

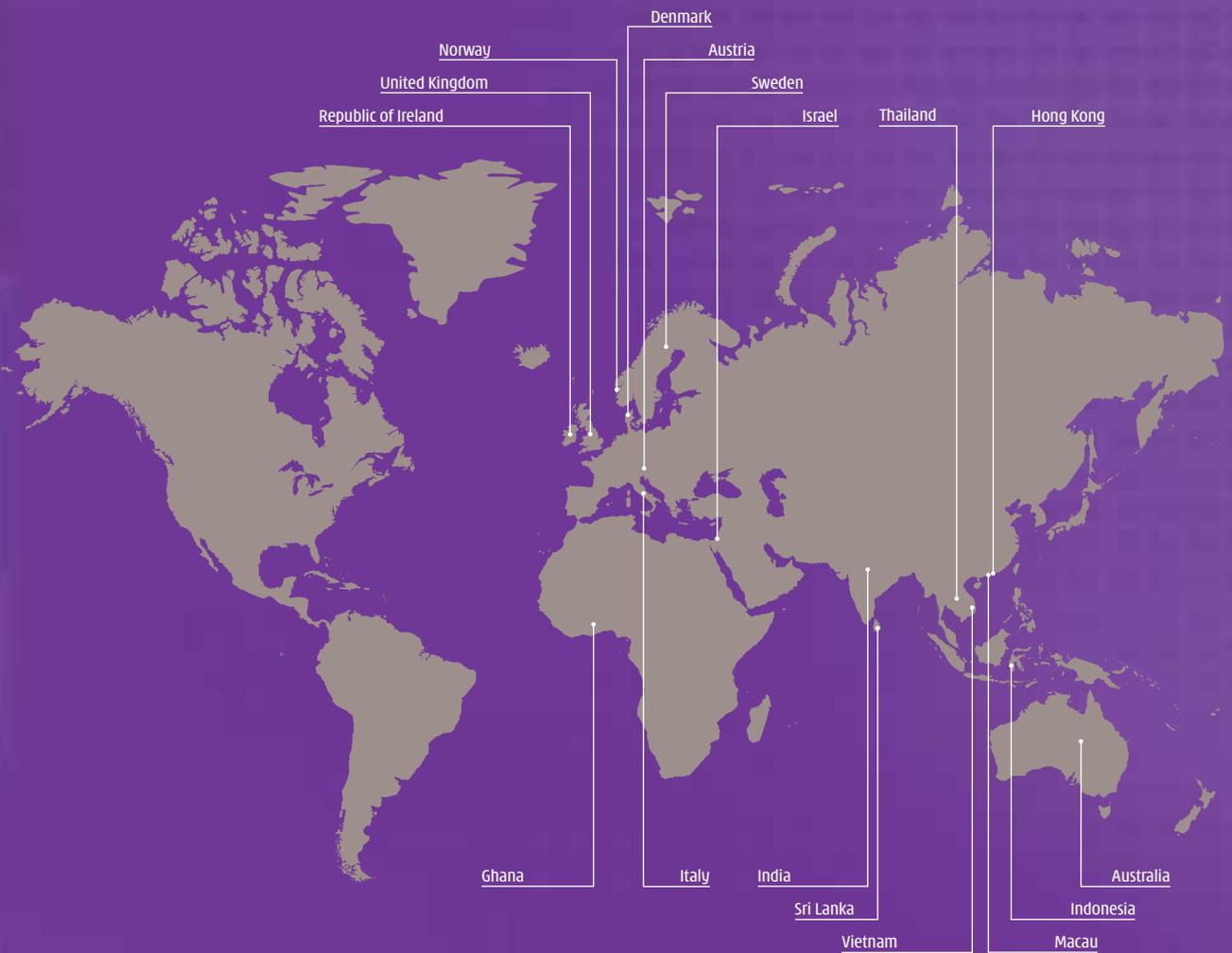


Telecommunications

The Group's telecommunications division includes a 59.33% interest in HTIL, which is listed on the Stock Exchange of Hong Kong and the New York Stock Exchange, and the 3 Group businesses in Europe and Australia.

Pioneer

+ Innovation



HTIL holds the Group's interests in 2G and 3G mobile operations in Hong Kong, Macau, Israel and Indonesia, 2G mobile operations in Sri Lanka, Thailand, Vietnam and Ghana, and fixed-line and other operations in Hong Kong. The 3 Group is one of the world's leading operators of 3G mobile telecommunications technology with 3 branded businesses in seven countries in Europe and Australia.



• 3 Hong Kong continues to pioneer market developments through the launch of unparalleled products and service innovations.

Hutchison Telecommunications International

Hutchison Telecommunications International, a listed subsidiary, announced full year 2007 turnover from continued operations of HK\$20,401 million (excluding turnover of Indian operations disposed of during the year), a 14% increase over last year, and a full year 2007 profit attributable to shareholders of HK\$66,884 million. This result compares to a profit of HK\$201 million in 2006.

Profit for the year includes a gain on disposal of HK\$69,343 million from the sale of CGP Investments (Holdings) Limited ("CGP"), which indirectly held the Group's entire interest in its mobile business in India, for a cash consideration of approximately HK\$86,600 million

"HTIL announced a full year 2007 profit of HK\$66,884 million."

and a one-time full provision of HK\$3,854 million for its investment in the mobile business in Thailand. HTIL declared a special dividend of HK\$6.75 per share which was paid on 29 June 2007 and the Group's share of the cash dividend was HK\$16,037 million. At 31 December 2007, HTIL had a consolidated mobile customer base of over 9.8 million, representing a 57% increase over the beginning of the year (excluding Indian operation). The Group's share of HTIL's turnover and EBIT amounted to 8% and 6% of the total revenue and EBIT of the Group's established businesses respectively.

The Group announced on 14 June 2007 that it had increased its shareholding in HTIL from approximately 49.75% to over 50%. The Group purchased additional shares and further increased its holding in HTIL to 59.33% on 4 January 2008. From 14 June 2007, HTIL has been accounted for as a subsidiary of the Group. Its balance sheet and results from that date have been included in the consolidated results of the Group for the year.

In Israel, HTIL holds a 50.2% interest in Partner Communications ("Partner"), which is the largest contributor to HTIL's results and is listed on the Tel Aviv Stock Exchange and on the NASDAQ. Partner announced revenues of US\$1,590 million, a 9% increase, and profit attributable to shareholders of US\$244 million, a 38% increase, primarily due to growth in the customer base, an increased proportion of postpaid subscribers, as well as an increase in content and data revenues. At 31 December 2007, Partner had over 2.8 million 2G and 3G customers, including a 3G customer base which increased by 130% during the year to approximately 633,000 customers.

HTIL announced that its mobile operations in Hong Kong and Macau achieved a combined turnover increase of 14% to HK\$4,775 million and its EBITDA increased to HK\$1,572 million, a 17% growth on last



● Partner launches a unique marketing campaign tailored to its business customers.



● 3 Indonesia, leveraging the Group's strong '3' brand, captures significant recognition in the Indonesian market.

year. The combined customer base totalled 2.4 million as at 31 December 2007, compared to 2.1 million at the beginning of the year. The mobile business in Hong Kong continues to be the leading 3G operator and with the launch of 3G services in Macau, the combined closing 3G customer base reached 1.1 million.

In Hong Kong, the fixed-line telecommunications business continued to grow, particularly in the corporate and business market. Turnover was HK\$2,436 million in 2007, and excluding the reclassification of intra-group service revenue, like for like turnover growth was 12%. EBITDA was HK\$904 million, a 3% increase from last year.

In Thailand, HTIL signed a non-binding memorandum of understanding ("MOU") with CAT Telecom Public Company ("CAT") to combine the Thailand operations network with that of CAT to create a nationwide CDMA network. Implementation of the MOU is subject to execution of formal contracts, regulatory and government approvals, and is seen as a key step by both parties to move the business to sustainable levels of profitability. In view of the continuing difficulties faced by the operation, HTIL announced it had made a one-time full provision for its entire investment in Thailand. In 2007, turnover was HK\$973 million

» Operations Review – Telecommunications

(2006 - HK\$1,017 million) and LBITDA after deducting all CACs was HK\$14 million in 2007 compared to EBITDA after all CACs of HK\$57 million in 2006.

In Sri Lanka, Hutchison Telecom Lanka performed well in 2007, doubling its customer base to over 1.1 million customers. Turnover increased 52% to HK\$189 million and EBITDA after all CACs increased 57% to HK\$93 million.

In Ghana, on 17 January 2008, HTIL signed an agreement and received a deposit to sell its entire direct and indirect equity, loan and other interests to EGH International, for a cash consideration of approximately HK\$584 million before costs and expenses. The transaction is currently pending regulatory approval.

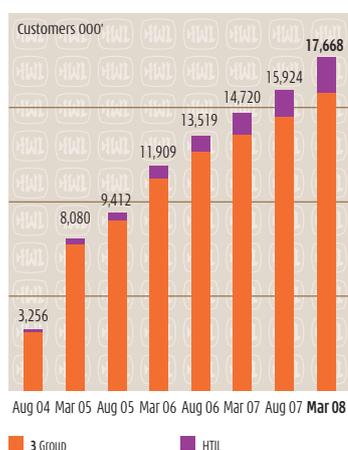
In Indonesia, HTIL has a 60% interest in PT Hutchison CP Telecommunications, which owns a nationwide licence to provide 2G and 3G services. Commercial services were launched in the first half of 2007 and at the year end, network coverage extended to all major cities in Java and Sumatra. The customer base at the end of 2007 exceeded two million. Turnover since the launch amounted to HK\$117 million and LBITDA after all CACs amounted to HK\$475 million.

In Vietnam, HTIL has received an amended Investment Certificate to engage in business cooperation with Hanoi Telecommunication Joint Stock Company to operate a nationwide GSM mobile telecommunications network. HTIL launched operations in Vietnam during 2007 using a specially designed "HT Mobile" brand. Vietnam is one of the most vibrant and high growth economies in the region. It has a large young population with mobile service penetration well below the regional average making it an attractive market. HT Mobile launched using CDMA-2000 technology. The vast majority of the customers in the market, however, use GSM technology which is not compatible with CDMA. Reflecting the difficulty of competing with GSM, HT Mobile and its partners have received approval to change HT Mobile to a GSM network. In view of the intention to convert to a GSM operation, HT Mobile moderated its promotional activity in the second half of 2007. As a result, the closing 2007 customer base of 152,000 was little changed from the half year. Turnover for the year was HK\$40 million and LBITDA after all CACs was HK\$228 million in 2007.

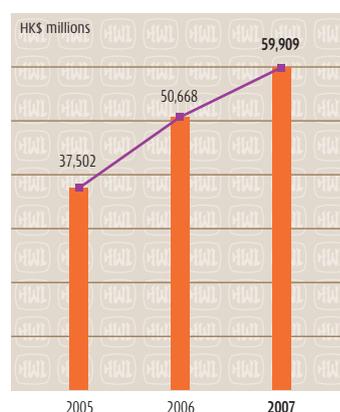
3 Group

	2007 HK\$ millions	2006 HK\$ millions	Change
Total Revenue	59,909	50,668	+18%
EBIT	(17,938)	(19,996)	+10%

Total Registered 3G Customers

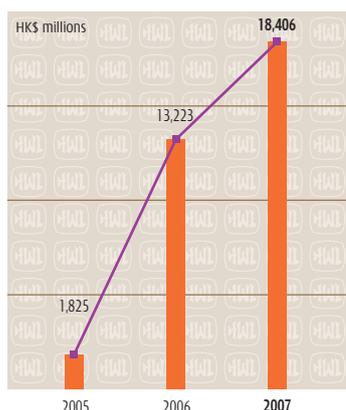


3 Group's Total Revenue

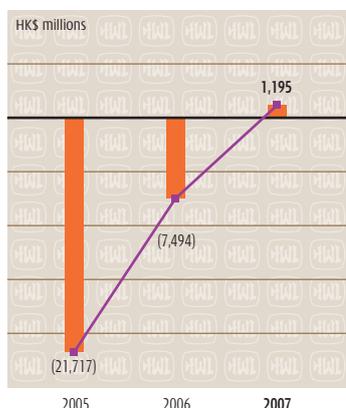


“The 3 Group has achieved a major cashflow milestone of positive EBITDA after all CACs for the second half of the year of HK\$2,800 million.”

3 Group's EBITDA before all CACs



3 Group's EBITDA (LBITDA) after all CACs



The 3 Group comprises the 3G mobile operations in Italy, the UK, Ireland, Sweden, Denmark, Austria and Australia, and holds a licence for the development of a 3G network in Norway.

During the year, the 3 Group businesses continued to grow their customer and revenue bases and reduce operating losses and cash outflows by focusing on effective cost reduction measures, acquiring and retaining higher-value contract customers, reducing churn and offering new higher-margin services to maintain their 3G market leading positions. As a result, the 3 Group has achieved a major cashflow milestone of positive EBITDA after all CACs for the second half of the year of HK\$2,800 million. In addition, EBITDA after all CACs was therefore also positive for the full year totalling HK\$1,195 million, a 116% turnaround from the comparable LBITDA last year.

The Group's registered 3G customer base (including the 3G customers of Hong Kong and Israel) grew 20% during the year to 17.2 million at 31 December 2007 and currently total over 17.6 million. The proportion of active customers in the 3 Group's registered customer base was approximately 79% and 98% of the contract customer base at the end of the year. Most of the 3G mobile operations within the 3 Group increased their respective market shares in 2007, measured by customer numbers, particularly in Ireland, Austria, Sweden and Australia which have achieved strong customer growth. ARPU, on a 12-month trailing average basis, decreased 9% in 2007 to €41.74, mainly due to the increased focus on mobile broadband access customers, which characteristically generate lower ARPU on a per customer calculation, but higher percentage margins than voice services. ARPU was also adversely affected by competition and regulatory imposed reductions in mobile termination rates in some of the countries where the 3 Group operates. During 2007, promotional discount tariffs amounted to approximately 4% of ARPU, in line with 2006. These discount offerings were discontinued by most of the 3 Group's operations during the year and are not expected to affect ARPU going forward. As a result of the growth in the customer base partially offset by lower ARPU, the 3 Group reported total revenue of HK\$59,909 million, an 18% increase from 2006.

Growth of higher-margin non-voice revenues continued to be a key focus of the 3 Group in 2007. Average non-voice revenue per active user as a percentage of ARPU for 2007, remained relatively stable at around 31% in line with 2006. In order to meet the increasing demand of mobile broadband services and further enhancing its mobile services to customers in various 3 Group operations, the networks have been upgraded for the HSDPA mobile broadband capability standard, which supports data downlink transmission speeds of up to 3.6 megabits per second or in some regions, up to 7.2 megabits per

second, and also with High-Speed Uplink Packet Access (“HSUPA”) capabilities. Competitively priced high-speed HSDPA handsets, datacards and other mobile broadband access devices, including the recently launched 3 Skypephone which offers customers an affordable mobile handset allowing free VoIP calls and instant messaging, are becoming increasingly popular and the take up of these services has been encouraging. Currently, over 823,000 customers have a mobile broadband USB modem or card.

Despite intensifying competition in all markets, the 3 Group reduced average monthly customer churn from 2.9% in 2006 to 2.6% in 2007. Management continues to focus on reducing churn through changing marketing strategies according to the various markets’ needs, retaining and acquiring high quality customers by heightening controls over distribution channels and increasing use of directly owned retail stores, enhancing customer satisfaction with the quality of our networks, developing new service offerings and offering a full range of leading-edge handsets and other mobile devices.

Margins also continued to improve due to the economies of scale from a larger customer base, stringent controls over operating costs and outsourcing the operational management of the network infrastructure. The 3 Group continues to explore opportunities to reduce operating costs and maximise the benefits from its investments in the mobile networks through cell site and network sharing arrangements.

With the continued focus in acquiring and retaining lower risk, higher-value contract customers during the year, the proportion of contract customers as a percentage of the registered customer base has increased from 45% last year to 47% at the end of 2007. Although the acquisition and retention costs for contract customers are typically higher on a per customer basis than for prepaid customers, total CACs reduced by 17% in 2007 to total HK\$17,211 million, primarily due



• The 3 Skypephone offers customers an affordable mobile handset allowing free VoIP calls and instant messaging.



• 3 Ireland shows its support at a rugby match in Dublin.

to the lower unit cost to acquire a customer that averaged €170 per customer, on a 12-month trailing basis, in 2007, compared to €250 for 2006. In the second half of 2007, the average cost reduced further to €148 on a six-month trailing basis. This favourable declining trend of average acquisition cost reflects the lower cost of handsets and mobile broadband access product costs and the benefits from the restructuring of the distribution arrangements in the UK and Italy during the year.

Depreciation and amortisation expense, which includes the depreciation of networks, amortisation of licence fees, content and other rights and amortisation of capitalised contract CACs, increased 10% to HK\$30,612 million in 2007, primarily due to the effect of a non-cash exchange rate translation increase of HK\$2,721 million as a result of the strengthening of the Euro and the British pound against the Hong Kong dollar. Excluding the exchange translation effect, total depreciation and amortisation expense was 1% above last year.

LBIT improved 10% compared to last year, to total HK\$17,938 million. This improvement was also adversely affected by exchange rate movements on translation to Hong Kong dollars. Although these non-cash movements on translation do not affect the underlying operating performance, they increased the reported LBIT by HK\$1,626 million. Excluding the effect of these movements, LBIT reduced 18%.

The 3 Group’s capital expenditure, which was approximately HK\$14,591 million in 2007, increased 11% compared to the HK\$13,137 million in 2006, mainly due to the network expansion and enhancement and also the effect of a non-cash exchange rate translation to Hong Kong dollars of HK\$882 million. Excluding the exchange translation effect, capital expenditures increased 4% compared to last year.

Key Business Indicators

Key business indicators for the 3 Group businesses and HTIL's 3G customers are as follows:

	Customer Base					
	Registered Customers at 26 March 2008 ('000)			Registered Customer Growth (%) from 31 December 2006 to 31 December 2007		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
Italy	5,969	2,215	8,184	13%	23%	16%
UK & Ireland	1,658	2,787	4,445	5%	12%	9%
Australia ⁽¹⁾	174	1,497	1,671	17%	28%	27%
Sweden & Denmark	92	853	945	8%	38%	34%
Austria	158	384	542	29%	25%	26%
3 Group Total	8,051	7,736	15,787	12%	21%	16%
Hong Kong and Macau ⁽²⁾	61	1,082	1,143	336%	39%	45%
Israel ⁽²⁾	-	738	738	-	130%	130%
Total	8,112	9,556	17,668	12%	27%	20%

	Customer Revenue Base					
	Revenue for the twelve months ended 31 December 2007 ('000)			Revenue Growth (%) compared to the twelve months ended 31 December 2006		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
Italy	€814,177	€1,204,055	€2,018,232	-29%	30%	-3%
UK & Ireland	£155,406	£1,435,480	£1,590,886	6%	5%	5%
Australia	A\$73,102	A\$1,083,293	A\$1,156,395	12%	38%	36%
Sweden & Denmark	SEK77,167	SEK3,816,178	SEK3,893,345	39%	48%	48%
Austria	€5,796	€184,636	€190,432	-15%	12%	11%
3 Group Total	€1,100,274	€4,561,618	€5,661,892	-22%	18%	7%

	12-month Trailing Average Revenue per Active User ("ARPU") ⁽³⁾ to 31 December 2007					
	Total			% Variance compared to 31 December 2006	Non-voice	
	Prepaid	Postpaid	Blended Total		ARPU	ARPU %
Italy	€17.65	€52.88	€29.30	-14%	€8.82	30%
UK & Ireland	£17.89	£51.33	£43.40	-7%	£14.38	33%
Australia	A\$39.11	A\$72.29	A\$68.61	-3%	A\$18.31	27%
Sweden & Denmark	SEK111.64	SEK457.23	SEK430.80	7%	SEK114.71	27%
Austria	€17.53	€47.70	€45.33	-12%	€11.61	26%
3 Group Average	€19.07	€58.53	€41.74	-9%	€12.73	31%

Note 1: Active customers as at 31 December 2007 announced by listed subsidiary HTAL updated for net additions to 26 March 2008.

Note 2: Customers as announced by listed subsidiary HTIL as at 18 March 2008.

Note 3: ARPU equals total revenue before promotional discounts and excluding handset and connection revenues, divided by the average number of active customers during the year, where an active customer is one that has generated revenue from either an outgoing or incoming call or 3G service in the preceding three months.

Italy

The Group has a 97.16% interest in 3 Italia at 31 December 2007. The registered customer base increased by 16% in 2007 to total 8.1 million at 31 December 2007 and currently stands at 8.2 million. Active customers as a proportion of the total registered customer base was 75% and 97% of the contract customer base at the end of 2007. Due to the impact of the Bersani Decree, an industry-wide regulation eliminating the fees charged by all operators to prepaid customers upon top-up of their prepaid cards, and intense market competition, ARPU per month declined from €33.99 to €29.30 in 2007. ARPU remains at a premium to the Italy mobile market average due to higher than market average spend on non-voice services, which was 30% of ARPU. As a result revenue, in local currency, declined 3% during the year.

Despite the impact of the Bersani Decree, 3 Italia achieved its target to report positive EBITDA after deducting all CACs and before including non-recurring foreign exchange gains, in local currency, in the second half of the year. As a result 3 Italia achieved a breakeven EBITDA position for the full year 2007. In addition, 3 Italia reported a HK\$775 million foreign exchange gain arising from the partial repayment of non-Euro denominated intercompany borrowings which were refinanced by bank loans of €400 million, which provide a natural currency hedge against 3 Italia's revenue stream and underlying assets.

To further grow its customer base, 3 Italia continued to enhance its network capabilities and has been upgrading its network with HSDPA capabilities which currently extends to approximately 86% of the network. 3 Italia is currently assessing a cell site sharing arrangement and will also review other infrastructure outsourcing and joint venture opportunities to further reduce its costs and explore synergies.

UK and Ireland

The new management team at 3 UK has made good progress during the year. The combined registered customer base of wholly-owned subsidiaries, 3 UK and 3 Ireland, where its 3G business is still at a relatively early stage of development, has grown by 9% from 31 December 2006 to 4.3 million at 31 December 2007 and currently the base is approximately 4.4 million. The moderate growth in the overall combined customer base is attributable to a continuation of the strategy to focus on higher-value contract customers, which represented 62% of the registered base (2006 – 60%), while continuing to limit activity in the prepaid customer market. Active customers as a proportion of the combined registered base was 76% at 31 December 2007. Of the contract customers, 97% are active and they contribute 90% of the revenue base. Although the combined ARPU per month declined from £46.57 in 2006 to £43.40, this is on account

of the adverse impact of the new regulated UK interconnection and roaming fee reductions introduced in the first half of the year. Although reduced, 3 UK's ARPU continued to be above the UK mobile market average. Another encouraging trend from the improvement in the quality of the combined customer base is the increase in higher-margin non-voice revenue which rose to 33% of combined ARPU compared to 29% in 2006. Combined revenue, in British pounds, grew 5% during the year, reflecting increased revenue from the enlarged customer base, partially offset by the adverse impact on the new UK regulations as mentioned above.

During the year, 3 UK has significantly reduced its customer acquisition costs through various initiatives resulting in lower distribution costs and lower average handset costs. As a result, 3 UK achieved positive EBITDA after all CACs and before including non-recurring foreign exchange gains, in British pounds, for the full year. This represents a 108% improvement compared to the comparable LBITDA last year. In addition, 3 UK also reported a HK\$1,123 million foreign exchange gain arising from the partial repayment of non-Sterling denominated intercompany borrowings which were refinanced by Sterling borrowings of £550 million to provide a natural currency hedge against 3 UK's revenue stream and underlying assets.

3 UK is making significant progress in operational areas of the business. In October, the business announced that over one billion internet protocol based instant messages had been sent across its network since the launch of the product. Consistent with strengthening its position in retail distribution, 3 UK announced the opening of its 250th retail store in November.

The network upgrade to roll out HSDPA is progressing well with current UK population coverage at approximately 89%. In December, 3 UK announced a network sharing agreement to form a 50:50 joint venture with another mobile network operator to supervise the creation and operation of their shared 3G access network (mobile masts and infrastructure that connects to each operator's separate core networks). Combining the infrastructure over the next two years, the joint venture is expected to result in significant savings in operating costs, together with lower future capital expenditures as well as a step-change improvement in the quality of the 3G network. By the end of 2008, the combined network is expected to provide 98% UK population coverage for voice and simple data as well as 3G high-speed mobile broadband services, better than any competitive network in the UK.

Australia

The Group's 52.03% owned, listed subsidiary in Australia, HTAL, announced 27% growth of its active customer base from

31 December 2006 to total 1.6 million at 31 December 2007 and the base currently stands at approximately 1.7 million active customers. Contract customers represented 89% of the active customer base at 31 December 2007 and contributed approximately 94% of the revenue. HTAL announced revenue from its 3G operations of A\$1,156 million, 36% better than 2006. ARPU was adversely affected by Australian regulated interconnection fee reductions introduced on 1 July 2007. ARPU per month declined 3% to A\$68.61 in 2007. The proportion of higher-margin non-voice ARPU increased to 27% in 2007 from 24% in 2006. EBITDA after all CACs increased 464%, for a second year of positive EBITDA results. The network upgrade to roll out HSDPA was completed in the first half of 2007.

Other 3 Group Operations in Europe

In Sweden and Denmark, in which the Group has 60% interest, the combined registered customer base grew 34% to total 899,500 at 31 December 2007 and currently totals 945,000. Contract customers at 31 December 2007 represented 90% of the registered customer base. Active customers represented 97% of the registered customer base and 100% of the contract customer base at 31 December 2007, in line with last year. ARPU per month increased 7% from SEK404.33 to SEK430.80 (HK\$500). The proportion of revenue from the higher-margin non-voice services increased from 21% of ARPU in 2006 to 27% in 2007. Combined revenue, in Swedish Kronas, increased by 48% compared to 2006 and LBITDA after all CACs reduced by 75% as compared to 2006. The HSDPA upgrade of the networks has been completed.

The registered customer base of 3 Austria increased by 26% during 2007 to 513,000 at 31 December 2007 and currently totals 542,000. The proportion of contract customers at 31 December 2007 represented 72% of the registered customer base. Active customers represented 77% of the registered customer base and 99% of the contract customer base at 31 December 2007, in line with last year. Although ARPU per month declined 12% from €51.22 in 2006 to €45.33, the proportion of revenue from the higher-margin non-voice services increased from 18% of ARPU in 2006 to 26% in 2007. Revenue, in local currency, increased by 11% compared to 2006 mainly from the increased customer base together with a focus on higher-margin mobile broadband access customers. 3 Austria achieved its first full year positive EBITDA before all CACs in 2007. LBITDA after all CACs also improved 60% compared to 2006. The HSDPA upgrade of the existing network has been completed and 3 Austria is currently expanding its network coverage to rural areas of the country.

Interest Expense, Finance Costs and Tax

The Group's interest expense and finance costs for the year, including its share of associated companies' and jointly controlled entities' interest expense, amounted to HK\$22,500 million, an increase of 11%, mainly due to higher effective market interest rates and also a



- The 3Store and Coffeeshop in Innsbruck, Austria, represents a completely new store concept, allowing customers to get all the latest information on 3 products and services while enjoying coffee in a comfortable atmosphere.

higher average total loan balance during the year. Further information on these expenses can be found in the "Group Capital Resources and Liquidity" section of the annual report.

The Group recorded current and deferred tax charges totalling HK\$8,530 million for the year, an increase of 19%, mainly due to higher assessable profits of certain established businesses.

Summary

The 2007 results reflect the overall growth in the Group's established businesses, the improved financial performance of the 3 Group, the profit on strategic transactions, prudent provisions against the carrying value of certain assets, and the conservative financial profile of the Group. In 2008, the established businesses will continue to invest in expansion opportunities, mainly through organic growth, to sustain steady growth. The 3 Group will continue to improve its financial performance and turn a new page in 2008 on a path targeting to achieve positive monthly EBIT on a sustainable basis in the second half of 2008 and full year positive EBIT in 2009.

The 2007 results were achieved through the dedicated efforts and hard work of the Group's employees and I would like to join our Chairman in thanking them for their continuing support and contributions throughout the year.

Fok Kin-ning, Canning
Group Managing Director

Hong Kong, 27 March 2008