "HTCL Cross Guarantee and Security") and certain members of the HTIL Group agreed to do likewise for HTCL's borrowings.

As contemplated by the listing document dated 20 April 2009 issued by the Company (the "Listing Document") and pursuant to an agreement dated 17 April 2009 between HTCL and certain members of the HWL Group and of the HTIL Group for varying the original terms of the US\$2.5 billion HWL Secured Facility, the HTCL Cross Guarantee and Security (which would otherwise constitute a connected transaction for the Company under the Listing Rules by virtue of each member of the HTIL Group being an associate of a substantial shareholder of the Company) was released with effect from the Listing Date and thereby ceased to constitute connected transactions for the Company under the Listing Rules. During the year ended 31 December 2009, HTCL could have been required to itself provide, or procure that certain members of the Group to provide, security over their assets in respect of HTCL's borrowings, if any, under the US\$2.5 billion HWL Secured Facility subject to a maximum liability of US\$710 million (or approximately HK\$5,500 million) if there had been any HTCL's borrowings under the US\$2.5 billion HWL Secured Facility. As at 31 December 2009, no such borrowings had been made.

Continuing Connected Transactions

During the year ended 31 December 2009, the Group undertook the following continuing connected transactions (the "Continuing Connected Transactions"):

(i) Provision of data centre services to the HWL Group

Prior to the Listing Date, Hutchison GlobalCentre Limited ("Hutchison GlobalCentre", a subsidiary of the Company) entered into master service agreements with members of the HWL Group (including A.S. Watson & Company Limited, Hutchison International Limited ("HIL") and Metro Broadcast Corporation Limited) which prescribe the framework terms upon which Hutchison GlobalCentre and the relevant members of the HWL Group may, from time to time, enter into separate service orders to provide data centre services to the HWL Group. Pursuant to the master service agreements, which are terminable at any time by either party giving no less than 30 days' prior written notice to the other, such data centre services include data centre facilities (such as power supply, telecommunications connectivity, air-conditioning, fire prevention and security systems), hardware and software management and co-location services. The relevant members of the HWL Group are required to pay Hutchison GlobalCentre monthly charges in advance for subscription and in arrears for usage of such data centre services. The amount of monthly charges and the initial term of duration for the provision of such data centre services, which are automatically renewable for successive additional terms unless either party terminates by notification, are separately determined and agreed between the relevant members of the HWL Group and Hutchison GlobalCentre in individual service orders, which are executed as and when such data centre services are required.

Each member of the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(ii) Provision of mobile telecommunications services to the HWL Group

Members of the Group have been providing before the Listing Date, and may continue to provide, mobile telecommunications services, including international direct dialling (“IDD”) and roaming services and other value-added services, to members of the HWL Group. The HWL Group is required to pay, on a monthly basis, subscription charges in advance and usage charges in arrears, pursuant to invoices issued by the relevant member of the Group. The provision of such services is terminable at any time by either party giving no less than 30 days’ prior written notice to the other. The transactions entered or to be entered into during a term of three years commencing on the Listing Date (the “3-year Term”) between the Group and the HWL Group are or will be subject to the master agreement dated 17 April 2009 between the Company and HIL (the “HWL Master Agreement”).

Each member of the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(iii) Supply of mobile telecommunications products and the related support to the HTIL Group

Members of the Group have been supplying before the Listing Date, and may continue to supply, certain mobile telecommunications products including handsets hardware and other accessories and the related support to the HTIL Group, in return for purchase price and the related support fee payable within 30 days after receipt of invoices. The transactions entered or to be entered into during the 3-year Term between the Group and the HTIL Group are or will be subject to the master agreement dated 17 April 2009 between the Company and HTIL (the “HTIL Master Agreement”).

Each of HTIL and its subsidiaries is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(iv) Provision of telecommunications and Internet services to each of the HWL Group and Cheung Kong (Holdings) Limited (“CKH”) and its subsidiaries (collectively, the “CKH Group”)

Members of the Group have been providing before the Listing Date, and may continue to provide, local and international fixed-line telecommunications services, Internet access bandwidth with value-added services, and Internet and web-hosting services to members of the HWL Group or the CKH Group. The transactions entered or to be entered into during the 3-year Term between the Group and the HWL Group are or will be subject to the HWL Master Agreement while those between the Group and the CKH Group are or will be subject to the master agreement dated 17 April 2009 between the Company and CKH (the “CKH Master Agreement”).

Each of CKH and of the members of HWL Group and CKH Group is a connected person of the Company by virtue of being a substantial shareholder (in the case of CKH) or an associate of a substantial shareholder (in the case of each member of the HWL Group and the CKH Group) of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(v) Roaming arrangements between the Group and each of the HWL Group, the HTIL Group and NTT DoCoMo, Inc. ("DoCoMo") and its subsidiaries (collectively, the "DoCoMo Group")

Prior to the Listing Date, members of the Group entered into agreements with DoCoMo and members of each of the HWL Group and the HTIL Group to provide roaming services, whereby customers of members of the Group and each of the HWL Group, the HTIL Group and the DoCoMo Group may roam on each other's networks while travelling abroad. While each pair of roaming partners amongst the groups will settle, after set-off, the roaming charges each month in arrears depending on the aggregate volume of roaming services incurred by their customers on each other's networks, no set-off will be made between different pairs of roaming partners amongst the same groups. The provision of such services is terminable at any time by either party giving no less than six months' prior written notice to the other.

The transactions entered or to be entered into during the 3-year Term between the Group and each of the HWL Group and the HTIL Group are or will be subject to the HWL Master Agreement and the HTIL Master Agreement respectively.

Each member of the HWL Group and HTIL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. DoCoMo is a connected person of the Company by virtue of being a substantial shareholder of certain subsidiaries of the Company and each of DoCoMo's subsidiaries is a connected person of the Company by virtue of being an associate of DoCoMo. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(vi) Provision of dealership services by the HWL Group

Under an agreement dated 27 May 2004 between A. S. Watson Group (HK) Limited ("Watson", a member of the HWL Group) and Hutchison 3G Services (HK) Limited ("H3GSHK", a subsidiary of the Company), Watson was appointed as a non-exclusive dealer for H3GSHK to sell, at retail outlets operated by Fortress in Hong Kong, 3G handsets and/or telecommunications services provided by H3GSHK. This agreement, which commenced on 3 March 2004 and would have continued until 31 December 2009, was transferred by H3GSHK to HTCL with effect from 1 July 2005. On 2 April 2009, Watson entered into an agreement with HTCL to extend the term of the foregoing agreement for a further two years until 31 December 2011 subject to automatic renewal for successive periods of three years each, unless terminated earlier by either party.

Watson is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(vii) Supply of promotional items by the HWL Group

It is the Group's marketing strategy to offer cash coupons of PARKnSHOP, Fortress and/or Watsons (each a division of Watson) to certain newly joined and renewal customers of the mobile and fixed-line services of the Group. Pursuant to a master agreement dated 12 February 2009 between the Company and Watson, which is subject to an initial term of three years and thereafter automatically renewed for successive periods of three years each unless terminated earlier by either party, members of the Group have been purchasing before the Listing Date, and may continue to purchase, those coupons from the relevant members of the HWL Group at face value with a reasonable discount for bulk purchase as and when required by the relevant members of the Group.

Each member of the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(viii) Provision of bill collection services by the HWL Group

Under an agreement dated 26 February 2004 between Watson and Hutchison Telecommunications (Hong Kong) Limited ("HTHK", a subsidiary of the Company) as duly authorised agent of HTCL, Watson was appointed as an agent of HTHK to receive, at retail outlets operated by Watson in Hong Kong, customer payments for services rendered by HTCL.

Under an agreement dated 31 October 2002 between Watson's The Chemist (Macau) Limited ("Watson's Macau", a subsidiary of HWL) and Hutchison Telephone (Macau) Company Limited ("Hutchison Macau", a subsidiary of the Company), Watson's Macau was appointed as an agent of Hutchison Macau to receive, at retail outlets operated by Watson's Macau in Macau, customer payments for services rendered by Hutchison Macau.

Under an agreement dated 1 November 2002 between Watson and Hutchison Global Communications Limited ("HGC", a subsidiary of the Company), as amended, Watson was appointed as an agent for HGC and its subsidiaries to receive, at retail outlets operated by Watson in Hong Kong, customer payments for services rendered by HGC and its subsidiaries.

The aforesaid transactions entered or to be entered into during the 3-year Term between the Group and the HWL Group are or will be subject to the HWL Master Agreement.

Each of Watson and Watson's Macau is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(ix) Provision of global procurement services by the HWL Group

Prior to the Listing Date, various members of the Group entered into 3G cost sharing agreements with members of the HWL Group pursuant to which members of the HWL Group and of the Group together participate in global procurement and development projects for the acquisition and development of information technology platforms and software solutions and applications, hardware, content and other services in connection with the roll-out and ongoing operation of the 3G business of the members of the Group. Under these 3G cost sharing agreements, the Group has the absolute discretion (but not obligation whether as to revenue, volume commitment or otherwise) and the HWL Group has the obligation to allow the Group, if it so wishes, to participate in any cost-sharing activities. The relevant members of the Group will bear the appropriate proportion of the total external and internal costs and expenses incurred in connection with such joint procurement activities. In connection with the performance by such members of the Group of some of the underlying contracts in relation to global procurement activities, members of the HWL Group have provided guarantees in favour of counterparties thereunder in return for a guarantee fee and a management fee payable to the HWL Group at normal commercial rates.

Each member of the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(x) Provision of telecommunications products and services by the HWL Group

Members of the HWL Group have been providing before the Listing Date, and may continue to provide, HGC, HTCL and Hutchison Macau with contents and local and international fixed-line telecommunications services such as IDD services and international private leased circuits ("IPLC"), in return for monthly IDD service fee payable in arrears based on usage and monthly service fee for the IPLC payable in advance. The transactions entered or to be entered into during the 3-year Term between the Group and the HWL Group are or will be subject to the HWL Master Agreement.

Each member of the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xi) Provision of treasury management services by the HTIL Group

Pursuant to an agreement dated 15 May 2008 between HTCL and HTIL, HTIL agreed to provide certain treasury management services to HTCL including general treasury functions to meet and match the financing needs of HTCL. This agreement was terminated on 14 May 2009 by mutual agreement. The transactions entered or to be entered into during the 3-year Term between the Group and the HTIL Group are or will be subject to the HTIL Master Agreement.

HTIL is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xii) Provision of telecommunications products and services by the CKH Group

HGC has been collaborating with Videofone Company Limited ("Videofone", a member of the CKH Group) to provide bundled video phone fixed-line package to HGC's customers before the Listing Date. In consideration of Videofone's supply of the underlying handsets and other incidental services, HGC is required to pay Videofone an agreed ratio of revenue received from its video phone fixed-line package customers after deducting the related costs incurred for the provision of such service (including the acquisition costs of purchasing the handsets from Videofone). The aforesaid transactions entered or to be entered into during the 3-year Term between the Group and the CKH Group are or will be subject to the CKH Master Agreement.

Videofone is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xiii) Provision of lease and licence arrangements by each of the HWL Group and the CKH Group

Members of the Group, as lessees or licensees, have been entering into prior to the Listing Date, and may in the future from time to time renew and enter into, various lease and licence arrangements with members of the HWL Group or of the CKH Group, as landlords or licensors, in respect of building spaces and other premises for use by members of the Group as offices or for other business purposes. The transactions entered or to be entered into during the 3-year Term between the Group and each of the HWL Group and the CKH Group are or will be subject to the HWL Master Agreement and the CKH Master Agreement respectively.

The lease and licence arrangements are on terms no less favourable to the Group than those offered by landlords and licensors which are independent third parties.

Each of CKH and member of the HWL Group and the CKH Group is a connected person of the Company by virtue of being a substantial shareholder (in the case of CKH) and an associate of a substantial shareholder (in the case of each member of the HWL Group and the CKH Group) of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xiv) Provision of office equipment and support by each of the HWL Group and the CKH Group

Members of the Group have been purchasing before the Listing Date, and may continue to purchase, the following office equipment and supports from members of the HWL Group and the CKH Group from time to time:-

- (a) certain office supplies and supports from bigboXX.com Limited (a subsidiary of the HWL Group) and Watsons Water (a division of Watson) including stationery, computer supplies, records management services, office supplies, office relocation services, food and beverages, groceries and distilled water at the prices as offered by the relevant subsidiaries of the HWL Group;
- (b) travel services from Hutchison-Priceline (Travel) Limited (a subsidiary of the HWL Group) to arrange for bookings and reservations of air tickets and hotel accommodations at fees offered by Hutchison-Priceline (Travel) Limited;
- (c) certain IT-related services such as development of IT platforms, software solutions and applications services and other professional services from Vanda IT Solutions & Systems Management Limited and its subsidiaries (each a then subsidiary of the HWL Group and collectively as the "then Vanda Group") at fees offered by the then Vanda Group;
- (d) certain advertising and promotional services from Metro Broadcast Corporation Limited (an associate of HWL), at fees offered by Metro Broadcast Corporation Limited; and
- (e) services from AMTD Risk Management Limited ("AMTD", an affiliate of the CKH Group) for procuring various insurance policies for the benefit of the telecommunications business of the Company at fees offered by AMTD.

Transactions (a) to (d) entered or to be entered into during the 3-year Term between the Group and bigboXX.com Limited, Watsons Water, Hutchison-Priceline (Travel) Limited, the then Vanda Group and Metro Broadcast Corporation Limited respectively are or will be subject to the HWL Master Agreement. Transaction (e) entered or to be entered into during the 3-year Term between the Group and AMTD is or will be subject to the CKH Master Agreement.

The then Vanda Group was, and each of bigboXX.com Limited, Hutchison-Priceline (Travel) Limited, Metro Broadcast Corporation Limited and AMTD is, a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xv) Procurement of HWL Group Supplies and Group Supplies between the HWL Group and the Group

Pursuant to the HWL Master Agreement, HIL will procure relevant members of the HWL Group (which, for the purpose of the HWL Master Agreement, include entities controlled, directly or indirectly, as to more than 50% by HIL and such other entities in which HIL is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of voting power at general meetings in such entities) to provide or acquire (as appropriate), and the Company will procure relevant members of the Group (which, for the purpose of the HWL Master Agreement, include entities controlled, directly or indirectly, as to more than 50% by the Company and such other entities in which the Company is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of voting power at general meetings in such entities ("Company JCE(s)")) to acquire or provide (as appropriate), the following range of products and services of the HWL Group or of the Group and such other products or services as may be agreed from time to time (the "HWL Group Supplies" and the "Group Supplies", respectively) on a non-exclusive basis as and when reasonably requested by relevant members of the Group or of the HWL Group:-

- (a) the HWL Group Supplies include (i) intellectual property rights licensing; (ii) roaming services; (iii) bill collection services; (iv) telecommunications products (such as contents); (v) local and international fixed-line telecommunications services (including IDD services and international private leased circuits); (vi) leasing and licensing of offices, building spaces, car parks and warehouses; (vii) distilled water, food and beverages, groceries; stationeries, office supplies; computer supplies; printing

services; records management services; office relocation services; (viii) hotel services; travel and transportation services; (ix) IT-related services (including IT platforms development services, software solutions and applications development services and other professional services); (x) marketing, advertising and promotional services; and (xi) collaboration on the development of video and radio programmes; and

- (b) the Group Supplies include (i) mobile telecommunications products (including mobile handsets, accessories and related products); (ii) mobile telecommunications services (including IDD and roaming services and other value-added services); (iii) telecommunications and Internet services (including local and international fixed-line telecommunications services, Internet access bandwidth with value-added services, and Internet and web-hosting services); (iv) roaming services; and (v) procurement of local and international fixed-line telecommunications services.

Each member of the HWL Group (which include entities controlled, directly or indirectly, as to more than 50% by HIL and such other entities in which HIL is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of the voting power at general meetings in such entities) is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xvi) Procurement of HTIL Group Supplies and Group Supplies between the HTIL Group and the Group

Pursuant to the HTIL Master Agreement, HTIL will procure relevant members of the HTIL Group (which, for the purpose of the HTIL Master Agreement, include entities controlled, directly or indirectly, as to more than 50% by HTIL and such other entities in which HTIL is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of voting power at general meetings in such entities) to provide or acquire (as appropriate), and the Company will procure relevant members of the Group (which, for the purpose of the HTIL Master Agreement, include entities controlled, directly or indirectly, as to more than 50% by the Company and the Company's JCE(s)) to acquire or provide (as appropriate), the following range of products and services of the HTIL Group or of the Group and such other products or services as may be agreed from time to time (the "HTIL Group Supplies" and the "Group Supplies", respectively) on a non-exclusive basis as and when reasonably requested by relevant members of the Group or of the HTIL Group:-

- (a) the HTIL Group Supplies include (i) leasing and licensing of offices, building spaces, car parks and warehouses; (ii) roaming services; and (iii) general treasury management services; and
- (b) the Group Supplies include (i) data centre services (including data centre facilities (such as power supply, telecommunications connectivity, air-conditioning, fire prevention and security systems), hardware and software management and co-location services); (ii) mobile telecommunications services (including local voice, IDD and roaming services and other value-added services); (iii) telecommunications and Internet services (including local and international fixed-line telecommunications services, Internet access bandwidth with value-added services, Internet and web-hosting services); (iv) mobile telecommunications products (including handsets hardware and other accessories) and the related support; and (v) roaming services.

Each member of the HTIL Group (which include entities controlled, directly or indirectly, as to more than 50% by HTIL and such other entities in which HTIL is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of the voting power at general meetings in such entities) is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xvii) Procurement of CKH Group Supplies and Group Supplies between the CKH Group and the Group

Pursuant to the CKH Master Agreement, CKH will procure relevant members of the CKH Group (which, for the purpose of the CKH Master Agreement, includes entities controlled, directly or indirectly, as to more than 50% by CKH and such other entities in which CKH is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of voting power at general meetings in such entities), to provide or acquire (as appropriate), and the Company will procure relevant members of the Group (which, for the purpose of the CKH Master Agreement, include entities controlled, directly or indirectly, as to more than 50% by the Company and the Company's JCE(s)) to acquire or provide (as appropriate), the following range of products and services of the CKH Group or of the Group and such other products or services as may be agreed from time to time (the "CKH Group Supplies" and the "Group Supplies", respectively) on a non-exclusive basis as and when reasonably requested by relevant members of the Group or of the CKH Group:-

- (a) the CKH Group Supplies means (i) procurement of local and international fixed-line IDD services; (ii) handsets and other incidental services; (iii) handsets replacement plan services; (iv) leasing and licensing of offices, building spaces, car parks and warehouses; and (v) business risks management services (including insurance brokerage) and joint marketing activities; and
- (b) the Group Supplies means (i) mobile telecommunications services (including local voice, IDD and roaming services and other value-added services); (ii) marketing services and bill collection services (including those in relation to the handset replacement plan); and (iii) telecommunications and Internet services (including local and international fixed-line telecommunications services, Internet access bandwidth with value-added services, and Internet and web-hosting services).

Each member of the CKH Group (which include entities controlled, directly or indirectly, as to more than 50% by CKH and such other entities in which CKH is from time to time directly or indirectly interested so as to exercise or control the exercise of 50% of the voting power at general meetings in such entities) is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xviii) Supply of handsets and other devices by H3G Procurement Services S.à r.l. to the Group

On 27 March 2007, HTCL entered into a handset supply agreement with H3G Procurement Services S.à r.l. ("H3G Procurement", a subsidiary of the HWL Group) pursuant to which HTCL may elect to purchase handsets and other devices related to its 3G business. Any offer of handsets or other devices by H3G Procurement to HTCL will be on substantially the same terms and conditions as the terms and conditions offered by the vendors to H3G Procurement, other than as to unit prices which may include an additional amount which is primarily attributable to the costs incurred by H3G Procurement in procuring and testing the handsets, and in product, technical and vendor management generally. HTCL is not obligated to purchase any handsets under the agreement with H3G Procurement. The initial term of the agreement is three years commencing from 1 January 2007 and thereafter automatically renewed for three successive periods of three years each unless terminated earlier by either party.

H3G Procurement is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The aforesaid transactions constituted or will constitute continuing connected transactions for the Company under the Listing Rules.

(xix) Provision of financial assistance by the HWL Group

Pursuant to an amended and restated facility agreement dated 17 April 2009 between HTCL and members of the HWL Group and the HTIL Group, members of the HWL Group committed to make available to HTCL a senior secured term loan facility of up to US\$710 million (or approximately HK\$5,500 million) (the "Facility") from 30 March 2009 which, once utilised, will fall due on 30 June 2010.

Each member of the HTIL Group and the HWL Group is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company. The Facility remained unutilised until it was cancelled on 14 May 2009. The Facility which, if utilised, would have constituted a continuing connected transaction for the Company under the Listing Rules.

Grant of Waiver

On 17 April 2009, the Stock Exchange granted to the Company a conditional waiver from strict compliance with the announcement and/or independent shareholders' approval requirements as stipulated in Chapter 14A of the Listing Rules for the Continuing Connected Transactions based on the information provided in the Company's submission dated 6 April 2009 (as updated by a subsequent submission dated 16 April 2009 by the Company) and the Listing Document.

Annual Review of Continuing Connected Transactions

The aggregate amounts for the year ended 31 December 2009 attributable to the respective Continuing Connected Transactions which are subject to the annual review requirements under the Listing Rules are as follows:

Continuing Connected Transactions	Aggregate amount for the year ended 31 December 2009 (HK\$ millions)
(A) Provision of data centre services under item (i)	19
(B) Procurement of products and services between the HWL Group and the Group under the HWL Master Agreement under item (xv), provision of mobile telecommunications services to the HWL Group under item (ii), provision of telecommunications and Internet services to the HWL Group under item (iv), roaming arrangements between the Group and the HWL Group under item (v), provision of bill collection services by the HWL Group under item (viii), provision of telecommunications products and services by the HWL Group under item (x), provision of lease and licence arrangements by the HWL Group under item (xiii) and provision of office equipment and support by the HWL Group under item (xiv), all together in the form of:	
(a) acquisition from the HWL Group	(a) 115
(b) provision by the Group	(b) 108
(C) Procurement of products and services between the HTIL Group and the Group under the HTIL Master Agreement under item (xvi), supply of mobile telecommunications products and the related support to the HTIL Group under item (iii), roaming arrangements between the Group and the HTIL Group under item (v) and provision of treasury management services by the HTIL Group under item (xi), all together in the form of:	
(a) acquisition from the HTIL Group	(a) 7
(b) provision by the Group	(b) 35

Aggregate amount
for the year ended
31 December 2009
(HK\$ millions)

Continuing Connected Transactions

(D)	Procurement of products and services between the CKH Group and the Group under the CKH Master Agreement under item (xvii), provision of telecommunications and Internet services to the CKH Group under item (iv), provision of telecommunications products and services by the CKH Group under item (xii), provision of lease and licence arrangements by the CKH Group under item (xiii) and provision of business risks management services by the CKH Group under item (xiv), all together in the form of:	
	(a) acquisition from the CKH Group	(a) 15
	(b) provision by the Group	(b) 58
(E)	Roaming arrangements between the Group and the DoCoMo Group under item (v):	
	(a) expenses chargeable to the Group	(a) Nil
	(b) revenue chargeable to the DoCoMo Group	(b) 19
(F)	Provision of dealership services by the HWL Group under item (vi)	30
(G)	Supply of promotional items by the HWL Group under item (vii)	19
(H)	Provision of global procurement services by the HWL Group under item (ix)	14
(I)	Supply of handsets and other devices by H3G Procurement under item (xviii):	
	(a) purchases	(a) 8
	(b) rebates	(b) 12
(J)	Provision of financial assistance by the HWL Group to the Group under item (xix)	Nil

All the Independent Non-executive Directors of the Company have reviewed the Continuing Connected Transactions and confirmed that the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the work performed, the auditor of the Company has confirmed in a letter to the Board to the effect that the Continuing Connected Transactions (i) have received approval of the Board; (ii) are in accordance with the pricing policies of the Group if such transactions involved provision of goods and services by the Group; (iii) are entered into in accordance with the terms of the relevant agreements governing such transactions; and (iv) do not exceed the respective cap amounts as referred to in the Listing Document.

A summary of the related party transactions entered into by the Group during the year ended 31 December 2009 is contained in Note 33 to the consolidated financial statements. The transactions summarised in paragraph (b) to such Note fall under the definition of continuing connected transactions under the Listing Rules and none of the transactions summarised in paragraph (c) to such Note falls under the definition of either connected transaction or continuing connected transaction under the Listing Rules.

The Company has complied with the disclosure requirements, to the extent they are not waived by the Stock Exchange and disclosed above, in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2009 and since the Listing Date.

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

As at 31 December 2009, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules adopted by the Company (the "Model Code") were as follows:

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

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held in American Depositary Shares	Approximate % of shareholding
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	1,202,380 <i>(Note 1)</i>	-	0.0250%
Lui Dennis Pok Man	Beneficial owner	Personal interest	9,100,000	-	0.1890%
Wong King Fai, Peter	Beneficial owner	Personal interest	2,666,667	-	0.0554%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	250,000	-	0.0052%
Frank John Sixt	Beneficial owner	Personal interest	-	255,000 <i>(Note 2)</i>	0.0053%

Notes:

- Such ordinary shares were held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.*
- 17,000 American Depositary Shares (each representing 15 ordinary shares) were held by Mr Frank John Sixt.*

(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

Mr Fok Kin-ning, Canning had, as at 31 December 2009, the following interests:

- (i) corporate interests in 4,810,875 ordinary shares, representing approximately 0.113% of the then issued share capital, in HWL;
- (ii) 5,100,000 ordinary shares, representing approximately 0.038% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("HTAL") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (iii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.056% of the then issued share capital, in Hutchison Harbour Ring Limited;
- (iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.025% of the then issued share capital, in HTIL; and
- (v) corporate interests in (a) a nominal amount of US\$1,216,000 in the 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited; (b) a nominal amount of US\$4,000,000 in the 7.625% Note due 2019 issued by Hutchison Whampoa International (09) Limited; and (c) a nominal amount of US\$4,000,000 in the 5.75% Note due 2019 issued by Hutchison Whampoa International (09/19) Limited.

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.

Mr Lui Dennis Pok Man in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in 9,100,000 ordinary shares, representing approximately 0.189% of the then issued share capital, in HTIL.

Mr Wong King Fai, Peter had, as at 31 December 2009, (i) family interests in 22,000 ordinary shares, representing approximately 0.0005% of the then issued share capital, in HWL held by his spouse; and (ii) in his capacity as a beneficial owner, personal interests in 2,666,667 ordinary shares, representing 0.055% of the then issued share capital, in HTIL.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2009, personal interests in (i) 150,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in HWL; and (ii) 250,000 ordinary shares, representing 0.005% of the then issued share capital, in HTIL.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in (i) 50,000 ordinary shares, representing approximately 0.001% of the then issued share capital, in HWL; (ii) 1,000,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HTAL; and (iii) 17,000 American Depositary Shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTIL.

Mr Lai Kai Ming Dominic in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in 50,000 ordinary shares, representing approximately 0.001% of the then issued share capital, in HWL.

Mr Lan Hong Tsung, David in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in 20,000 ordinary shares, representing approximately 0.0005% of the then issued share capital, in HWL.

Save as disclosed above, as at 31 December 2009, none of the Directors and Chief Executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the 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 recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Directors or Chief Executive of the Company, as at 31 December 2009, other than the interests and short positions of the Directors or Chief Executive 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 of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Hutchison Telecommunications Investment Holdings Limited ("HTIHL")	(i) Beneficial owner	2,619,929,104) <i>(Note 1)</i>	
	(ii) Interest of a controlled corporation	394,063,149) <i>(Note 1)</i>	62.60%
Hutchison Telecommunications Group Holdings Limited ("HTGHL")	Interest of controlled corporations	3,013,992,253 <i>(Note 1)</i>	62.60%
Ommaney Holdings Limited ("OHL")	Interest of controlled corporations	3,013,992,253 <i>(Note 1)</i>	62.60%
HIL	Interest of controlled corporations	3,013,992,253 <i>(Note 1)</i>	62.60%
HWL	Interest of controlled corporations	3,013,992,253 <i>(Note 1)</i>	62.60%
CKH	Interest of controlled corporations	3,066,084,840 <i>(Note 2)</i>	63.68%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	3,066,084,840 <i>(Note 3)</i>	63.68%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	3,066,084,840 <i>(Note 4)</i>	63.68%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	3,066,084,840 <i>(Note 4)</i>	63.68%

Name	Capacity	Number of shares held	Approximate % of shareholding
Li Ka-shing ("Mr Li")	(i) Founder of discretionary trusts and interest of controlled corporations	3,066,238,120) (Note 5))	
	(ii) Interest of controlled corporations	266,621,499) (Note 6))	69.22%
Mayspin Management Limited ("Mayspin")	Interest of controlled corporations	266,621,499 (Note 7)	5.53%
Yuda Limited ("Yuda")	Beneficial owner	266,375,953 (Note 8)	5.53%

(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
T. Rowe Price Associates, Inc. and its affiliates	Investment manager	386,090,000	8.02%

Notes:

- HTIHL is a direct wholly-owned subsidiary of HTGHL, which in turn is a direct wholly-owned subsidiary of OHL, which in turn is a direct wholly-owned subsidiary of HIL, which in turn is a direct wholly-owned subsidiary of HWL. By virtue of the SFO, HWL, HIL, OHL and HTGHL were deemed to be interested in the 2,619,929,104 ordinary shares of the Company which HTIHL had direct interest and the 394,063,149 ordinary shares of the Company held by a wholly-owned subsidiary of HTIHL.
- Certain subsidiary companies of CKH together hold one-third or more of the issued share capital of HWL. By virtue of the above, CKH was therefore taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested as a substantial shareholder of the Company under the SFO. CKH was also interested in the share capital of the Company through certain wholly-owned subsidiary companies of CKH.
- TUT1, as trustee of The Li Ka-Shing Unity Trust ("UT1"), together with certain companies which TUT1 as trustee of UT1 was entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("related companies"), hold more than one-third of the issued share capital of CKH. By virtue of the above and the interest of TUT1 as trustee of UT1 and its related companies in the shares in CKH, TUT1 as trustee of UT1 was therefore taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested (together with CKH's interest in the share capital of the Company through certain wholly-owned subsidiary companies) as a substantial shareholder of the Company under the SFO.
- Each of TDT1 as trustee of a discretionary trust ("DT1") and TDT2 as trustee of another discretionary trust ("DT2") holds units in UT1. By virtue of the above and its interest of holding units in UT1, each of TDT1 as trustee of DT1 and TDT2 as trustee of DT2 was taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested (together with CKH's interest in the share capital of the Company through certain wholly-owned subsidiary companies) as a substantial shareholder of the Company under the SFO.
- Mr Li is the settlor of each of DT1, DT2 and two discretionary trusts ("DT3" and "DT4") and may be regarded as a founder of each of DT1, DT2, DT3 and DT4 for the purpose of the SFO. Mr Li is also interested in one-third of the entire issued share capital of two companies owning the entire issued share capital of TUT1, TDT1, TDT2, Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"), Li Ka-Shing Castle Trustee Corporation Limited as trustee of DT3 and Li Ka-Shing Castle Trustcorp Limited as trustee of DT4 where appropriate. By virtue of the above and as a director of CKH, Mr Li was taken to have a duty of disclosure in relation to the interest in the relevant share capital of the Company held by or in which HWL, HIL, OHL, HTGHL or HTIHL was taken as interested and held by TUT3 as trustee of UT3 (together with CKH's interest in the share capital of the Company through certain wholly-owned subsidiary companies) as a substantial shareholder of the Company under the SFO.

6. Such ordinary shares were held by companies of which Mr Li is interested in the entire issued share capital.
7. Mayspin is a company wholly-controlled by Mr Li. Such interest is duplicated in that of Mr Li held by the companies described in Note 6 above.
8. Yuda is a direct wholly-owned subsidiary of Mayspin, which in turn is a company wholly-controlled by Mr Li. Such interest is duplicated in that of Mr Li held by one of the companies described in Note 6 above.

Save as disclosed above and so far as is known to the Directors or Chief Executive Officer of the Company, as at 31 December 2009, there was no other person (other than the Directors or Chief Executive of the Company) who had an interest or short position in the shares 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.

Directors' Interests in Competing Business

During the year ended 31 December 2009, the following Directors of the Company had interests in the following business (apart from the Company's businesses) conducted through the company named below, its subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company conducted during the year ended 31 December 2009 required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name	Name of company	Nature of interest	Nature of competing business
Ma Lai Chee, Gerald*	Beijing Net-Infinity Technology Development Company Limited	Director	Operate internet data centre business

* appointed as Alternate Director to Mr Lai Kai Ming, Dominic on 9 June 2009

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

During the year, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan and Mr Frank John Sixt, all being Non-executive Directors, were directors of HWL and HTIL, and certain of their subsidiaries which were engaged in telecommunications businesses. Mr Lai Kai Ming, Dominic, a Non-executive Director, was also a director of HWL and certain of its subsidiaries. Mr Lui Dennis Pok Man, a Non-executive Director, was also a director of HTIL and certain of its subsidiaries. Mr Lui was also previously a director of a subsidiary of HWL in Argentina (resigned in December 2009). Mr Wong King Fai, Peter, an Executive Director, was previously an executive director of HTIL (resigned on 8 May 2009).

In connection with the listing of the Company on the Stock Exchange, the Company, on 17 April 2009, entered into non-competition agreements with HWL and HTIL respectively, whereby the parties thereto agreed, inter alia, to clearly delineate the respective geographical markets and businesses of each of HWL, HTIL and the Company within their respective territories for the purpose of implementing the non-competition restrictions. The exclusive territories of the Company comprised Hong Kong and Macau, the exclusive territories of HWL comprised Australia, New Zealand, the United States of America, Canada, Argentina and Western Europe (other than in Italy, specifically, in respect of the PLDT MVNO Arrangement^(Note)) and the exclusive territories of HTIL comprised all the remaining countries of the world.

(Note) The co-operation agreement dated 12 March 2008 and made amongst, HGC, PLDT Global Corporation and PLDT Italy S.r.l. for the establishment of a Mobile Virtual Network Operator/reseller business for providing mobile telecommunications services in Italy.

Save as disclosed above, as at 31 December 2009, none of the Directors or their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

Share Option Scheme

The Company's share option scheme (the "Share Option Scheme"), conditionally approved and adopted by a resolution of the then sole shareholder of the Company passed on 6 April 2009, was approved at the extraordinary general meeting of HWL on 21 May 2009.

The purpose of the Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group, to continue and/or render improved service with the Group and/or to establish a stronger business relationship between the Group and such participants.

The Directors (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for shares of HK\$0.25 each in the share capital of the Company:

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

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

The eligibility of any of the above classes of participants to an offer for the grant of any share options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.

The maximum number of shares of the Company to be allotted and issued is as follows:

- (a) The maximum number of shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the relevant class of securities of the Company (or its subsidiaries) in issue from time to time.
- (b) The total number of shares of the Company which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the relevant class of securities of the Company (or its subsidiaries) in issue, being 4,814,346,208 ordinary shares, as at the Listing Date (the "General Scheme Limit"). Based on the number of shares in issue of the Company on the Listing Date, the General Scheme Limit of the Share Option Scheme is 481,434,620 shares. As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 481,434,620, representing 10% of the existing issued share capital of the Company.
- (c) Subject to sub-paragraph (a) above and without prejudice to sub-paragraph (d) below, the Company may seek approval of its shareholders in general meeting to refresh the General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to shareholders of the Company for that purpose) provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the relevant class of securities of the Company (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group previously granted under the Share Option Scheme and any other share option scheme of the Group) will not be counted.
- (d) Subject to sub-paragraph (a) above and without prejudice to sub-paragraph (c) above, the Company may seek separate approval of its shareholders in general meeting to grant share options under the Share Option Scheme beyond the General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to shareholders of the Company for that purpose) or, if applicable, the extended limit referred to in sub-paragraph (c) above to participants specifically identified by the Company before such approval is sought.

The total number of shares of the Company issued and which may fall to be issued upon exercise of the share options under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of share options in excess of the Individual Limit in any such 12-month period up to and including the date of such further grant shall be subject to the approval by the shareholders in a general meeting of the Company (a circular containing the information required by the Listing Rules to be despatched to the shareholders of the Company for that purpose) with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of the share options to be granted (and share options previously granted to such participant) must be fixed before the approval of the shareholders and the date of the board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) of the Listing Rules.

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

A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined on the date of offer of grant of the share option and notified by the Directors to each grantee, which period may commence, once the offer for the grant is accepted within the prescribed time by the grantee, from the date on which such share option is deemed to have been granted but shall end in any event not later than 10 years from the date on which the offer for grant of the share option is made, subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of the share options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of a share option before it can be exercised.

The subscription price for the shares under the Share Option Scheme shall be a price determined by the Directors but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange for trade in one or more board lots of the shares of the Company on the date of the offer of grant of the share options which must be a trading day; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange for trade in one or more board lots of the shares of the Company for the five trading days immediately preceding the date of the offer of grant of the share options which must be a trading day; and (iii) the nominal value of share of the Company. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of a share option.

The Share Option Scheme will remain in force for a period of 10 years commencing from 21 May 2009, being the date on which the Share Option Scheme becomes unconditional and has a remaining term of approximately nine years as at the date of this report.

The following share options were granted and remain outstanding under the Share Option Scheme during the year ended 31 December 2009:

Category of participants	Date of grant of share options ⁽¹⁾	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options	Exercise price of share options ⁽²⁾	Price of share of the Company	
									at the grant date of share options ⁽³⁾	at the exercise date of share options
								HK\$	HK\$	HK\$
Employees in aggregate	1.6.2009	-	4,750,000	-	-	4,750,000	1.6.2009 to 31.5.2019 (both dates inclusive)	1.00	0.96	N/A
Total		-	4,750,000	-	-	4,750,000				

Notes:

- The share options will be vested according to a schedule, namely, as to as close to one-third of the shares of the Company which are subject to the share options as possible on each of 1 June 2009, 23 November 2009 and 23 November 2010, and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as defined in the Share Option Scheme) on such vesting date.*
- The exercise price of the share options is subject to adjustment in accordance with the provisions of the Share Option Scheme.*
- The stated price was the Stock Exchange closing price of the shares of the Company on the trading day immediately prior to the date of the grant of the share options.*

As at the date of this report, the Company had 4,750,000 share options outstanding under the Share Option Scheme, which represented approximately 0.10% of the shares of the Company in issue as at that date.

The fair value of share options granted for the year ended 31 December 2009 determined using the Black-Scholes model was approximately HK\$0.27 each. The significant inputs into the model were an expected volatility of 49%, an expected dividend yield of 5.9%, an expected option life up to 6 years and an annual risk-free interest rate of 1.65%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the comparable companies over one and a half years immediately preceding the grant date.

Apart from the Share Option Scheme, at no time during the year ended 31 December 2009 was the Company or any of its subsidiaries or its holding company or a subsidiary of the Company's holding company a party to any arrangements whose objects are to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

Pre-emptive Rights

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

Purchase, Sale or Redemption of Shares

During the period from the Listing Date to 31 December 2009, neither the Company nor any of its subsidiaries had purchased or sold any of the listed securities of the Company. In addition, the Company did not redeem any of its listed securities during the period from the Listing Date to 31 December 2009.

Major Customers and Suppliers

During the year, the percentage of turnover attributable to the Group's five largest customers combined was less than 30% of the total Group's turnover.

During the year, the percentages of purchases attributable to the Group's major suppliers were as follows:

	Percentage of the Group's total purchases
The largest supplier	20%
Five largest suppliers combined	43%

As at 31 December 2009:

- (a) Mrs Chow Woo Mo Fong, Susan, a Non-executive Director of the Company, held 46,762 shares in PCCW Limited, one of the five largest major suppliers of the Company; and
- (b) HWL, a substantial shareholder of the Company, held 36,726,857 shares in PCCW Limited.

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

Public Float

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, approximately 30.3% of the issued share capital of the Company was held by the public.

Auditor

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

By Order of the Board

Edith SHIH
Company Secretary

Hong Kong, 8 March 2010