

# Report of the Directors

The Directors have pleasure in submitting to shareholders their report and statement of audited accounts for the year ended 31 December 2010.

## Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and jointly controlled entities are shown on pages 217 to 222.

## Group Profit

The consolidated income statement is set out on page 126 and shows the Group profit for the year ended 31 December 2010.

## Dividends

An interim dividend of HK\$0.51 per share was paid to shareholders on 17 September 2010 and the Directors recommend the declaration of a final dividend at the rate of HK\$1.41 per share payable on 23 May 2011 to all persons registered as holders of shares on 20 May 2011. The Register of Members will be closed from 13 May 2011 to 20 May 2011, both dates inclusive.

## Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 45 to the accounts on pages 215 to 216 and the consolidated statement of changes in equity on page 132 respectively.

## Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK\$56,000,000 (2009 - approximately HK\$26,000,000).

## Fixed Assets

Particulars of the movements of fixed assets are set out in note 13 to the accounts.

## Share Capital

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

## Directors

The board of Directors of the Company (the "Board") as at 31 December 2010 comprised Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt, Mr Lai Kai Ming, Dominic, Mr Kam Hing Lam, The Hon Sir Michael David Kadoorie, Mr Holger Kluge, Mrs Margaret Leung Ko May Yee, Mr George Colin Magnus, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr William Shurniak and Mr Wong Chung Hin.

Mr Fok Kin-ning, Canning, Mr Kam Hing Lam, Mr Holger Kluge, Mr William Shurniak and Mr Wong Chung Hin will retire at the forthcoming annual general meeting under the provision of Article 85 of the Articles of Association of the Company and, being eligible, will offer themselves for re-election at the annual general meeting.

The Company received confirmation 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 "Listing Rules"). The Company considered all the Independent Non-executive Directors as independent.

The Directors' biographical details are set out on pages 76 to 78.

## 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

During the year ended 31 December 2010 and up to the date of this report, the Group conducted the following transactions which constituted and/or would constitute connected transactions for the Company under the Listing Rules:

- (1) On 8 January 2010, Hutchison Telecommunications Holdings Limited ("HHTL"), an indirect wholly owned subsidiary of the Company, requested the then board of directors of Hutchison Telecommunications International Limited ("HTIL", a then non-wholly owned listed subsidiary of the Company which became a wholly owned subsidiary of the Company after 24 May 2010) to put forward a proposal to the then shareholders of HTIL regarding the privatisation of HTIL by way of a scheme of arrangement (the "Scheme") under Section 86 of the Companies Law of the Cayman Islands. On 15 March 2010, a composite scheme document was issued jointly by the Company, HHTL and HTIL (the "Scheme Document") which provided, among other things, that upon the Scheme becoming effective, the ordinary shares of par value HK\$0.25 each in the share capital of HTIL (the "HTIL Shares") which were held by the shareholders of HTIL (other than HHTL and Hutchison Telecommunications Investment Holdings Limited) (together the "Scheme Shares") would be cancelled in exchange for HK\$2.20 in cash (the "Cancellation Price") for each Scheme Share and holders of the American depository shares of HTIL (the "HTIL ADS") will receive for each HTIL ADS the US dollar equivalent of 15 times the cancellation price of HK\$2.20 in cash which represented approximately US\$4.26 in cash at an exchange rate (being US\$1.00 to HK\$7.75) in effect on 6 January 2010.

As at 8 January 2010 and 15 March 2010 (together the "Announcement Dates"), each of those companies controlled by Mr Li Ka-shing (Chairman of the Company), Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust, those companies controlled by Cheung Kong (Holdings) Limited ("Cheung Kong"), those companies controlled by Mr Li Tzar Kuoi, Victor (Deputy Chairman of the Company), the company equally controlled by Mr Fok Kin-ning, Canning (Group Managing Director of the Company and the former chairman of HTIL) and his wife, Mrs Chow Woo Mo Fong, Susan (Deputy Group Managing Director of the Company and a former non-executive director of HTIL), Mr Frank John Sixt (Group Finance Director of the Company and a former non-executive director of HTIL), Mr George Colin Magnus (a Non-executive Director of the Company), Mr Lui Dennis Pok Man (a former executive director of HTIL), Mr Chan Ting Yu (a former executive director of HTIL), Mr John W Stanton (a former independent non-executive director of HTIL) and Mr Woo Chiu Man, Cliff (a former alternate director to Mr Christopher John Foll, a former executive director of HTIL) and persons who were in the then preceding 12 months directors of the Company or HTIL (or of other subsidiaries of the Company), all of which/whom had direct shareholding interests in HTIL as at the respective Announcement Dates, was a connected person of the Company under the Listing Rules. The payment by HHTL of the aggregate Cancellation Price to those holders of the Scheme Shares who were connected persons of the Company (the "Connected Scheme Shareholders"), including the aforesaid Connected Scheme Shareholders (in the total amount of approximately HK\$744 million on the basis of their then respective shareholdings in HTIL), in consideration for the cancellation of their respective interests in such Scheme Shares constituted a connected transaction for the Company under the Listing Rules.

- (2) Hutchison Whampoa Properties Limited ("HWPL"), an indirect wholly owned subsidiary of the Company, provided two guarantees on 14 April 2010 and 29 June 2010 respectively, both on normal commercial terms and on a several basis with the guarantees given by a subsidiary of Cheung Kong on the same dates, each in respect of 50% of the indebtedness of 和記黃埔地產(重慶南岸)有限公司 (Hutchison Whampoa Properties (Chongqing Nanan) Limited) ("HWPCN") under two loan facilities of up to a maximum principal amount of RMB300 million (approximately HK\$343.6 million) and HK\$100 million respectively which are or may become due and payable by HWPCN to an independent financial institution.

HWPCN is an equity joint venture established under the laws of the People's Republic of China ("PRC") owned as to 47.5% by an indirect wholly owned subsidiary of each of the Company and Cheung Kong, and as to the remaining 5% by a third party independent of the Company and its connected persons. HWPCN is a connected person of the Company by virtue of being an associate of Cheung Kong, a substantial shareholder of the Company. Accordingly, the provision of the two guarantees by HWPL constituted connected transactions for the Company under the Listing Rules by way of the provision of financial assistance by the Company for the benefit of its connected person, HWPCN, not in proportion to the Company's equity interest in HWPCN.

## Report of the Directors

- (3) On 30 November 2010 (Calgary time), a subscription agreement was entered into between Hutchison Whampoa Luxembourg Holdings S.à r.l. ("HWLH", an indirect wholly owned subsidiary of the Company) and Husky Energy Inc. ("Husky"), a company incorporated under the laws of Alberta, Canada whose securities are listed on the Toronto Stock Exchange, in respect of the subscription and purchase by HWLH, and the issue and sale by Husky, of 14,102,040 new common shares of no par value on a private placement basis at a price of C\$24.50 per common share, totalling C\$345,499,980 (or approximately HK\$2,614 million) (the "Private Placement"). Closing of the Private Placement which comprised the sale of 14,711,428 common shares of Husky was conditional upon the concurrent closing of the public offering of 11,942,858 common shares of Husky also at C\$24.50 per common share. The percentage interest of HWLH in the common shares of Husky in issue upon closing of the Private Placement remained unchanged at 34.55%.

Husky is a connected person of the Company by virtue of being an associate of a Director of the Company. Accordingly, the transaction constituted a connected transaction for the Company under the Listing Rules.

- (4) The Company announced on 13 December 2010 that following the successful bidding for two pieces of lands of an aggregate gross area of approximately 319,359 square metres both located at 中國大連市卧龍灣國際商務區 (Wolong Bay International Business District, Dalian, the PRC) (the "Dalian Lands") for development into residential and commercial properties, 和記黃埔卧龍北地產(大連)有限公司 (Hutchison Whampoa Properties (Dalian Wolong North) Limited) ("Project Co 1", indirectly owned as to 50% by each of the Company and Cheung Kong) and 和記黃埔卧龍南地產(大連)有限公司 (Hutchison Whampoa Properties (Dalian Wolong South) Limited) ("Project Co 2", indirectly owned as to 50% by each of the Company and Cheung Kong), both being new enterprises established for the lands acquisition and development purposes, had agreed the terms of land use right transfer contracts with Dalian Land Resources and Housing Bureau Jinzhou New District Branch which were expected to be and were entered into on 17 December 2010. The total consideration under the contracts was RMB1,270 million (approximately HK\$1,483 million). The proposed total investment (which would be the same as the registered capital) of Project Co 1 and Project Co 2 is set at HK\$550 million and HK\$936 million respectively. Such registered capital would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Dalian Lands. The future contributions to the registered capital of, and any shareholders' loans to, Project Co 1 and Project Co 2 are expected to be borne by the Company and Cheung Kong (or their respective subsidiaries) equally and in proportion to their respective indirect equity interests in Project Co 1 and Project Co 2.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, the entering into of joint venture arrangements comprising the establishment of Project Co 1 and Project Co 2 constituted a connected transaction for the Company under the Listing Rules.

- (5) On 28 December 2010, the Company announced that following the successful bidding for a piece of land of gross area of approximately 132,471 square metres located at 中國重慶市北部新區大竹林組團G標準分區 (G Zone of Dazhulin Section, New Northern District, Chongqing, the PRC) (the "Chongqing Land") for development into residential and commercial properties, 和記黃埔地產(重慶兩江新區)有限公司 (Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited) (the "Project Co", indirectly owned as to 50% by each of the Company and Cheung Kong), being a new enterprise established for the land acquisition and development purposes, had agreed to the terms of a land use right transfer contract with Chongqing Land Resources and Housing Administration Bureau which was expected to be, and was, entered into on 30 December 2010. The total consideration under the contract was RMB1,310 million (approximately HK\$1,537 million) and was payable by instalments. The proposed total investment and registered capital of Project Co are set at RMB1,900 million (approximately HK\$2,229 million) and RMB1,370 million (approximately HK\$1,607 million) respectively. Such registered capital and any shareholders' loans to be advanced to Project Co, which are expected to be borne by Cheung Kong and the Company (or their respective subsidiaries) equally and in proportion to their respective indirect equity interests in Project Co, would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Chongqing Land.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, the entering into of joint venture arrangements comprising the establishment of Project Co constituted a connected transaction for the Company under the Listing Rules.

- (6) On 31 December 2010, a sale and purchase agreement was entered into by the Company and China Resources (Holdings) Company Limited ("CRH") for the sale by CRH (or its subsidiaries) and the purchase by the Company (or its subsidiaries) of certain assets comprising equity and (in certain cases) loan interests in HIT Investments Limited ("HITIL"), Hongkong International Terminals Limited, Splendid Century Limited ("Splendid"), Eckstein Resources Limited ("Eckstein"), Hutchison Ports Yantian Investments Limited ("HPYIL") and Omaha Investments Limited ("Omaha") and the property interest located at Kwun Tong, Kowloon for a total cash consideration of HK\$5,700 million (the "Acquisition"). The Acquisition was completed on 6 January 2011.

CRH is a connected person of the Company by virtue of being a substantial shareholder of HITIL, Splendid, Eckstein, HPYIL and Omaha, all being indirect subsidiaries of the Company. Accordingly, the Acquisition constituted a connected transaction for the Company under the Listing Rules.

- (7) On 17 January 2011, Hutchison Port Holdings Management Pte. Limited, an indirect wholly owned subsidiary of the Company and the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"), made an application to Singapore Exchange Securities Trading Limited ("SGX-ST") to list on the Main Board of SGX-ST all units of HPH Trust (the "Units") in issue and to be issued under the global offering of the Units in issue or to be issued for subscription which would comprise (a) a public offering of the Units in Singapore, (b) an international offering of the Units to professional, institutional and other investors, and (c) a preferential offering (the "Preferential Offer") of Units to qualifying shareholders of the Company whose names would appear on the register of members of the Company on the record date of Thursday, 3 March 2011 (the "Record Date") for determining the assured entitlement of shareholders of the Company to the Units (other than the Non-Qualifying Shareholders as defined in the announcement issued by the Company on 4 March 2011) (the "Qualifying Shareholders"). The proposed separate listing of HPH Trust on the Main Board of SGX-ST constituted a spin-off for the Company under the Listing Rules. A Qualifying Shareholder who held at least 1,000 shares of par value HK\$0.25 per share of the Company (the "Shares") on the Record Date was entitled to apply on an assured basis for 100 Units at US\$1.01 per Unit for every one board lot of 1,000 Shares it held on the Record Date. A Qualifying Shareholder who held less than 1,000 Shares on the Record Date was not entitled to receive any assured entitlement to the Units and was not entitled to apply for any excess Units. The subscriptions in the Preferential Offer by Cheung Kong, through its subsidiaries (being connected persons of the Company by virtue of Cheung Kong being a substantial shareholder of the Company) in exercise of their respective assured entitlements for a total of 213,019,200 Units at an aggregate subscription price of US\$215,149,392 and by certain of the Directors of the Company and of the directors of the Company's subsidiaries for a total of 1,664,300 Units at an aggregate subscription price of approximately US\$1,680,943 constituted a series of connected transactions for the Company under the Listing Rules.
- (8) On 24 March 2011, the Company announced that HWPL gave three guarantees on 18 January 2011 and 24 March 2011 respectively, all on normal commercial terms and on a several basis with corresponding guarantees given by a subsidiary of Cheung Kong on the same respective dates, each in respect of 50% of the indebtedness of 深圳和記黃埔中航地產有限公司 (Shenzhen Hutchison Whampoa CATIC Properties Limited) ("SZ Hutchison CATIC") under the three two-year term loan facilities of up to an aggregate maximum principal amount of RMB1,000 million (or approximately HK\$1,190 million) which are or may become due and payable by SZ Hutchison CATIC to an independent financial institution.

SZ Hutchison CATIC is a co-operative joint venture established under the laws of PRC owned as to 40% by an indirect wholly owned subsidiary of each of the Company and of Cheung Kong and as to the remaining 20% by a third party independent of the Company and its connected persons. Cheung Kong is a substantial shareholder of the Company. SZ Hutchison CATIC is a connected person of the Company by virtue of being an associate of Cheung Kong. Accordingly, the provision of three guarantees by HWPL constituted a series of connected transactions for the Company under the Listing Rules by way of the provision of financial assistance for the benefit of SZ Hutchison CATIC not in proportion to the interest which the Group company directly holds in SZ Hutchison CATIC.

## Continuing Connected Transactions

On 20 April 2010, the Company entered into:

- (a) a conditional master agreement with Cheung Kong (the "CKH Master Agreement") pursuant to which the Company or its wholly owned subsidiaries may acquire the CKH Connected Debt Securities (as described below) as are or to be issued by Cheung Kong or any of its subsidiaries (the "CKH Connected Issuers") in the secondary market; and

## Report of the Directors

- (b) a conditional master agreement with Husky (the "HSE Master Agreement") pursuant to which the Company or its wholly owned subsidiaries may acquire the HSE Connected Debt Securities (as described below) as are or to be issued by Husky or any of its subsidiaries (the "HSE Connected Issuers") in the secondary market.

The aforementioned acquisitions were subject to (i) the Company obtaining all applicable approvals (including the CCT Approval (as described below, if applicable); and (ii) the entering into of separate contracts from time to time during the CCT Relevant Period (as described below) in forms and on terms to be agreed between members of the Group and independent third parties (such as banks, debt securities dealers and institutional investors).

The respective consideration for the CKH Connected Debt Securities and the HSE Connected Debt Securities (together the "Connected Debt Securities") are to be on normal commercial terms to be determined with reference to market prices quoted on financial data providers (such as Bloomberg), which are to be updated from time to time to reflect the ask/bid prices quoted by independent third parties (such as banks, debt securities dealers and institutional investors) having regard to the prevailing credit spread, market liquidity and counterparty risks, and, where applicable, accrued coupons of the relevant Connected Debt Securities and are to be settled in accordance with such terms of the CKH Connected Issuers or HSE Connected Issuers (as the case may be) as may be applicable from time to time. For the other terms of the Connected Debt Securities, they would have been determined by the relevant CKH Connected Issuers or HSE Connected Issuers at the time such securities were first issued.

The respective caps applicable to the transactions contemplated under the CKH Master Agreement and the HSE Master Agreement (together the "Master Agreements") and effected during the CCT Relevant Period are subject to, inter alia, the following limitations:

- (i) with respect to those transactions contemplated under the CKH Master Agreement, the aggregate gross purchase price of the CKH Connected Debt Securities of a particular issue held and proposed to be acquired by the Connected Debt Securities Purchasers during the CCT Relevant Period is not to exceed 20% of the aggregate value of the subject issue and all outstanding CKH Connected Debt Securities of the same issuer with the same maturity or shorter maturities;
- (ii) with respect to those transactions contemplated under the HSE Master Agreement, the aggregate gross purchase price of the HSE Connected Debt Securities of a particular issue held and proposed to be acquired by the Connected Debt Securities Purchasers during the CCT Relevant Period is not to exceed 20% of the aggregate value of the subject issue and all outstanding HSE Connected Debt Securities of the same issuer with the same maturity or shorter maturities; and
- (iii) the aggregate amount of the CKH Net Connected Debt Securities Position and the HSE Net Connected Debt Securities Position at any time during the CCT Relevant Period is not to exceed HK\$22,580 million, being approximately 20% of the Company's "net liquid assets" as at 31 December 2009 (the "Reference Date"). For this purpose, the Company's "net liquid assets" as at the Reference Date shall mean the aggregate value of cash, deposits and marketable securities held by the Company or any entity which is accounted for and consolidated in the accounts of the Company as subsidiaries as at the Reference Date less the aggregate value of any such assets which are subject to pledges or other encumbrances as at the Reference Date. The above formulation was determined as the cap for any acquisition of the Connected Debt Securities to avoid any undue concentration in a single issue of Connected Debt Securities and to achieve a reasonable degree of diversification, which is in line with the market practice as opined by the Independent Financial Adviser.

"CCT Approval" means the approval sought from the independent shareholders at the annual general meeting of the Company held on 27 May 2010 (the "2010 AGM") for acquisition of Connected Debt Securities pursuant to the relevant Master Agreements and subject to the limitations set out in the Master Agreements and the resolutions passed at the 2010 AGM.

"CCT Relevant Period" means the period from the obtaining of the CCT Approval until the earlier of: (i) the conclusion of the next annual general meeting of the Company; and (ii) the date on which the authority set out in the CCT Approval is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.

"CKH Connected Debt Securities" means such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by any of the CKH Connected Issuers pursuant to the CKH Master Agreement.

"CKH Net Connected Debt Securities Position" means on any day during the CCT Relevant Period means (i) the aggregate gross purchase price paid in respect of the CKH Connected Debt Securities held by the Connected Debt Securities Purchasers at the commencement of the CCT Relevant Period, if any; (ii) the aggregate gross purchase price paid in respect of the CKH Connected Debt Securities acquired by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period, if any; and (iii) the aggregate gross purchase price in respect of the CKH Connected Debt Securities of a particular issue proposed to be acquired by the Connected Debt Securities Purchasers on such day; less (iv) the aggregate net sale proceeds in respect of CKH Connected Debt Securities sold by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period; any amount(s) in foreign currency for the above calculations shall be converted into HK\$ at exchange rate(s) quoted by Bloomberg as at 5:00 pm in Hong Kong on the day immediately preceding such date.

"Connected Debt Securities Purchasers" means the Company or any of its wholly owned subsidiaries which is designated as the purchaser of Connected Debt Securities as contemplated under either the CKH Master Agreement or the HSE Master Agreement, and "Connected Debt Securities Purchasers" shall be construed accordingly.

"HSE Connected Debt Securities" means such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by any of the HSE Connected Issuers pursuant to the HSE Master Agreement.

"HSE Net Connected Debt Securities Position" means on any day during the CCT Relevant Period means (i) the aggregate gross purchase price paid in respect of the HSE Connected Debt Securities held by the Connected Debt Securities Purchasers at the commencement of the CCT Relevant Period, if any; (ii) the aggregate gross purchase price paid in respect of the HSE Connected Debt Securities acquired by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period, if any; and (iii) the aggregate gross purchase price in respect of the HSE Connected Debt Securities of a particular issue proposed to be acquired by the Connected Debt Securities Purchasers on such date; less (iv) the aggregate net sale proceeds in respect of HSE Connected Debt Securities sold by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period; any amount(s) in foreign currency for the above calculations shall be converted into HK\$ at exchange rate(s) quoted by Bloomberg as at 5:00 pm in Hong Kong on the day immediately preceding such date.

Each of the CKH Connected Issuers and HSE Connected Issuers are connected persons of the Company by virtue of being either a substantial shareholder of the Company, an associate of a substantial shareholder or an associate of a Director of the Company. Any transactions underlying the Master Agreements would constitute continuing connected transactions (the "CKH & HSE Continuing Connected Transactions") for the Company under the Listing Rules, if these respective transactions, on an aggregated basis, are in excess of the applicable percentage ratios of the Company under the Listing Rules.

A summary of all related parties transactions entered into by the Group during the year ended 31 December 2010 is contained in note 38 to the consolidated accounts. The transactions in relation to the establishment of joint ventures with Cheung Kong, the provision of financial assistance for the benefit of such joint ventures and the outstanding balances of approximately HK\$1,010 million (out of approximately HK\$2,325 million) in principal amount with associated companies and jointly controlled entities as described in note 38 all fall under the definition of "connected transactions" under the Listing Rules.

The Company has complied with the disclosure requirements prescribed in 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 2010.

### **Annual Review of Continuing Connected Transactions**

All the Independent Non-executive Directors of the Company have reviewed and confirmed that there was no CKH & HSE Continuing Connected Transactions entered into by the Group during the year ended 31 December 2010.

Based on the work performed, the auditor of the Company has confirmed in a letter to the Board of Directors of the Company that there was no CKH & HSE Continuing Connected Transactions entered into by the Group during the year ended 31 December 2010.

## Report of the Directors

### Directors' Service Contract

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

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2010, 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 were notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken 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 SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as 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 of the Company

Name of Director	Capacity	Nature of interests	Number of shares held	Total	Approximate % of shareholding
Li Ka-shing	Founder of discretionary trusts	Other interest	2,141,698,773 <sup>(1)</sup> )		
	Interest of controlled corporations	Corporate interest	89,404,000 <sup>(2)</sup> )	2,231,102,773	52.3319%
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	2,141,698,773 <sup>(1)</sup> )		
	Interest of controlled corporations	Corporate interest	1,086,770 <sup>(3)</sup> )	2,142,785,543	50.2604%
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	6,010,875 <sup>(4)</sup>	6,010,875	0.1410%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	150,000	150,000	0.0035%
Frank John Sixt	Beneficial owner	Personal interest	200,000	200,000	0.0047%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	50,000	0.0012%
Kam Hing Lam	Beneficial owner	Personal interest	60,000 )		
	Interest of child	Family Interest	40,000 )	100,000	0.0023%
Michael David Kadoorie	Founder, a beneficiary and/or a discretionary object of discretionary trust(s)	Other interest	15,984,095 <sup>(5)</sup>	15,984,095	0.3749%
Holger Kluge	Beneficial owner	Personal interest	40,000	40,000	0.0009%
George Colin Magnus	Founder and beneficiary of a discretionary trust	Other interest	950,100 <sup>(6)</sup> )		
	Beneficial owner	Personal interest	40,000 )		
	Interest of spouse	Family interest	9,900 )	1,000,000	0.0235%
William Shurniak	Beneficial owner	Personal interest	165,000	165,000	0.0039%

Notes:

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

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

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

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

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

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

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

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

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

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

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

(5) Such shares were ultimately held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.

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



## Report of the Directors

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

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

As at 31 December 2010, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

- (i) 1,912,109,945 ordinary shares, representing approximately 84.82% of the then issued share capital, in Cheung Kong Infrastructure Holdings Limited ("CKI") of which 1,906,681,945 ordinary shares were held by a wholly owned subsidiary of the Company and 5,428,000 ordinary shares were held by TUT1 as trustee of UT1;
- (ii) 3,185,136,120 ordinary shares, representing approximately 66.14% of the then issued share capital, in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") of which 52,092,587 ordinary shares and 3,132,890,253 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3;
- (iii) 829,599,612 ordinary shares, representing approximately 38.87% of the then issued share capital, in Power Assets Holdings Limited ("Power Assets") which shares were held by certain wholly owned subsidiaries of CKI;
- (iv) 2,420,028,908 ordinary shares, representing approximately 62.16% of the then issued share capital, in TOM Group Limited ("TOM") of which
  - (a) 476,341,182 ordinary shares and 952,683,363 ordinary shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively; and
  - (b) 991,004,363 ordinary shares charged by Cranwood Company Limited and its subsidiaries in favour of the Company as security;
- (v) 307,720,996 common shares, representing approximately 34.55% of the then issued share capital, in Husky held by a wholly owned subsidiary of the Company; and
- (vi) all interests in shares, underlying shares and/or debentures in all associated corporations of the Company.

As Mr Li Ka-shing is the settlor of a discretionary trust and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of that discretionary trust, for the purpose of the SFO Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 322,374,830 common shares, representing approximately 36.19% of the then issued share capital, in Husky which were held by a company indirectly owned by Mr Li Ka-shing and the trustee of a discretionary trust as aforementioned.

Mr Li Ka-shing, as Director of the Company, was also deemed to be interested in (a) a nominal amount of US\$78,000,000 in the 5.90% Notes due 2014 issued by Husky; and (b) a nominal amount of US\$25,000,000 in the 7.25% Notes due 2019 issued by Husky held by a wholly owned subsidiary of the Company by virtue of his interests in the shares of the Company as described in Note (1) above.

In addition, Mr Li Ka-shing had, as at 31 December 2010, corporate interests in (i) a nominal amount of US\$57,000,000 in the 5.90% Notes due 2014 issued by Husky; and (ii) 389,653,499 ordinary shares, representing approximately 8.09% of the then issued share capital, in HTHKH, which were held by companies of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2010, the following interests:

- (i) family interests in 151,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in Power Assets held by his spouse; and
- (ii) corporate interests in (a) a nominal amount of US\$10,208,000 in the 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited ("HWI(03/13)"); (b) a nominal amount of US\$45,792,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited; and (c) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in HTHKH, which were held by companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

Mr Fok Kin-ning, Canning had, as at 31 December 2010, the following interests:

- (i) corporate interests in (a) a nominal amount of US\$1,216,000 in the 6.50% Notes due 2013 issued by HWI(03/13); (b) a nominal amount of US\$4,000,000 in the 5.75% Notes due 2019 issued by Hutchison Whampoa International (09/19) Limited; (c) a nominal amount of US\$2,000,000 in the 7.25% Notes due 2019 issued by Husky; and (d) a nominal amount of US\$5,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (10) Limited ("HWI(10)");
- (ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.06% of the then issued share capital, in Hutchison Harbour Ring Limited;
- (iii) 5,100,000 ordinary shares, representing approximately 0.04% 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;
- (iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the then issued share capital, in HTHKH; and
- (v) corporate interests in 250,000 common shares, representing approximately 0.03% of the then issued share capital, in Husky.

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

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2010, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTHKH.

Mr Frank John Sixt had, as at 31 December 2010, the following interests:

- (i) personal interests in (a) 1,000,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HTAL; (b) 17,000 American depositary shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTHKH; (c) 36,000 common shares, representing approximately 0.004% of the then issued share capital, in Husky; and (d) a nominal amount of US\$1,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by HWI(10); and
- (ii) corporate interests in a nominal amount of US\$1,000,000 in the 5.90% Notes due 2014 issued by Husky.

Mr Frank John Sixt held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company of which Mr Frank John Sixt is interested in the entire issued share capital.

## Report of the Directors

Mr Kam Hing Lam had, as at 31 December 2010, the following interests:

- (i) personal interests in 100,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in CKI held in his capacity as a beneficial owner; and
- (ii) family interests in 100,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in Power Assets held by his child.

Mr Holger Kluge in his capacity as a beneficial owner had, as at 31 December 2010, personal interests in 20,000 common shares, representing approximately 0.002% of the then issued share capital, in Husky.

Mr George Colin Magnus had, as at 31 December 2010, the following interests:

- (i) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in HTHKH comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and
- (ii) personal interests in 30,000 common shares, representing approximately 0.003% of the then issued share capital, in Husky held in his capacity as a beneficial owner.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2010, personal interests in 11,959 common shares, representing approximately 0.001% of the then issued share capital, in Husky.

Save as disclosed above, as at 31 December 2010, none of the Directors or chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the SEHK 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 SEHK.

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

### Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Directors or chief executive of the Company, as at 31 December 2010, 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 SEHK:

**(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
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,130,202,773 <sup>(1)</sup>	49.97%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773 <sup>(1)</sup>	49.97%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773 <sup>(1)</sup>	49.97%
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interest of controlled corporations	2,130,202,773 <sup>(1)</sup>	49.97%
Continental Realty Limited	Beneficial owner	465,265,969 <sup>(2)</sup>	10.91%

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

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Honourable Holdings Limited	Interest of controlled corporations	322,942,375 <sup>(2)</sup>	7.57%
Winbo Power Limited	Beneficial owner	236,260,200 <sup>(2)</sup>	5.54%
Polycourt Limited	Beneficial owner	233,065,641 <sup>(2)</sup>	5.47%
Well Karin Limited	Beneficial owner	226,969,600 <sup>(2)</sup>	5.32%

Notes:

(1) The four references to 2,130,202,773 shares of the Company relate to the same block of shares of the Company which represent the total number of shares of the Company held by certain wholly owned subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under the SFO. In addition, by virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same 2,130,202,773 shares of the Company held by Cheung Kong as described in Note (1)(a) of the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".

(2) These are wholly owned subsidiaries of Cheung Kong and their interests in the shares of the Company are duplicated in the interests of Cheung Kong.

Save as disclosed above, as at 31 December 2010, 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 SEHK.

## Report of the Directors

### Share Option Schemes

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

#### (I) 3 Italia S.p.A. ("3 Italia")

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

The remuneration committee of the board of directors of 3 Italia (the "3 Italia Remuneration Committee") may grant share options under the 3 Italia Plan to acquire the ordinary shares in the capital of 3 Italia (the "3 Italia Shares") to individuals who are 3 Italia Eligible Employees, subject always to any limits and restrictions specified in the rules of the 3 Italia Plan as amended from time to time.

The form, manner and timing of grant of the share options, the maximum number of 3 Italia Shares in respect of each share option, the price at which each 3 Italia Share subject to a share option may be acquired on the exercise of that share option being subject to adjustment in case of reorganisation of capital structure (the "Subscription Price"), any condition on exercise of each share option, and all other terms relating or attaching to such grant shall be at the absolute discretion of the 3 Italia Remuneration Committee subject to compliance with the Listing Rules.

A 3 Italia Eligible Employee is not required to pay for the grant of a share option under the 3 Italia Plan.

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

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

Subject always to the paragraph below, no share option shall be granted under the 3 Italia Plan which would, at the 3 Italia Date of Grant, cause the number of 3 Italia Shares which shall have been or may be issued both in pursuance of share options granted under the 3 Italia Plan and under any other share option scheme (the "3 Italia Option Plan Shares") to exceed 5% of the number of the 3 Italia Shares in the capital of 3 Italia in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the 3 Italia Plan. This limit may only be exceeded with the approval of the shareholders of both 3 Italia and the Company in a general meeting in accordance with the requirements of the Listing Rules. As at the date of this report, the total number of 3 Italia Shares available for issue under the 3 Italia Plan is 37,682,571, which represented approximately 2.89% of the total number of 3 Italia Shares in issue as at that date.

No share option shall be granted under the 3 Italia Plan which would, at the 3 Italia Date of Grant, cause the number of 3 Italia Option Plan Shares which shall have been or may be issued both in pursuance of the share options granted under the 3 Italia Plan and under any other share option scheme to exceed 130,185,000 without the prior written consent of the board of Directors of the Company.

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

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

A share option may be exercised in whole or in part by a share option holder or where appropriate by his legal personal representatives at any time during the period commencing with a listing and terminating with the lapse of the relevant share option. Share options must be exercised within the period of eight years from the 3 Italia Date of Grant.

The 3 Italia Remuneration Committee may at any time, commencing on 20 May 2004 (being the date of adoption of the 3 Italia Plan) and until the eighth anniversary thereof grant share options under the 3 Italia Plan to individuals who are 3 Italia Eligible Employees.

No share option was granted, exercised, cancelled or lapsed under the 3 Italia Plan during the year ended 31 December 2010.

As at 1 January 2010, 31 December 2010 and the date of this report, 3 Italia had no share options outstanding under the 3 Italia Plan.

## (II) Hutchison 3G UK Holdings Limited ("3 UK")

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

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

The remuneration committee of the board of 3 UK (the "3 UK Remuneration Committee") may grant share options under the 3 UK Plan to acquire the ordinary shares in the capital of 3 UK (the "3 UK Shares") to individuals who are 3 UK Eligible Employees, subject always to any limits and restrictions specified in the rules of the 3 UK Plan as amended from time to time.

An 3 UK Eligible Employee is not required to pay for the grant of a share option under the 3 UK Plan.

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

## Report of the Directors

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

Subject always to the paragraph below, no share option shall be granted under the 3 UK Plan which would, at the 3 UK Grant Date, cause the number of 3 UK Shares which shall have been or may be issued both in pursuance of share options granted under the 3 UK Plan and under any share option scheme (the "3 UK Option Plan Shares") to exceed 5% of the number of 3 UK Shares in the capital of 3 UK in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the 3 UK Plan. This limit may only be exceeded with the approval of the shareholders of both 3 UK and the Company in general meetings in accordance with the requirements of the Listing Rules. As at the date of this report, the total number of 3 UK Shares available for issue under the 3 UK Plan is 222,274,337, which represented 5% of the total number of 3 UK Shares in issue as at that date.

No share option shall be granted under the 3 UK Plan which would, at the 3 UK Grant Date, cause the number of 3 UK Option Plan Shares to exceed 4% of the number of 3 UK Shares in issue at the date of approval of the 3 UK Plan without the prior written consent of the board of Directors of the Company.

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

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

A share option may be exercised in whole or in part by the share option holder or where appropriate by his legal personal representatives at any time during the period commencing with a listing and terminating with the lapse of the relevant share option. Share options must be exercised within the period of 10 years from the 3 UK Grant Date.

The 3 UK Remuneration Committee may at any time commencing on 20 May 2004 (being the date of adoption of the 3 UK Plan) and until the tenth anniversary thereof, grant share options under the 3 UK Plan to individuals who are 3 UK Eligible Employees.

Particulars of share options outstanding under the 3 UK Plan at the beginning and at the end of the financial year ended 31 December 2010 and share options granted, exercised, cancelled or lapsed under the 3 UK Plan during the year are as follows:

Category of participant	Effective date of grant or date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2010	Granted during 2010	Exercised during 2010	Lapsed/ cancelled during 2010	Number of share options held at 31 December 2010	Exercise period of share options	Exercise price of share options £	Price of 3 UK Share at grant date of share options <sup>(3)</sup> £	Price of 3 UK Share at exercise date of share options £
Employees in aggregate	20.5.2004	6,274,500	-	-	(467,250)	5,807,250	From Listing to 18.4.2011 <sup>(2)</sup>	1.00	1.00	N/A
	20.5.2004	23,729,000	-	-	(2,380,500)	21,348,500	From Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	3,111,000	-	-	(202,750)	2,908,250	From Listing to 20.8.2011	1.35	1.00	N/A
	20.5.2004	420,000	-	-	-	420,000	From Listing to 18.12.2011	1.35	1.00	N/A
	20.5.2004	247,750	-	-	(60,000)	187,750	From Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	1,647,750	-	-	(80,000)	1,567,750	From Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	250,000	-	-	(67,500)	182,500	From Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	380,000	-	-	(40,000)	340,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	1,105,000	-	-	(30,000)	1,075,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	767,250	-	-	(105,000)	662,250	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	477,750	-	-	(60,000)	417,750	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	2,650,500	-	-	(447,750)	2,202,750	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		41,060,500	-	-	(3,940,750)	37,119,750				

Notes:

- (1) The share options granted to certain founders of 3 UK shall vest as to 50% on the date of (and immediately following) a Listing, as to a further 25% on the date one calendar year after a Listing and as to the final 25% on the date two calendar years after a Listing. The share options granted to non-founders of 3 UK shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.
- (2) Listing refers to an application being made to the Financial Services Authority for admission to the official list of the ordinary share capital of 3 UK or to have the 3 UK Shares admitted to trading on the Alternative Investment Market operated by London Stock Exchange plc ("AIM") or in the United Kingdom or elsewhere.
- (3) Nominal value of 3 UK Shares on date of grant set out for reference only.



## Report of the Directors

As at the date of this report, 3 UK had 36,872,500 share options outstanding under the 3 UK Plan, which represented approximately 0.83% of the 3 UK Shares in issue as at that date.

No share option was granted under the 3 UK Plan during the year ended 31 December 2010.

### (III) Hutchison China MediTech Limited (“Chi-Med”)

The purpose of the share option scheme of Chi-Med (the “Chi-Med Plan”) is to provide Chi-Med with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Chi-Med Eligible Persons. A “Chi-Med Eligible Person” shall be any person who is (or will be on and following the date of offer of the relevant option) a director (other than an independent non-executive director) or an employee of Chi-Med, its listed parent company (which is currently the Company) and any of their subsidiaries, and any holding company, subsidiaries or affiliates of Chi-Med or other companies which the board of directors of Chi-Med (the “Chi-Med Board”) determines will be subject to the Chi-Med Plan, who is notified by the Chi-Med Board that he or she is an eligible person. Actual participation is at the discretion of the Chi-Med Board.

The Chi-Med Board may offer the grant to a Chi-Med Eligible Person a share option to subscribe for such number of ordinary shares in the share capital of Chi-Med (the “Chi-Med Shares”).

The maximum number of Chi-Med Shares which may be allotted and issued pursuant to the Chi-Med Plan is subject to the following:-

- (a) the total number of Chi-Med Shares issued or issuable pursuant to share options granted under all employees' share schemes of Chi-Med must not in aggregate exceed 5% of the Chi-Med Shares in issue on the date on which the Chi-Med Shares are listed to trading on a recognised stock exchange (including the AIM) (the “Chi-Med Listing”).
- (b) the Chi-Med Board may refresh and recalculate the limit by reference to the issued share capital of Chi-Med then prevailing with the approval of the shareholders of its listed parent company (which is currently the Company) if required under the Listing Rules in a general meeting, provided that the total number of Chi-Med Shares issued and issuable pursuant to the exercise of share options under all employees' share schemes of Chi-Med may not exceed 10% of the issued ordinary share capital on the date of the approval of the refreshed limit. Share options previously granted under the Chi-Med Plan and any other employee share schemes of Chi-Med (including those outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the limit as refreshed. As at the date of this report, the total number of Chi-Med Shares available for issue under the Chi-Med Plan is 2,560,606 which represent 4.95% of the total number of Chi-Med Shares in issue as at that date.
- (c) share options may be granted to any Chi-Med Eligible Person or Chi-Med Eligible Persons specifically identified by the Chi-Med Board in excess of the limit, including the refreshed limit, under paragraphs (a) and (b) above, with the approval of the shareholders of Chi-Med in a general meeting and by the shareholders of the listed parent company if required under the Listing Rules and subject to paragraphs (d) and (e) below and restrictions on grant to key individuals under the Chi-Med Plan.

- (d) (i) no Chi-Med Eligible Person may be granted a share option if as a result the total number of Chi-Med Shares over which that Chi-Med Eligible Person holds share options granted in the previous 12 months, when added to the number of Chi-Med Shares the subject of the proposed grant, would exceed 1% of the issued ordinary share capital of Chi-Med on that date; and
- (ii) notwithstanding paragraph (d)(i) above, share options may be granted to any Chi-Med Eligible Person or Chi-Med Eligible Persons which would cause the limit under paragraph (d)(i) above to be exceeded, but only with the approval of the shareholders of the listed parent in a general meeting and subject to paragraph (e) below.
- (e) notwithstanding the above, under no circumstances may share options be outstanding over more than 10% of the issued ordinary share capital of Chi-Med at any time.

Subject to and in accordance with the rules of the Chi-Med Plan, a share option may be exercised during a period which is notified at the offer date of the share option, such period not to exceed the period of 10 years from such offer date.

Share option holders are not required to pay for the grant of any share option.

The exercise price, subject to any adjustment according to the rules of the Chi-Med Plan, for the share options will be:

- (a) in the case of the one-time initial grants of share options by Chi-Med under the Chi-Med Plan to founders and non-founders prior to the Chi-Med Listing, the price determined by the Chi-Med Board and notified to the relevant share option holder; and
- (b) in respect of any other share option, the Market Value (as defined below) of the Chi-Med Shares as at the offer date.

where "Market Value" on any particular day on or after the Chi-Med Listing means the higher of (a) the average of the closing prices of the Chi-Med Shares on the five dealing days immediately preceding the offer date; (b) the closing price of the Chi-Med Shares as stated on a recognised stock exchange's daily quotations sheet of such shares on the offer date; and (c) the nominal value of the Chi-Med Shares.

Subject to the termination provisions in the Chi-Med Plan, the Chi-Med Plan shall be valid and effective for a period of 10 years commencing on 18 May 2006, being the date of adoption of the Chi-Med Plan, after which period no further options will be granted but the provisions of the Chi-Med Plan shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior to the expiry of the 10-year period and which are at that time or become thereafter capable of exercise under the rules of the Chi-Med Plan, or otherwise to the extent as may be required in accordance with the provisions of the Chi-Med Plan. The Chi-Med Plan has a remaining term of approximately five years as at the date of this report.

## Report of the Directors

Particulars of share options outstanding under the Chi-Med Plan at the beginning and at the end of the financial year ended 31 December 2010 and share options granted, exercised, cancelled or lapsed under the Chi-Med Plan during the year are as follows:

Name or category of participant	Effective date of grant or date of share options	Number of share options held at 1 January 2010	Granted during 2010	Exercised during 2010	Lapsed/cancelled during 2010	Number of share options held at 31 December 2010	Exercise period of share options	Exercise price of share options £	Price of Chi-Med Share	
									at grant date of share options £	at exercise date of share options £
<b>Director</b>										
Christian Hogg	19.5.2006 <sup>(1)(2)</sup>	768,182	-	-	-	768,182	19.5.2006 to 3.6.2015	1.09	2.505 <sup>(6)</sup>	N/A
<b>Other employees in aggregate</b>										
	19.5.2006 <sup>(1)(2)</sup>	553,683	-	(425,653)	-	128,030	19.5.2006 to 3.6.2015	1.09	2.505 <sup>(6)</sup>	2.87 <sup>(8)</sup>
	11.9.2006 <sup>(2)</sup>	80,458	-	-	-	80,458	11.9.2006 to 18.5.2016	1.715	1.715 <sup>(7)</sup>	N/A
	23.3.2007 <sup>(3)</sup>	8,535	-	(8,535)	-	-	23.3.2007 to 22.3.2017	1.75	1.75 <sup>(7)</sup>	5.00 <sup>(8)</sup>
	18.5.2007 <sup>(3)</sup>	90,298	-	(29,791)	(8,325)	52,182	18.5.2007 to 17.5.2017	1.535	1.535 <sup>(7)</sup>	3.15 <sup>(8)</sup>
	25.8.2008 <sup>(4)(5)</sup>	256,146	-	-	-	256,146	25.8.2008 to 24.8.2018	1.26	1.26 <sup>(7)</sup>	N/A
	28.6.2010 <sup>(4)</sup>	N/A	102,628	-	-	102,628	28.6.2010 to 27.6.2020	3.195	3.15 <sup>(7)</sup>	N/A
	1.12.2010 <sup>(4)</sup>	N/A	227,600	-	-	227,600	1.12.2010 to 30.11.2020	4.967	4.85 <sup>(7)</sup>	N/A
<b>Total:</b>		<b>1,757,302</b>	<b>330,228</b>	<b>(463,979)</b>	<b>(8,325)</b>	<b>1,615,226</b>				

### Notes:

- (1) The share options were granted on 4 June 2005, conditionally upon Chi-Med's admission to trading on the AIM which took place on 19 May 2006.
- (2) The share options granted to certain founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 50% on 19 May 2007 and 25% on each of 19 May 2008 and 19 May 2009. The share options granted to non-founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of 19 May 2007, 19 May 2008 and 19 May 2009.
- (3) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (4) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.
- (5) These share options are held by Mr Cheng Chig Fung, Johnny who was appointed as an executive director of Chi-Med on 18 February 2011.
- (6) The stated price was the closing price of the Chi-Med Shares quoted on the AIM on the date of admission of listing of the Chi-Med Shares.
- (7) The stated price was the closing price of the Chi-Med Shares quoted on the AIM on the trading day immediately prior to the date of grant of the share options.
- (8) The stated price was the weighted average closing price of the Chi-Med Shares quoted on the AIM on the trading day immediately prior to the date(s) on which the share options were exercised.

As at the date of this report, Chi-Med had 1,615,226 share options outstanding under the Chi-Med Plan, which represented approximately 3.12% of the Chi-Med Shares in issue as at that date.

The fair value of share options granted during the year, determined using the Binomial Model is as follows:

	Date of grant of share options	
	28 June 2010	1 December 2010
Value of each share option	£1.361	£1.995
Significant inputs into the valuation model:		
Exercise price	£3.195	£4.967
Share price at effective grant date	£3.150	£4.600
Expected volatility	49.9%	48.43%
Risk-free interest rate	3.34%	3.36%
Expected life of share options	6.25 years	6.25 years
Expected dividend yield	0%	0%

The volatility of the underlying stock during the life of the share options is estimated with reference to the volatility of Chi-Med four years prior to the issuance of share options. Changes in such subjective input assumptions could affect the fair value estimate.

#### (IV) Hutchison Harbour Ring Limited ("HHR")

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

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

- (a) any employee/consultant (as to functional areas of finance, business or personnel administration or information technology) or proposed employee/consultant (whether full time or part time, including any executive director but excluding any non-executive director) of HHR (the "HHR Eligible Employee"), any of its subsidiaries or any entity (the "HHR Invested Entity") in which any member of the HHR Group holds any equity interest;
- (b) any non-executive directors (including independent non-executive directors) of HHR, any of its subsidiaries or any HHR Invested Entity;
- (c) any supplier of goods or services to any member of the HHR Group or any HHR Invested Entity;
- (d) any customer of any member of the HHR Group or any HHR Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the HHR Group or any HHR Invested Entity;
- (f) any shareholder of any member of the HHR Group or any HHR Invested Entity or any holder of any securities issued by any member of the HHR Group or any HHR Invested Entity;
- (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the HHR Group; and
- (h) any company wholly owned by one or more persons belonging to any of the above classes of participants.

## Report of the Directors

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

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

- (a) the maximum number of HHR Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 30% of the relevant class of securities of HHR (or its subsidiaries) in issue from time to time.
- (b) the total number of HHR Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HHR Plan and any other share option scheme of the HHR Group) to be granted under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 6% of the relevant class of securities of HHR (or its subsidiaries) in issue as at 20 May 2004, being the date of passing the relevant resolution adopting the HHR Plan (the "HHR General Scheme Limit"). As at the date of this report, the total number of HHR Shares available for issue under the HHR Plan is 402,300,015, which represented 4.5% of the total number of HHR Shares in issue as at that date.
- (c) subject to (a) above and without prejudice to (d) below, HHR may seek approval of its shareholders (the "HHR Shareholders") in a general meeting to refresh the HHR General Scheme Limit provided that the total number of HHR Shares which may be allotted and issued upon the exercise of all share options to be granted under the HHR Plan and any other share option scheme of the HHR Group must not exceed 10% of the relevant class of securities of HHR (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 HHR Plan and any other share option scheme of the HHR Group will not be counted.
- (d) subject to (a) above and without prejudice to (c) above, HHR may seek separate approval of the HHR Shareholders in a general meeting to grant share options beyond the HHR General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by HHR before such approval is sought.

The total number of HHR Shares issued and which may fall to be issued upon the exercise of the share options granted under the HHR Plan and any other share option scheme of the HHR Group (including both exercised and outstanding share options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of HHR for the time being (the "HHR Individual Limit"). Any further grant of share options in excess of the HHR Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the approval of the HHR Shareholders in a general meeting of HHR with such participant and his associates (as defined in the Listing Rules) 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 HHR Shareholders and the date of the board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) of the Listing Rules.

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

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

The HHR Plan will remain in force for a period of 10 years commencing on the date on which the HHR Plan becomes unconditional and has a remaining term of approximately three years as at the date of this report.

Particulars of share options outstanding under the HHR Plan at the beginning and at the end of the financial year ended 31 December 2010 and share options granted, exercised, cancelled or lapsed under the HHR Plan during the year are as follows:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2010	Granted during 2010	Exercised during 2010	Lapsed/ cancelled during 2010	Number of share options held at 31 December 2010	Exercise period of share options <sup>(1)</sup>	Exercise price of share options HK\$	Price of HHR Share	
									at grant date of share options <sup>(2)</sup> HK\$	at exercise date of share options <sup>(3)</sup> HK\$
<b>Directors</b>										
Chan Wen Mee, May (Michelle) <sup>(4)</sup>	3.6.2005	12,000,000	-	-	(12,000,000)	-	3.6.2006 to 2.6.2015	0.822	0.82	N/A
Endo Shigeru	3.6.2005	5,000,000	-	-	-	5,000,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
Sub-total:		17,000,000	-	-	(12,000,000)	5,000,000				
<b>Other employees in aggregate</b>										
	3.6.2005	7,900,000	-	(5,500,000)	(1,800,000)	600,000	3.6.2006 to 2.6.2015	0.822	0.82	1.01
	25.5.2007	12,868,000	-	(9,232,000)	(2,100,000)	1,536,000	25.5.2008 to 24.5.2017	0.616	0.61	0.93
Sub-total:		20,768,000	-	(14,732,000)	(3,900,000)	2,136,000				
Total:		37,768,000	-	(14,732,000)	(15,900,000)	7,136,000				

Notes:

- (1) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (2) The stated price was the closing price of the HHR Shares quoted on the SEHK on the trading day immediately prior to the date of grant of the share options.
- (3) The stated price was the weighted average closing price of the HHR Shares immediately before the dates on which the share options were exercised.
- (4) Ms Chan Wen Mee, May (Michelle) resigned as managing director and executive director of HHR with effect from 1 November 2010.

As at the date of this report, HHR had 7,136,000 share options outstanding under the HHR Plan, which represented approximately 0.08% of the HHR Shares in issue as at that date.

No share option was granted under the HHR Plan during the year ended 31 December 2010.

## Report of the Directors

### (V) Hutchison Telecommunications (Australia) Limited (“HTAL”)

The purpose of the employee option plan of HTAL (the “HTAL Plan”) is to provide HTAL with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to any person who is a full time or part time employee (including a director employed in an executive capacity) or a non-executive director (including any independent non-executive director) of HTAL and any of its related body corporate (within the meaning given by section 50 of the Corporations Act 2001 (Cth) of the Commonwealth of Australia (the “Corporations Act”)) (the “HTAL Eligible Person”) and is declared by the board of directors of HTAL (the “HTAL Board”) to be an eligible person for the purposes of the HTAL Plan.

The HTAL Board may at its discretion grant a right to an HTAL Eligible Person to acquire (in the case of a share option that has an exercise price, by subscription or purchase) ordinary shares in HTAL (the “HTAL Shares”) (the “Right”). No payment is required for the grant of a Right unless the HTAL Board determines otherwise.

The maximum number of HTAL Shares which may be allotted and issued pursuant to the HTAL Plan is as follows:

- (a) the maximum number of HTAL Shares which may be allotted and issued upon exercise of all outstanding Rights and share options granted and yet to be exercised under the HTAL Plan and any other share option scheme of HTAL or any of its subsidiaries (“Other HTAL Plan”) must not in aggregate exceed 30% of the HTAL Shares in issue from time to time. No share options may be granted under the HTAL Plan or Other HTAL Plan if the grant of such share option will result in the limit referred to in this paragraph being exceeded.
- (b) the total number of HTAL Shares which may be allotted and issued upon the exercise of all Rights and share options (excluding, for this purpose, Rights and share options which have lapsed in accordance with the terms of the HTAL Plan and Other HTAL Plan) to be granted under the HTAL Plan and Other HTAL Plan must not in aggregate exceed 10% of the HTAL Shares in issue as at 1 June 2007 (the “Adoption Date”), being the date of passing the relevant resolution adopting the HTAL Plan (the “HTAL General Scheme Limit”) provided that:
  - (i) subject to paragraph (a) above and without prejudice to paragraph (b)(ii) below, the HTAL Board may, with the approval of the shareholders of the Company in a general meeting if required to do so and in compliance with other applicable requirements under the Listing Rules, refresh the HTAL General Scheme Limit provided that the total number of HTAL Shares which may be allotted and issued upon exercise of all Rights and share options under the HTAL Plan and Other HTAL Plan must not exceed 10% of the HTAL Shares in issue at the date on which shareholders of the Company approve such refreshed limit (where applicable) and for the purpose of calculating the limit, the Rights and share options (including those outstanding, cancelled, lapsed or exercised in accordance with the HTAL Plan and Other HTAL Plan) previously granted under the HTAL Plan and Other HTAL Plan will not be counted; and
  - (ii) subject to paragraph (a) and without prejudice to paragraph (b)(i) above, the HTAL Board may, with the approval of the Company’s shareholders in a general meeting if required to do so and in compliance with the other applicable requirements under the Listing Rules, grant Rights beyond the HTAL General Scheme Limit or, if applicable, the extended limit referred to in paragraph (b)(i) to the participants specifically identified by the HTAL Board before such approval is sought.

(c) the limits prescribed in this paragraph are subject to any issue limitation prescribed in the Australian Securities & Investments Commission Class Order 03/184 (or any such replacement or amendment). As at the Adoption Date, the Class Order prescribes a limit of that number of HTAL Shares to be issued on exercise of a Right when aggregated with:

(i) the number of HTAL Shares which would be issued were each outstanding Right to be exercised; and

(ii) the number of HTAL Shares issued during the previous five years pursuant to the HTAL Plan or any other employee share plan,

(but disregarding any Rights acquired or HTAL Shares issued by way of or as a result of an offer to a person situated at the time of receipt of the offer outside Australia, or an offer that was an excluded offer or invitation within the meaning of the Corporations Act, or an offer that did not require disclosure to investors or the giving of a product disclosure statement because of section 1012D of the Corporations Act, or an offer made under a disclosure document or product disclosure statement) shall not exceed 5% of the total number of HTAL Shares at the time of the grant date of such Right.

Except with the approval of the shareholders of the Company in a general meeting if required to do so and in compliance with the other applicable requirements under the Listing Rules, the total number of HTAL Shares issued and which may fall to be issued upon exercise of the share options granted under the HTAL Plan and Other HTAL Plan (including both exercised and outstanding share options) to each participant in any 12-month period shall not exceed 1% of the HTAL Shares in issue for the time being.

Subject to and in accordance with the rules of the HTAL Plan, a Right lapses on the date stated by the HTAL Board in the offer of the Rights as the "Expiry Date", or fixed by a method of calculation prescribed by the HTAL Board in the offer being no later than the date falling 10 years from the grant date of the Right.

The exercise price (if any) for a Right, subject to any adjustment according to the rules of the HTAL Plan, will be determined by the HTAL Board or by the application of a method of calculating the exercise price that is prescribed by the HTAL Board provided that it shall not be less than the higher of:

(a) the closing price of the HTAL Shares as quoted by the Australian Securities Exchange ("ASX") on the grant date; and

(b) the average closing price of the HTAL Shares as quoted by the ASX for the five business days immediately preceding the grant date.

A HTAL Share does not have any nominal value.

Subject to the termination provisions in the HTAL Plan, the HTAL Plan shall be valid and effective for a period of 10 years from the Adoption Date, after which date no further Rights may be issued but the provisions of the HTAL Plan shall remain in full force and effect to the extent necessary to the exercise of any Rights granted or exercised prior thereto and which are at any time or become thereafter capable of exercise under the HTAL Plan, or otherwise as may be required in accordance with the provisions of the HTAL Plan. As at the date of this report, HTAL Plan has a remaining term of approximately six years.



## Report of the Directors

Particulars of share options outstanding under the HTAL Plan at the beginning and at the end of the financial year ended 31 December 2010 and share options granted, exercised, cancelled or lapsed under the HTAL Plan during the year are as follows:

Category of participant	Date of grant of share options	Number of share options held at 1 January 2010	Granted during 2010	Exercised during 2010	Lapsed/ cancelled during 2010	Number of share options held at 31 December 2010	Exercise period of share options	Exercise price of share options <sup>(2)</sup> A\$	Price of HTAL Share at grant date of share options <sup>(3)</sup> A\$	Price of HTAL Share at exercise date of share options A\$
<b>Employees in aggregate</b>	14.6.2007 <sup>(1a)</sup>	24,375,000	-	-	(1,525,000)	22,850,000	1.7.2008 to 13.6.2012	0.145	0.145	N/A
	14.11.2007 <sup>(1b)</sup>	300,000	-	-	-	300,000	1.1.2009 to 13.11.2012	0.20	0.20	N/A
	4.6.2008 <sup>(1c)</sup>	300,000	-	-	-	300,000	1.1.2010 to 3.6.2013	0.139	0.139	N/A
<b>Total:</b>		<b>24,975,000</b>	<b>-</b>	<b>-</b>	<b>(1,525,000)</b>	<b>23,450,000</b>				

Notes:

- (1) (a) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on 1 July 2008, one-third on 1 January 2009 and the remaining one-third on 1 January 2010.
- (b) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-half on 1 January 2009 and the remaining one-half on 1 January 2010.
- (c) The share options are exercisable, subject to amongst other relevant vesting criteria, on 1 January 2010.
- (2) The stated exercise price of share option was the higher of (i) the closing price of the HTAL Shares on the ASX on the day on which the share options were granted; and (ii) the average closing price of the HTAL Shares for the five trading days immediately preceding the day on which the share options were granted.
- (3) The stated price was the ASX closing price of the HTAL Shares on the trading day immediately prior to the date of grant of the share options.

As at the date of this report, the total number of HTAL Shares available for issue under the HTAL Plan (excluding the share options granted but yet to be exercised) is 10,481,271 shares, which represented approximately 0.08% of the HTAL Shares in issue as at that date.

No share option was granted under the HTAL Plan during the year ended 31 December 2010.

## (VI) Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH")

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

The directors of HTHKH (the "HTHKH 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 HTHKH (the "HTHKH Shares"):

- (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) (the "HTHKH Eligible Employee") of HTHKH, any of its subsidiaries or any entity in which any member of the HTHKH Group holds any equity interest (the "HTHKH Invested Entity");
- (b) any non-executive directors (including independent non-executive directors) of HTHKH, any of its subsidiaries or any HTHKH Invested Entity;
- (c) any supplier of goods or services to any member of the HTHKH Group or any HTHKH Invested Entity;
- (d) any customer of any member of the HTHKH Group or any HTHKH Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the HTHKH Group or any HTHKH Invested Entity;
- (f) any shareholders of any member of the HTHKH Group or any HTHKH Invested Entity or any holder of any securities issued by any member of the HTHKH Group or any HTHKH 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 HTHKH 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 share options by HTHKH for the subscription of HTHKH Shares or other securities of the HTHKH Group to any person who falls within any of the above classes of participants shall not, by itself, unless the HTHKH Directors otherwise determine, be construed as a grant of share options under the HTHKH Plan.

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 HTHKH Directors from time to time on the basis of their contribution to the development and growth of the HTHKH Group.

## Report of the Directors

The maximum number of HTHKH Shares to be allotted and issued is as follows:

- (a) the maximum number of HTHKH Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HTHKH Plan and any other share option scheme adopted by the HTHKH Group ("Other HTHKH Plan") must not in aggregate exceed 30% of the relevant class of securities of HTHKH (or its subsidiaries) in issue from time to time.
- (b) the total number of HTHKH Shares 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 HTHKH Plan and Other HTHKH Plan) to be granted under the HTHKH Plan and Other HTHKH Plan must not in aggregate exceed 10% of the relevant class of securities of HTHKH (or its subsidiaries) in issue, being 4,814,346,208 HTHKH Shares, as at 8 May 2009, the date on which the HTHKH Shares were first listed on the SEHK (the "HTHKH Listing Date") (the "HTHKH General Scheme Limit"). Based on the number of HTHKH Shares in issue on the HTHKH Listing Date, the HTHKH General Scheme Limit of the HTHKH Plan is 481,434,620 HTHKH Shares. As at the date of this report, the total number of HTHKH Shares available for issue under the HTHKH Plan is 477,774,620, representing 9.92% of the existing issued share capital of HTHKH.
- (c) subject to sub-paragraph (a) above and without prejudice to sub-paragraph (d) below, HTHKH may seek approval of its shareholders (the "HTHKH Shareholders") in a general meeting to refresh the HTHKH General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) provided that the total number of HTHKH Shares which may be allotted and issued upon the exercise of all share options to be granted under the HTHKH Plan and Other HTHKH Plan must not exceed 10% of the relevant class of securities of HTHKH (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 HTHKH Plan and Other HTHKH Plan previously granted under the HTHKH Plan and Other HTHKH Plan will not be counted.
- (d) subject to sub-paragraph (a) above and without prejudice to sub-paragraph (c) above, HTHKH may seek separate approval of the HTHKH Shareholders in a general meeting to grant share options under the HTHKH Plan beyond the HTHKH General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) or, if applicable, the extended limit referred to in sub-paragraph (c) above to participants specifically identified by HTHKH before such approval is sought.

The total number of HTHKH Shares issued and which may fall to be issued upon exercise of the share options under the HTHKH Plan and Other HTHKH Plan (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 HTHKH for the time being (the "HTHKH Individual Limit"). Any further grant of share options in excess of the HTHKH 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 HTHKH Shareholders in a general meeting of HTHKH (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) with such participant and his associates (as defined in the Listing Rules) 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 HTHKH 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 HTHKH Plan at any time during a period to be determined on the date of offer of grant of the share option and notified by the HTHKH 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 HTHKH Directors and stated in the offer of the grant of the share options to a grantee, there is no minimum period required under the HTHKH Plan for the holding of a share option before it can be exercised.

The subscription price for the HTHKH Shares under the HTHKH Plan shall be a price determined by the HTHKH Directors but shall not be less than the highest of (i) the closing price of HTHKH Shares as stated in the daily quotations sheet of the SEHK for trade in one or more board lots of the HTHKH Shares 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 HTHKH Shares as stated in the SEHK's daily quotations sheet for trade in one or more board lots of the HTHKH Shares 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 HTHKH Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of a share option.

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

Particulars of share options outstanding under the HTHKH Plan at the beginning and at the end of the financial year ended 31 December 2010 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during the year are as follows:

Category of participant	Date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2010	Granted during 2010	Exercised during 2010	Lapsed/ cancelled during 2010	Number of share options held at 31 December 2010	Exercise period of share options	Exercise price of share options <sup>(2)</sup> HK\$	Price of HTHKH Share	
									at grant date of share options <sup>(3)</sup> HK\$	at exercise date of share options <sup>(4)</sup> HK\$
Employees in aggregate	1.6.2009	4,750,000	-	(1,410,000)	-	3,340,000	1.6.2009 to 31.5.2019	1.00	0.96	2.12
Total:		4,750,000	-	(1,410,000)	-	3,340,000				

Notes:

- (1) The share options were vested according to a schedule, namely, as to as close to one-third of the HTHKH Shares 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 HTHKH Plan) on such vesting date.
- (2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTHKH Plan.
- (3) The stated price was the closing price of the HTHKH Shares on the SEHK on the trading day immediately prior to the date of grant of the share options.
- (4) The stated price was the weighted average closing price of the HTHKH Shares immediately before the date(s) on which the share options were exercised.

As at the date of this report, HTHKH had 1,090,000 share options outstanding under the HTHKH Plan, which represented approximately 0.02% of the HTHKH Shares in issue as at that date.

No share option was granted under the HTHKH Plan during the year ended 31 December 2010.

## Report of the Directors

### (VII) Hutchison Telecommunications International Limited ("HTIL")

Following the implementation of a Scheme of Arrangement to privatise HTIL, the then listed subsidiary of the Company, and payments by the Group to the then HTIL's non-controlling interest totaling HK\$4,199 million or HK\$2.2 per scheme share, HTIL became a wholly-owned subsidiary of the Group after 24 May 2010.

On 3 June 2010, the shareholders of HTIL unanimously approved the termination of the share option scheme of HTIL (the "HTIL Plan"). Accordingly, the disclosure made below in respect of the HTIL Plan is for the period from 1 January 2010 to 3 June 2010.

The purpose of the HTIL Plan is to enable HTIL and its subsidiaries (the "HTIL Group") to grant share options to selected participants as incentives or rewards for their contribution to the HTIL Group.

The directors of HTIL (the "HTIL 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 in the ordinary share capital of HTIL (the "HTIL Shares").

The term of HTIL Plan commenced from 19 May 2005, being the date on which the HTIL Plan becomes unconditional. Selected participants to the HTIL Plan including but not limited to:

- (a) any employee or consultant in the areas of finance, business or personnel administration or information technology (whether full-time or part-time, including any executive director but excluding any non-executive director) of HTIL, any of its subsidiary companies or any entity in which any member of the HTIL Group holds any equity interest (the "HTIL Invested Entity");
- (b) any non-executive directors (including independent non-executive directors) of HTIL, any of HTIL's subsidiary companies or any HTIL Invested Entity;
- (c) any supplier of goods or services to any member of the HTIL Group or any HTIL Invested Entity;
- (d) any customer of any member of the HTIL Group or any HTIL Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the HTIL Group or any HTIL Invested Entity;
- (f) any shareholders or security holders of any member of the HTIL Group or any HTIL Invested Entity;
- (g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the HTIL Group; and
- (h) any company wholly owned by any one or more persons belonging to any of the above classes of participants.

The grant of any share options by HTIL for the subscription of HTIL Shares or other securities of HTIL to any person who falls within any of the above classes of participants shall not, by itself, unless the HTIL Directors otherwise determine, be construed as a grant of share options under the HTIL Plan. The eligibility of any of the foregoing classes of participants to receive a grant of any share options shall be determined by the HTIL Directors from time to time on the basis of their contribution to the development and growth of the HTIL Group.

The maximum number of HTIL Shares that may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HTIL Plan and any other share option plan adopted by the HTIL Group ("Other HTIL Plan") must not in aggregate exceed 30% of the HTIL Shares issued and outstanding from time to time. The total number of HTIL Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HTIL Plan and Other HTIL Plan) to be granted under the HTIL Plan and Other HTIL Plan must not in aggregate exceed 10% of the relevant class of securities of HTIL in issue, being 450,000,000 HTIL Shares, as at 15 October 2004, the date on which the HTIL Shares were first listed and upon refreshing this general plan limit, the total number of shares which may be allotted and issued upon the exercise of all share options to be granted under the HTIL Plan and Other HTIL Plan must not exceed 10% of the relevant class of securities of HTIL in issue as at the date of approval of the limit by its shareholders in a general meeting. HTIL may seek separate approval of its shareholders in a general meeting to grant share options beyond these limits.

The total number of HTIL Shares issued and which may fall to be issued upon exercise of the share options (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of HTIL's issued share capital for the time being. Any grant of share options in excess of 1% in any such 12-month period must be approved by shareholders of HTIL in a general meeting with such participant and his associates (as defined in the Listing Rules) 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 of HTIL and the date of the board meeting of HTIL proposing such further grant will be the date of grant for the purpose of calculating the exercise price if such grant is approved.

Any grant of share options under the HTIL Plan to a HTIL Director or chief executive or substantial shareholder of HTIL or any of their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is also the grantee of the share options) of HTIL. Approval of shareholders of HTIL in a general meeting is required if any grant of share options to a substantial shareholder, an independent non-executive director or any of their respective associates could result in the HTIL Shares issued and to be issued upon the exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (1) representing in aggregate over 0.1% of the HTIL Shares in issue; and (2) having an aggregate value, based on the closing price of the HTIL Shares at the date of each grant, in excess of HK\$5,000,000. Any such meeting must be in accordance with the Listing Rules. Any change in the terms of share options granted to a substantial shareholder, an independent non-executive director or any of their respective associates must also be approved by shareholders of HTIL in a general meeting.

A share option may be accepted by a participant within 21 days from the date of the offer of grant of the share option. The subscription price for HTIL Shares under the HTIL Plan shall be a price determined by the HTIL Directors but shall not be less than the highest of: (1) the closing price of HTIL Shares as stated in the SEHK's daily quotations sheet for trade in one or more board lots of HTIL Shares on the date of the offer of grant which must be a business day; (2) the average closing price of HTIL Shares as stated in the SEHK's daily quotations sheet for trade in one or more board lots of HTIL Shares for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (3) the nominal value of the HTIL Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of a share option.

## Report of the Directors

Particulars of share options outstanding under the HTIL Plan for the period from 1 January 2010 to 3 June 2010 and share options granted, exercised, cancelled or lapsed under the HTIL Plan during such period are as follows:

Name or category of participant	Date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2010	Granted from 1 January 2010 to 3 June 2010	Exercised from 1 January 2010 to 3 June 2010	Lapsed/ cancelled from 1 January 2010 to 3 June 2010	Number of share options held at 3 June 2010	Exercise period of share options	Exercise price of share options <sup>(2)</sup> HK\$	Price of HTIL Share at grant date of share options <sup>(3)</sup> HK\$	Price of HTIL Share at exercise date of share options <sup>(4)</sup> HK\$
<b>Director</b>										
Christopher John Foll	1.6.2009	5,000,000	-	-	(5,000,000)	-	12.12.2009 to 31.5.2019	1.61	1.58	N/A
<b>Other employees in aggregate</b>										
	1.6.2009	7,566,666	-	(8,000)	(7,558,666)	-	1.6.2009 to 31.5.2019	1.61	1.58	2.14
Total:		12,566,666	-	(8,000)	(12,558,666)	-				

Notes:

- (1) The share options were to be vested according to a schedule, namely, as to as close to one-third of the HTIL Shares which were subject to the share options as possible by each of the three anniversaries of the date of offer of the share options and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as defined in the HTIL Plan) on such vesting date.
- (2) The exercise price of the share options was subject to adjustment in accordance with the provisions of the HTIL Plan (as amended).
- (3) The stated price was the SEHK closing price of the HTIL Shares on the trading day immediately prior to the date of grant of the share options.
- (4) The stated price was the weighted average closing price of the HTIL Shares immediately before the dates on which the share options were exercised.

Save as disclosed above, at no time during the year was the Company or a subsidiary a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisitions of shares in or debentures of the Company or any other body corporate.

## Directors' Interests in Competing Business

During the year ended 31 December 2010, the following Directors of the Company had interests in the following businesses (apart from the Company's businesses) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company conducted during the year required to be disclosed pursuant to Rule 8.10 of the Listing Rules:

Name of Director	Name of company	Nature of interest	Nature of competing business
Li Ka-shing	Cheung Kong	Chairman	- Property and hotels - Finance and investments
Li Tzar Kuoi, Victor	Cheung Kong	Managing Director and Deputy Chairman	- Property and hotels - Finance and investments
	CKI	Chairman	- Energy and infrastructure, finance and investments
	CK Life Sciences Int'l., (Holdings) Inc. ("CKLS")	Chairman	- Retail (research and development, manufacturing, commercialization, marketing and selling of human health products) - Finance and investments
Fok Kin-ning, Canning	Power Assets	Executive Director	- Energy
	Husky	Co-Chairman	- Energy
	Cheung Kong	Non-executive Director	- Property and hotels - Finance and investments
	CKI	Deputy Chairman	- Energy and infrastructure, finance and investments
	Power Assets	Chairman	- Energy
	HHR	Chairman	- Property
	HTAL	Chairman	- Telecommunications
Chow Woo Mo Fong, Susan	Husky	Co-Chairman	- Energy
	CKI	Executive Director	- Energy and infrastructure, finance and investments
	Power Assets	Executive Director	- Energy
	HHR	Executive Director	- Property
	HTAL	Director	- Telecommunications
	TOM	Non-executive Director	- Telecommunications (Internet, outdoor media, publishing, television and entertainment across markets in Mainland China, Taiwan and Hong Kong)



## Report of the Directors

Name of Director	Name of company	Nature of interest	Nature of competing business
Frank John Sixt	Cheung Kong	Non-executive Director	- Property and hotels - Finance and investments
	CKI	Executive Director	- Energy and infrastructure, finance and investments
	Power Assets	Executive Director	- Energy
	HTAL	Director	- Telecommunications
	Husky	Director	- Energy
	TOM	Non-executive Chairman	- Telecommunications (Internet, outdoor media, publishing, television and entertainment across markets in Mainland China, Taiwan and Hong Kong)
Lai Kai Ming, Dominic	HHR	Deputy Chairman	- Property
	HTAL	Director	- Telecommunications
Kam Hing Lam	Cheung Kong	Deputy Managing Director	- Property and hotels - Finance and investments
	CKI	Group Managing Director	- Energy and infrastructure, finance and investments
	CKLS	President and Chief Executive Officer	- Retail (research and development, manufacturing, commercialization, marketing and selling of human health products) - Finance and investments
	Power Assets	Executive Director	- Energy
George Colin Magnus	Cheung Kong	Non-executive Director	- Property and hotels - Finance and investments
	CKI	Non-executive Director	- Energy and infrastructure, finance and investments
	Power Assets	Non-executive Director	- Energy
	Husky	Director (independent)	- Energy
William Shurniak	Husky	Director (independent) and Deputy Chairman	- Energy

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

During the year, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt and Mr Lai Kai Ming, Dominic are non-executive directors of HTHKH, and Mr Fok and Mr Lai are also alternate directors to Mrs Chow and Mr Sixt, non-executive directors of HTHKH, respectively. Mr Fok, Mrs Chow and Mr Sixt were former non-executive directors of HTIL (whose ordinary shares were withdrawn from listing on the Main Board of the SEHK on 25 May 2010 and American depositary shares were delisted on New York Stock Exchange, Inc. effective on 4 June 2010 (New York time), and currently an indirect wholly owned subsidiary of the Company). Mrs Chow was also a former alternate director to each of Mr Fok and Mr Sixt, former non-executive directors of HTIL. Both HTHKH and HTIL were engaged in telecommunications businesses.

Prior to the delisting of HTIL, a non-competition agreement existed between the Company and HTIL (the "2004 HTIL Non-Competition Agreement") which maintained a clear geographical delineation, underpinned by the regulatory regime, of the two groups' respective businesses ensuring there would be no competition between them. Under the 2004 HTIL Non-Competition Agreement, the exclusive territory of the Group (excluding the then HTIL Group) comprised the member countries of the European Union (prior to its enlargement in 2004), the Vatican City, the Republic of San Marino, the Channel Islands, Monaco, Switzerland, Norway, Greenland, Liechtenstein, Australia, New Zealand, the United States of America, Canada and Argentina (the "Group's Territory Countries"). The then exclusive territory of the HTIL Group comprised all the remaining countries of the world. On 25 February 2008, under and in accordance with the requirements of the 2004 HTIL Non-Competition Agreement, the Company granted consent to the establishment of a joint venture between Hutchison Global Communications Limited (a then indirect wholly owned subsidiary of HTIL and currently an indirect wholly owned subsidiary of HTHKH) and the Philippine Long Distance Telephone Company Group under the co-operation agreement dated 12 March 2008 for operating a mobile virtual network operator business in Italy (the "Business"). Subsequently on 17 April 2009, the Company and HTIL entered into an amendment agreement to the 2004 HTIL Non-Competition Agreement (the "Amendment Agreement") whereby the parties thereto agreed, with effect from the first day on which the shares of HTHKH commence trading on the Main Board of the SEHK (the "HTHKH Listing Date"), inter alia, the new scope of businesses which is subject to such agreement, namely (i) the exclusion of Hong Kong and Macau from the HTIL Group's exclusive territory, (ii) the exclusive territory of the HTHKH Group to comprise Hong Kong and Macau, and (iii) the order in which new opportunities arising from any of the exclusive territories of the Group, the HTIL Group and the HTHKH Group will be offered to the other party. The Amendment Agreement came into effect on 8 May 2009, being the HTHKH Listing Date. The non-competitive restrictions contained in the 2004 HTIL Non-Competition Agreement and the Amendment Agreement ceased to be in effect upon the delisting of HTIL.

The non-competition agreement entered into by the Company and HTHKH on 17 April 2009, and which came into effect from the HTHKH Listing Date, maintained a clear geographical delineation of the two groups' respective businesses ensuring there would be no competition between them. Save for the Business which consent was given by the Company, there is no single country in which the Group and the HTHKH Group have competing operations.

As at the date of this report, the exclusive territory of the HTHKH Group comprised Hong Kong and Macau whereas that of the Group (including the HTIL Group) comprised all the remaining countries of the world.

## Purchase, Sale or Redemption of Shares

During the year, neither the Company nor any of its subsidiaries has purchased or sold any of the ordinary shares of the Company. In addition, the Company has not redeemed any of its ordinary shares during the year.

## Major Customers and Suppliers

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

## Report of the Directors

### Public Float

As at the date of this report, based on information available to the Company and within the knowledge of the Directors of the Company, the public float capitalisation amounted to approximately HK\$178,038 million, representing approximately 47% of the issued share capital of the Company.

### Auditor

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

By order of the Board

**Edith Shih**

*Company Secretary*

Hong Kong, 29 March 2011