The Directors have pleasure in submitting to shareholders their report and the audited financial statements for the year ended 31 December 2016.

Principal Activities
The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and joint ventures are shown on pages 275 to 278.

Business Review
A fair review of the business of the Group as required pursuant to Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), comprising analysis of the Group performance during the year, description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2016 as well as indication of likely future development in the business of the Group are set out in the sections “Chairman’s Statement”, “Operations Review”, “Analyses of Core Business Segments by Geographical Location”, “Analyses by Core Business Segments”, “Key Financial Information”, “Key Business Indicators” and “Business Highlights” on pages 4 to 75, “Risk Factors” on pages 82 to 86 and note 44 to the financial statements on page 271 contained in this annual report. Discussions on the environmental policies and performance, and the account of the key relationships of the Group with its stakeholders are contained in the “Environmental, Social and Governance Report” on pages 87 to 101 of this annual report. Disclosure of regulatory compliance by the Group with the relevant laws and regulations that have a significant impact on the Group is contained in the “Environmental, Social and Governance Report” on pages 87 to 101 and the “Corporate Governance Report” on pages 151 to 166 of this annual report.

Group Profit
The Consolidated Income Statement is set out on page 172 and shows the Group profit for the year ended 31 December 2016.

Dividends
An interim dividend of HK$0.735 per share was paid to shareholders on 22 September 2016.

The Directors recommend the declaration of a final dividend of HK$1.945 per share payable on Wednesday, 31 May 2017 to all persons registered as holders of shares on the register of members of the Company on Wednesday, 17 May 2017, being the record date for determining the entitlement of shareholders to the proposed final dividend.

Reserves
Movements in the reserves of the Company and the Group during the year are set out in note 47 to the financial statements on pages 273 to 274 and the Consolidated Statement of Changes in Equity on pages 176 to 178 respectively.

Charitable Donations
Donations to charitable organisations by the Group during the year amounted to approximately HK$5,000,000 (2015 — approximately HK$4,000,000).

Fixed Assets
Particulars of the movements of fixed assets are set out in note 14 to the financial statements.

Share Capital
Details of the shares movement during the year are set out in note 34 to the financial statements.
Directors

As at the date of this report, the board of Directors of the Company (the “Board”) comprised Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Mr Fok Kin Ning, Canning, Mr Frank John Sixt, Mr Ip Tak Chuen, Edmond, Mr Kam Hing Lam, Mr Lai Kai Ming, Dominic, Ms Edith Shih, Mr Chow Kun Chee, Roland, Mrs Chow Woo Mo Fong, Susan, Mr Lee Yeh Kwong, Charles, Mr Leung Siu Hon, Mr George Colin Magnus, Mr Kwok Tun-li, Stanley, Mr Cheng Hoi Chuen, Vincent, The Hon Sir Michael David Kadoorie, Ms Lee Wai Mun, Rose, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr William Shurniak, Mr Wong Chung Hin and Dr Wong Yick-ming, Rosanna.

During the year ended 31 December 2016 and the period up to the date of this report, the following changes to the Board composition were effected:

1. Mrs Chow Woo Mo Fong, Susan retired from her position as Group Deputy Managing Director and Executive Director on 1 August 2016 and was appointed as a Non-executive Director on 1 January 2017; and
2. Ms Edith Shih was appointed as an Executive Director on 1 January 2017.

The Director who retired as mentioned above has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

The Board is pleased to welcome Ms Edith Shih and Mrs Chow Woo Mo Fong, Susan, to the Board.

Ms Edith Shih and Mrs Chow Woo Mo Fong, Susan, who were appointed on 1 January 2017, will hold office until the forthcoming annual general meeting under the provision of Article 101 of the Articles of Association of the Company and, being eligible, offer themselves for re-election at the annual general meeting. Messrs Kam Hing Lam, Chow Kun Chee, Roland, Cheng Hoi Chuen, Vincent, Lee Wai Mun, Rose, William Shurniak and Wong Chung Hin will retire by rotation under the provision of Article 111 of the Articles of Association of the Company at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the annual general meeting.

The Company has received confirmation from all 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 to be independent.

The Directors’ biographical details are set out in the “Information on Directors” section of this annual report.

Directors’ Material Interests in Significant Transactions, Arrangements or Contracts

Save as otherwise disclosed in the transactions relating to “Sale of Companies engaged in Aircraft Leasing Business” under the section headed “Connected Transactions” in this report, there were no other transactions, arrangements or contracts that are significant in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a Director of the Company or his/her connected entity 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 2016 and up to the date of this report, the Group conducted the following transactions which constituted connected transactions for the Company under the Listing Rules, in respect of which announcements dated 2 December 2016 and 16 January 2017 were issued respectively:

1. Sale of Companies engaged in Aircraft Leasing Business

On 2 December 2016, CK Capital Investment Limited (“CKHH Sub”, a wholly-owned subsidiary of the Company) and Accipiter Investments Limited (“CKP Sub”, a wholly-owned subsidiary of Cheung Kong Property Holdings Limited (“Cheung Kong Property”)) entered into a sale and purchase agreement (the “Agreement”) pursuant to which CKHH Sub agreed to sell to CKP Sub (i) 1,000,000,000 shares in CK Capital Limited (“CK Capital”, a direct wholly-owned subsidiary of CKHH Sub), representing the entire issued share capital of CK Capital (“CK Capital Sale Shares”), for a consideration of approximately US$973 million (approximately HK$7,550 million) (subject to adjustments); and (ii) one share in Harrier Global Limited (“Harrier Global”, a direct wholly-owned subsidiary of CKHH Sub), representing the entire issued share capital of Harrier Global (the “Harrier Global Sale Share”), for a cash consideration of approximately US$5 million (approximately HK$39 million) (subject to adjustments).
The consideration for the CK Capital Sale Shares was satisfied as to approximately US$172 million (approximately HK$1,335 million) by way of the assumption by CKP Sub of the existing liability of CKHH Sub under a non-interest bearing loan owing to CK Capital in the principal amount of approximately US$172 million (approximately HK$1,335 million), with the balance settled in cash by CKP Sub. The consideration for the Harrier Global Sale Share was settled wholly in cash by CKP Sub.

CK Capital is an investment holding company, the subsidiaries of which invest in owning and leasing of aircraft or ancillary businesses. As at 2 December 2016, the CK Capital group owned a portfolio of 43 aircraft. Harrier Global owned 50% of the issued shares of Vermillion Aviation Holdings Limited (“Vermillion”). The remaining issued shares of Vermillion were owned as to 40% by MC Aviation Partners Inc. and as to 10% by a wholly-owned subsidiary of Li Ka Shing (Overseas) Foundation. As at 2 December 2016, the Vermillion group owned a portfolio of 22 aircraft and had commitment to acquire another 8 aircraft.

The transaction was completed on 15 December 2016 at the adjusted consideration of approximately US$988 million (approximately HK$7,667 million) and each of CK Capital and Harrier Global ceased to be a subsidiary of the Company.

Given that Cheung Kong Property has been deemed by The Stock Exchange of the Hong Kong Limited (the “SEHK”) to be a connected person of the Company under the Listing Rules, the entering into of the Agreement between CKP Sub and CKHH Sub constituted a connected transaction for the Company under the Listing Rules, in respect of which an announcement dated 2 December 2016 was issued. Since each of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor has or may be regarded as having a material interest in the transactions, they abstained from voting on the Board resolutions of the Company in relation to the transactions.

(2) Formation of a Joint Venture in connection with the Proposed Acquisition of Stapled Securities of the Target listed on the Australian Securities Exchange by way of Schemes

On 14 January 2017, Cheung Kong Property, Cheung Kong Infrastructure Holdings Limited (“CKI”, a non-wholly owned subsidiary of the Company) and Power Assets Holdings Limited (“Power Assets”) (together, the “Consortium Members”) entered into a consortium formation agreement, pursuant to which, subject to obtaining the necessary independent shareholders’ approvals (“Approval(s)”), the relevant Consortium Members will become indirect owners of CK William UK Holdings Limited (“JV Co”) and fund the JV Co and its subsidiaries for the proposed acquisition of all of the stapled securities in issue of the DUET Group (“JV Co”) by way of schemes of arrangement and a trust scheme (the “Schemes”) as described in the announcement dated 16 January 2017 (the “Announcement”) issued by the Company (the “Acquisition”) and enter into the shareholders’ agreement to govern the shareholder relationship in JV Co as well as the downstream business of the Target (the “Joint Venture Transaction”). The Target, whose securities are listed on the Australian Securities Exchange, is an owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe. Completion of the Acquisition is conditional, among other things, upon the approval of the Target’s securityholders and other governmental approvals. The necessary Approvals for the Joint Venture Transaction were obtained at the respective general meetings of Cheung Kong Property, CKI and Power Assets held on 14 March 2017. Therefore, subject to the Schemes becoming effective, the Joint Venture Transaction will proceed between, and the Target will be indirectly held by, Cheung Kong Property, CKI and Power Assets as to 40%, 40% and 20%, respectively, and the maximum financial commitment of CKI in relation to the Joint Venture Transaction will be up to approximately AUD3,012 million (equivalent to approximately HK$17,259 million). None of the Directors of the Company have any material interest in the connected transaction except by virtue of being a director and/or shareholder of the Company (including its subsidiaries) and/or the other parties involved in the transactions, and no Director of the Company were required to abstain from voting on the Board resolutions of the Company passed in connection with the Announcement. Notwithstanding the foregoing, each of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor has voluntarily abstained from voting on the Board resolutions of the Company passed in connection with the Announcement.

Given that Cheung Kong Property has been deemed by the SEHK to be a connected person of the Company under the Listing Rules, the entering into of the Joint Venture Transaction by CKI, which is a subsidiary of the Company, with Cheung Kong Property constituted a connected transaction for the Company under the Listing Rules.
Continuing Connected Transactions

On 5 May 2015, the Company entered into an agreement (the “Master Leasing Agreement”) with Cheung Kong Property in respect of the leasing and licensing by members of the Cheung Kong Property group to members of the Group of premises (including office space, car parks and building areas but excluding hotel premises) owned by the Cheung Kong Property group (the “Leasing Transactions”) for the period from 3 June 2015 to 31 December 2017, in respect of which an announcement dated 4 June 2015 was issued.

Pursuant to the Master Leasing Agreement, relevant members of the Group and relevant members of the Cheung Kong Property group would enter into separate lease, tenancy or licence agreements with respect to each of the Leasing Transactions to be entered into between them. The terms of, and the consideration payable under, such agreements would be negotiated on a case-by-case and arm’s length basis, with normal commercial terms which, from the Group’s perspective, would be no less favourable than those which the relevant members of the Group could obtain from independent landlords, lessors or licensors of comparable premises. In particular, the rental or licence fee payable would be at market rates, and the Group would seek competitive quotes (including conducting a comparison of prices of a sufficient number of independent landlords, lessors or licensors of comparable premises in the market) for management review with a view to ensuring that the rental or licence fees payable by the Group to the relevant members of the Cheung Kong Property group are reasonable, having regard to the size, location, facilities and conditions of the premises required. The management/service fees chargeable by the Cheung Kong Property group to the relevant member of the Group would be the same as those chargeable by the Cheung Kong Property group to other tenants or licensees of the same building or property.

Cheung Kong Property has been deemed by the SEHK to be a connected person of the Company under the Listing Rules. Accordingly, the Leasing Transactions would constitute continuing connected transactions of the Company under the Listing Rules (the “Continuing Connected Transactions”).

As set out in the announcement, the maximum aggregate annual amount payable by the Group in respect of the Leasing Transactions for each of the two years ended 31 December 2015 and 2016, and for the year ending 31 December 2017 was not to exceed HK$683 million, HK$763 million and HK$856 million respectively.

The aggregate amount paid by the Group in respect of the Leasing Transactions for the year ended 31 December 2016 which is subject to the annual review requirement under the Listing Rules are approximately HK$658 million (86% of the annual cap of HK$763 million).

The Group’s internal audit has reviewed the Continuing Connected Transactions and the internal control procedures comprising lease negotiation, review and approval, tenancy agreement management as well as transactions reporting and consolidation, and is of the view that such transactions were conducted in compliance with the agreements governing them, the internal control procedures and Chapter 14A of the Listing Rules during the year ended 31 December 2016.

In addition, all the Independent Non-executive Directors of the Company have reviewed the Continuing Connected Transactions for the year ended 31 December 2016 and the findings provided by the Group’s internal audit and confirmed that such transactions had been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better and (c) according to the respective relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the work performed, the auditor of the Company has confirmed in a letter to the Board that nothing has come to its attention which causes it to believe that:

(i) the Continuing Connected Transactions have not been approved by the Board;

(ii) the Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iii) the total transaction value of the Continuing Connected Transactions has exceeded the maximum aggregate annual cap amounts in respect of the Continuing Connected Transactions as disclosed in the announcement of the Company dated 4 June 2015.

A summary of all related parties transactions entered into by the Group during the year ended 31 December 2016 is contained in note 42 to the consolidated financial statements. Save for the transaction in relation to the acquisition of Hutchison Whampoa Limited (“HWL”) pursuant to the group reorganisation which took place in 2015 resulting in the consolidation of a traded debt securities issued by Husky Energy Inc. purchased by a subsidiary of HWL as described in note 42 falls under the definition of “connected transaction” under the Listing Rules and was disclosed previously by HWL pursuant to the Listing Rules, all other related parties transactions as described in note 42 do not fall under the definition of “connected transaction” or “continuing connected transaction” 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 2016.
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).

Permitted Indemnity Provisions

The Articles of Association of the Company provides that every Director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, and against any loss in respect of his personal liability for the payment of any sum primarily due from the Company. Directors liability insurance is in place to protect the Directors of the Company or its subsidiaries against potential costs and liabilities arising from claims brought against the Directors.

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

Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures are set out in the section “Information on Directors” on pages 114 to 119.

Interests and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance

So far as is known to the Directors and chief executive of the Company, as at 31 December 2016, other than the interests of the Directors and chief executive of the Company as disclosed in the section titled “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” under “Information on Directors”, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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

<table>
<thead>
<tr>
<th>Names</th>
<th>Capacity</th>
<th>Number of Shares Held</th>
<th>Approximate % of Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”) as trustee of The Li Ka-Shing Unity Discretionary Trust</td>
<td>Trustee and beneficiary of a trust</td>
<td>1,001,953,744 (1)</td>
<td>25.97%</td>
</tr>
<tr>
<td>Li Ka-Shing Unity Trustcorp Limited (“TDT2”) as trustee of another discretionary trust</td>
<td>Trustee and beneficiary of a trust</td>
<td>1,001,953,744 (1)</td>
<td>25.97%</td>
</tr>
<tr>
<td>Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of The Li Ka-Shing Unity Trust (“UT1”)</td>
<td>Trustee</td>
<td>1,001,953,744 (1)</td>
<td>25.97%</td>
</tr>
</tbody>
</table>
(II) Interests and short positions of other persons in the shares and underlying shares of the Company

(a) Long positions in the shares and underlying shares of the Company

<table>
<thead>
<tr>
<th>Name</th>
<th>Capacity</th>
<th>Number of Shares/Underlying Shares Held</th>
<th>Total</th>
<th>Approximate % of Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPMorgan Chase &amp; Co.</td>
<td>Beneficial owner</td>
<td>63,083,981</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment manager</td>
<td>52,946,826</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trustee</td>
<td>38,445</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Custodian corporation/</td>
<td>155,155,905</td>
<td>271,225,157</td>
<td>7.03%</td>
</tr>
<tr>
<td>approved lending agent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(b) Short positions in the shares and underlying shares of the Company

<table>
<thead>
<tr>
<th>Name</th>
<th>Capacity</th>
<th>Number of Shares/Underlying Shares Held</th>
<th>Total</th>
<th>Approximate % of Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPMorgan Chase &amp; Co.</td>
<td>Beneficial owner</td>
<td>16,849,967</td>
<td></td>
<td>0.43%</td>
</tr>
</tbody>
</table>

(c) Lending pool in the shares and underlying shares of the Company

<table>
<thead>
<tr>
<th>Name</th>
<th>Capacity</th>
<th>Number of Shares/Underlying Shares Held</th>
<th>Total</th>
<th>Approximate % of Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPMorgan Chase &amp; Co.</td>
<td>Custodian corporation/</td>
<td>155,155,905</td>
<td>155,155,905</td>
<td>4.02%</td>
</tr>
<tr>
<td>approved lending agent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

1. The three references to 1,001,953,744 shares of the Company relate to the same block of shares of the Company. Of these 1,001,953,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 88,575,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TDT1, TDT2 and TUT1 is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (1)(a) under the section titled “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” in “Information on Directors” under the SFO.

2. Such long position includes derivative interests in 4,866,412 underlying shares of the Company which of 2,592,190 underlying shares are derived from listed and physically settled derivatives, 6,000 underlying shares are derived from listed and cash settled derivatives, 612,987 underlying shares are derived from unlisted and physically settled derivatives and 1,655,235 underlying shares are derived from unlisted and cash settled derivatives.

3. Such short position includes derivative interests in 16,534,967 underlying shares of the Company of which 1,242,500 underlying shares are derived from listed and physically settled derivatives, 1,259,521 underlying shares are derived from listed and cash settled derivatives, 2,820,348 underlying shares are derived from unlisted and physically settled derivatives and 11,212,598 underlying shares are derived from unlisted and cash settled derivatives.

Save as disclosed above, as at 31 December 2016, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as 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.
Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the year.

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) Hutchison 3G UK Holdings Limited (“3 UK”)

On 20 May 2004, 3 UK adopted a share option scheme (the “3 UK Plan”) for the grant of options to acquire ordinary shares in the share capital of 3 UK (“3 UK Shares”). The 3 UK Plan is valid and effective during the period commencing on 20 May 2004 and ending on 20 May 2014, being the tenth anniversary of the date on which the 3 UK Plan was adopted. Following 20 May 2014, no further share options can be granted under the 3 UK Plan but the provisions of the 3 UK Plan will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior to the end of the validity period, or otherwise to the extent as may be required in accordance with the provisions of the 3 UK Plan. A summary of the 3 UK Plan is as follows:

(1) The purpose of 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 3 UK Eligible Employees (as defined below).

(2) Share options may be granted 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.

(3) Any grant of share options shall be by the remuneration committee of the board of directors of 3 UK (the “3 UK Remuneration Committee”) subject always to any limits and restrictions specified in the rules of the 3 UK Plan as amended from time to time.

(4) A 3 UK Eligible Employee is not required to pay for the grant of a share option under the 3 UK Plan.

(5) Unless otherwise determined by the 3 UK Remuneration Committee and stated in the offer of the grant of share options to a 3 UK Eligible Employee, there is no minimum period required under the 3 UK Plan for the holding of a share option before it can be exercised.

(6) The subscription price will be: (a) 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 (b) 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.

(7) In respect of any share option granted either: (i) after the Company has resolved to seek a separate listing of 3 UK 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, 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 paragraph (9) 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 under the 3 UK Plan and under any share option scheme of 3 UK (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, unless approved by the shareholders of both 3 UK and the Company in general meetings in accordance with the requirements of the Listing Rules.

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.

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

The total number of 3 UK Shares issued and to be issued upon the exercise of the share options granted to each 3 UK Eligible Employee (including exercised, cancelled and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of 3 UK, unless approved by the shareholders of 3 UK and the Company in general meetings (with such 3 UK Eligible Employee and his associates (as defined in the Listing Rules) abstaining from voting) 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.

Particulars of share options outstanding under the 3 UK Plan at the beginning and at the end of the financial year ended 31 December 2016 and share options granted, exercised, cancelled or lapsed under the 3 UK Plan during the year were as follows:

<table>
<thead>
<tr>
<th>Category of participant</th>
<th>Effective date of grant of share options (1)</th>
<th>Number of share options held as at 1 January 2016</th>
<th>Granted during 2016</th>
<th>Exercised during 2016</th>
<th>Lapsed/cancelled during 2016</th>
<th>Number of share options held as at 31 December 2016</th>
<th>Exercise period of share options</th>
<th>Exercise price of share options on grant date of share options (2)</th>
<th>Price of 3 UK Share on exercise date of share options (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees in aggregate</td>
<td>7.9.2007</td>
<td>162,750</td>
<td>—</td>
<td>—</td>
<td>(162,750)</td>
<td>—</td>
<td>From Listing (2) to 6.9.2017</td>
<td>1.35</td>
<td>1.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>162,750</td>
<td>—</td>
<td>—</td>
<td>(162,750)</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 to be 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 AIM, a market regulated by the London Stock Exchange, or in the United Kingdom or elsewhere.

3. Nominal value of 3 UK Shares on date of grant set out for reference only.

As at the date of this report, 3 UK had no share options outstanding under the 3 UK Plan.
2006 Share Option Scheme

On 18 May 2006, Chi-Med adopted a share option scheme (the “2006 Plan”) for the grant of options to acquire ordinary shares in the share capital of Chi-Med (the “Chi-Med Shares”). The 2006 Plan is valid and effective during the period commencing on 18 May 2006 and ending on 17 May 2016, being the date falling 10 years from the date on which the 2006 Plan was adopted. Following the expiry of the 2006 Plan, no further share options can be granted under the 2006 Plan but the provisions of the 2006 Plan will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior to the end of the validity period or otherwise to the extent as may be required in accordance with the provision of the 2006 Plan. A summary of the 2006 Plan is as follows:

(1) The purpose of the 2006 Plan is to provide Chi-Med with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to 2006 Chi-Med Eligible Persons (as defined below).

(2) Share options may be granted to a “2006 Chi-Med Eligible Person”, being 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 its 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 2006 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.

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

(4) Unless otherwise determined by the Chi-Med Board and stated in the offer of the grant of share options to a 2006 Chi-Med Eligible Person, there is no minimum period required under the 2006 Plan for the holding of a share option before it can be exercised.

(5) Subject to any adjustment according to the rules of the 2006 Plan, the subscription price shall be:

(a) in the case of the one-time initial grants of share options by Chi-Med under the 2006 Plan to founders and non-founders prior to the Chi-Med Listing (as defined below), 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 2006 Market Value (as defined below) of the Chi-Med Shares as at the offer date,

where “2006 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.
The maximum number of Chi-Med Shares which may be allotted and issued pursuant to the 2006 Plan is subject to the following:

(a) the total number of Chi-Med Shares which may be issued upon the exercise of all share options to be granted under all share option 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 for trading on a recognised stock exchange (including the AIM) (the “Chi-Med Listing”);

(b) the Chi-Med Board may refresh and recalculate the limit in paragraph (6)(a) above 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 share option 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 2006 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 2006 Plan (including the share options granted but yet to be exercised) is 335,910, which represented approximately 0.55% of the total number of Chi-Med Shares in issue as at that date;

(c) share options may be granted to any 2006 Chi-Med Eligible Person(s) specifically identified by the Chi-Med Board in excess of the limit, including the refreshed limit, under paragraphs (6)(a) and (6)(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 (6)(d) and (6)(e) below, and restrictions on grant to key individuals under the 2006 Plan;

(d) (i) no 2006 Chi-Med Eligible Person may be granted a share option if, as a result, the total number of Chi-Med Shares over which that 2006 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 (6)(d)(i) above, share options may be granted to any 2006 Chi-Med Eligible Person(s) which would cause the limit under paragraph (6)(d)(i) above to be exceeded, but only with the approval of the shareholders of the listed parent in a general meeting (with such 2006 Chi-Med Eligible Person and his/her associates abstaining from voting) and subject to paragraph (6)(e) below; and

(e) the total number of shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the 2006 Plan and under any other share option scheme of Chi-Med must not exceed 10% of the Chi-Med Shares in issue from time to time.

Subject to and in accordance with the rules of the 2006 Plan, a share option may be exercised during a period which is notified at the offer date of the share option, such period will not exceed the period of 10 years from such offer date.
2016 Share Option Scheme

On 24 April 2015, Chi-Med conditionally adopted a share option scheme (the “2016 Plan”) for the grant of options to acquire the Chi-Med Shares. The 2016 Plan is valid and effective during the period commencing on 13 May 2016 and ending on 12 May 2026, being the date falling 10 years from the date on which the 2016 Plan became unconditional. The 2016 Plan has a remaining term of approximately nine years as at the date of this report. A summary of the 2016 Plan is as follows:

(1) The purpose of the 2016 Plan is to provide Chi-Med with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to 2016 Chi-Med Eligible Persons (as defined below).

(2) Share options may be granted to a “2016 Chi-Med Eligible Person”, being any person who is (or will be on and following the date of offer of the relevant option) a non-executive director (excluding any independent non-executive directors) or an employee or director holding salaried office or employment under a contract with Chi-Med, its listed parent company (which is currently the Company) and any of its subsidiaries or affiliates, and any holding company, subsidiaries or affiliates of Chi-Med or other companies which the Chi-Med Board determines will be subject to the 2016 Plan, who is notified by the Chi-Med Board that he or she is an eligible person.

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

(4) Unless otherwise determined by the Chi-Med Board and stated in the offer of the grant of share options to a 2016 Chi-Med Eligible Person, there is no minimum period required under the 2016 Plan for the holding of a share option before it can be exercised.

(5) Subject to any adjustment according to the rules of the 2016 Plan, the exercise price shall be, in respect of any share option, the 2016 Market Value (as defined below) of the Chi-Med Shares as at the offer date.

where “2016 Market Value” on any particular day means:

(i) where the Chi-Med Shares of the same class are admitted to trading on any stock exchange, 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; or

(ii) where the Chi-Med Shares of the same class are not admitted to trading on any recognised stock exchange, the value of a Chi-Med Share determined in such manner as the Chi-Med Board considers reasonable according to objective criteria.
(6) The maximum number of Chi-Med Shares which may be allotted and issued pursuant to the 2016 Plan is subject to the following:

(a) the total number of Chi-Med Shares which may be issued upon the exercise of all options to be granted under the 2016 Plan must not in aggregate exceed 4% of the Chi-Med Shares in issue as at 13 May 2016, being the date on which the 2016 Plan was approved by the shareholders of the Company in general meeting (the “Scheme Limit”). Share options lapsed in accordance with the terms of the 2016 Plan will not be counted for the purpose of calculating the Scheme Limit;

(b) the Chi-Med Board may refresh the Scheme 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 which may be issued upon exercise of share options to be granted under the 2016 Plan and any options under any other share option schemes of Chi-Med under the limit as refreshed shall not exceed 10% of the Chi-Med Shares in issue at the date on which shareholders of the listed parent company approve the refreshed limit (where applicable). Share options previously granted under the 2016 Plan and any other share option schemes of Chi-Med (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) 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 2016 Plan (including the share options granted but yet to be exercised) is 2,425,597, which represented approximately 4% of the total number of Chi-Med Shares in issue as at that date;

(c) share options may be granted to any 2016 Chi-Med Eligible Person(s) specifically identified by the Chi-Med Board which would cause the Scheme Limit (including, for the avoidance of doubt, any such limit as refreshed under paragraph (6)(b) above) to be exceeded, but only 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 always to paragraphs (6)(d) and (6)(e) below, and restrictions on grant to key individuals under the 2016 Plan;

(d) (i) the Chi-Med Board shall not grant any share options (the “Relevant Chi-Med Options”) to any 2016 Chi-Med Eligible Person which, if exercised, would result in such person becoming entitled to subscribe for such number of Chi-Med Shares as, when aggregated with the total number of Chi-Med Shares already issued or to be issued to him or her under all share options (including both exercised and outstanding share options) granted to him or her in the 12-month period up to and including the offer date of the Relevant Chi-Med Options, exceeds 1% of the Chi-Med Shares in issue at such date; and

(ii) notwithstanding paragraph (6)(d)(i) above, the Chi-Med Board may grant share options to any 2016 Chi-Med Eligible Person(s) which would cause the limit under paragraph (6)(d)(i) above in relation to such 2016 Chi-Med Eligible Person to be exceeded, but only with the approval of the shareholders of the listed parent in a general meeting (with such 2016 Chi-Med Eligible Person and his/her associates abstaining from voting) and subject to paragraph (6)(e) below; and

(e) the total number of Chi-Med Shares which may be issued upon exercise of all outstanding share options granted and not yet exercised under the 2016 Plan and under any other share option scheme of Chi-Med must not exceed 10% of the Chi-Med Shares in issue from time to time.

Subject to and in accordance with the rules of the 2016 Plan, a share option may be exercised during a period which is notified at the offer date of the share option, such period will not exceed the period of 10 years from such offer date.
Particulars of share options outstanding under the 2006 Plan and the 2016 Plan at the beginning and at the end of the financial year ended 31 December 2016 and share options granted, exercised, cancelled or lapsed under the 2006 Plan and the 2016 Plan during the year were as follows:

### 2006 Plan

<table>
<thead>
<tr>
<th>Category of participant</th>
<th>Date of grant of share options</th>
<th>Number of share options held as at 1 January 2016</th>
<th>Granted during 2016</th>
<th>Exercised during 2016</th>
<th>Lapsed/cancelled during 2016</th>
<th>Number of share options held as at 31 December 2016</th>
<th>Exercise period of share options</th>
<th>Exercise price of share options on grant date of share options</th>
<th>Price of Chi-Med Share on exercise date of share options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees in aggregate</td>
<td>11.9.2006</td>
<td>26,808</td>
<td>(26,808)</td>
<td></td>
<td></td>
<td>11.9.2006</td>
<td>1.715</td>
<td>1.715 (6)</td>
<td>18.150 (6)</td>
</tr>
<tr>
<td></td>
<td>18.5.2007</td>
<td>37,857</td>
<td>(26,201)</td>
<td>11,656</td>
<td></td>
<td>18.5.2007</td>
<td>1.535</td>
<td>1.535 (6)</td>
<td>20.033 (6)</td>
</tr>
<tr>
<td></td>
<td>24.6.2011</td>
<td>75,000</td>
<td>(75,000)</td>
<td></td>
<td></td>
<td>24.6.2011</td>
<td>4.055</td>
<td>4.000 (6)</td>
<td>N/A</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>442,365</td>
<td>(442,365)</td>
<td>338,634</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 2016 Plan

<table>
<thead>
<tr>
<th>Category of participant</th>
<th>Date of grant of share options</th>
<th>Number of share options held as at 1 January 2016</th>
<th>Granted during 2016</th>
<th>Exercised during 2016</th>
<th>Lapsed/cancelled during 2016</th>
<th>Number of share options held as at 31 December 2016</th>
<th>Exercise period of share options</th>
<th>Exercise price of share options on grant date of share options</th>
<th>Price of Chi-Med Share on exercise date of share options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees in aggregate</td>
<td>15.6.2016</td>
<td>N/A</td>
<td>593,686</td>
<td></td>
<td></td>
<td>15.6.2016</td>
<td>19.700</td>
<td>19.750 (6)</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>15.6.2016</td>
<td>N/A</td>
<td>100,000</td>
<td></td>
<td></td>
<td>15.6.2016</td>
<td>19.700</td>
<td>19.750 (6)</td>
<td>N/A</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>N/A</td>
<td>693,686</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Notes:

(1) The share options granted 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.

(2) 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.

(3) 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.

(4) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of approximately 50% on the day after the acceptance of the offer, approximately 25% on 20 December 2016 and approximately 25% on 20 December 2017.

(5) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of approximately 50% on the day after the acceptance of the offer, approximately 25% on 28 June 2017 and approximately 25% on 28 June 2018.

(6) The stated price was the closing price of the Chi-Med Shares quoted on AIM on the trading day immediately prior to the date of grant of share options.

(7) The stated price was the weighted average closing price of the Chi-Med Shares quoted on AIM on the trading day immediately prior to the date on which the share options were exercised.

As at the date of this report, Chi-Med had 335,910 share options and 693,686 share options outstanding under the 2006 Plan and 2016 Plan respectively, which represented approximately 0.55% and 1.14% respectively 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:

<table>
<thead>
<tr>
<th>Value of each share option</th>
<th>£8.991</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant inputs into the valuation model:</td>
<td></td>
</tr>
<tr>
<td>Exercise price</td>
<td>£19.7</td>
</tr>
<tr>
<td>Share price at effective grant date</td>
<td>£19.7</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>39%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1%</td>
</tr>
<tr>
<td>Contractual life of share options</td>
<td>8 years</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0%</td>
</tr>
</tbody>
</table>

The volatility of the underlying stock during the life of the share options is estimated with reference to the historical volatility prior to the issuances of share options. Changes in such subjective input assumptions could affect the fair value estimate.
(III) Hutchison Telecommunications (Australia) Limited (“HTAL”)

On 1 June 2007, HTAL adopted a share option plan (the “HTAL Plan”) for the grant of options to acquire ordinary shares in the share capital of HTAL (the “HTAL Shares”). The HTAL Plan is valid and effective during the period commencing on 1 June 2007 and ending on 31 May 2017, being the date falling 10 years from the date on which the HTAL Plan was adopted. The HTAL Plan has a remaining term of approximately two months as at the date of this report. A summary of the HTAL Plan is as follows:

1. The purpose of the HTAL Plan is to provide HTAL with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to HTAL Eligible Persons (as defined below).

2. Share options may be granted 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 a HTAL Eligible Person to acquire (in the case of a share option that has an exercise price, by subscription or purchase) HTAL Shares (the “Right”).

3. No payment is required for the grant of a Right unless the HTAL Board determines otherwise.

4. Unless otherwise determined by the HTAL Board and stated in the offer of the grant of share options to a HTAL Eligible Person, there is no minimum period required under the HTAL Plan for the holding of a share option before it can be exercised.

5. 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.
(6) 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 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;

(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 (6)(a) above and without prejudice to paragraph (6)(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 the 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 (6)(a) and without prejudice to paragraph (6)(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 (6)(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; and

(d) the total number of HTAL Shares issued and to be issued upon the exercise of the share options granted to each participant in the HTAL Plan or Other HTAL Plan (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of HTAL, unless approved by the shareholders of the Company in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.
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.

As at the date of this report, the total number of HTAL Shares available for issue under the HTAL Plan is 35,431,271 shares which represented approximately 0.26% of the HTAL Shares in issue as at that date.

There were no share options outstanding under the HTAL Plan during the financial year ended 31 December 2016 nor any share option was granted, exercised, cancelled or lapsed under the HTAL Plan during the year.

(IV) Hutchison Telecommunications Hong Kong Holdings Limited (“HTHKH”)

On 6 April 2009, HTHKH conditionally adopted a share option scheme (the “HTHKH Plan”) for the grant of options to acquire ordinary shares in the share capital of HTHKH (the “HTHKH Shares”). The HTHKH Plan is valid and effective during the period commencing on 21 May 2009 and ending on 20 May 2019, being the date falling 10 years from the date on which the HTHKH Plan became unconditional. The HTHKH Plan has a remaining term of approximately two years as at the date of this report. A summary of the HTHKH Plan is as follows:

(1) The purpose of 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.

(2) 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 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) 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.

(3) A nominal consideration of HK$1 is payable on acceptance of the offer of the grant of a share option.

(4) Unless otherwise determined by the HTHKH Directors and stated in the offer of 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.

(5) 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 (a) 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 business day; (b) 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 business days immediately preceding the date of the offer of grant of the share options which must be a business day; and (c) the nominal value of HTHKH Shares.

(6) The maximum number of HTHKH Shares which may be allotted and issued pursuant to the HTHKH Plan 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 (including the share options granted but yet to be exercised) is 476,884,620, representing approximately 9.90% of the total number of HTHKH Shares in issue as at that date;

(c) subject to paragraph (6)(a) above and without prejudice to paragraph (6)(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 paragraph (6)(a) above and without prejudice to paragraph (6)(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 Rule to be despatched to the HTHKH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph (6)(c) above to participants specifically identified by HTHKH before such approval is sought; and

(e) the total number of HTHKH Shares issued and to be issued upon the exercise of the share options granted to each participant under the HTHKH Plan and Other HTHKH Plan (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of HTHKH, unless approved by the HTHKH Shareholders in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements 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.

Particulars of share options outstanding under the HTHKH Plan at the beginning and at the end of the financial year ended 31 December 2016 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during the year were as follows:

<table>
<thead>
<tr>
<th>Category of participant</th>
<th>Date of grant of share options</th>
<th>Number of share options held as at 1 January 2016</th>
<th>Granted during 2016</th>
<th>Exercised during 2016</th>
<th>Lapsed/ cancelled during 2016</th>
<th>Number of share options held as at 31 December 2016</th>
<th>Exercise period of share options</th>
<th>Exercise price of share options HK$</th>
<th>Price of HTHKH Share on grant date of share options HK$</th>
<th>Price of HTHKH Share on exercise date of share options HK$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees in aggregate</td>
<td>1.6.2009</td>
<td>200,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>200,000</td>
<td>1.6.2009 to 31.5.2019</td>
<td>1.00</td>
<td>0.96</td>
<td>N/A</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>200,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>200,000</td>
<td>1.00</td>
<td>0.96</td>
<td>N/A</td>
<td>0.96</td>
</tr>
</tbody>
</table>

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.

As at the date of this report, HTHKH had 200,000 share options outstanding under the HTHKH Plan, which represented approximately 0.004% 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 2016.
(V) Hydrospin Monitoring Solutions Ltd ("Hydrospin")

On 11 June 2015, Hydrospin adopted the share option scheme (the “Hydrospin Plan”) for the grant of options to acquire ordinary shares in the share capital of Hydrospin (the “Hydrospin Shares”). The Hydrospin Plan is valid and effective during the period commencing on 11 June 2015 and ending on 10 June 2025, being the date falling 10 years from the date on which the Hydrospin Plan was adopted. The Hydrospin Plan has a remaining term of approximately eight years as at the date of this report. A summary of the Hydrospin Plan is as follows:

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

2. The directors of Hydrospin (the “Hydrospin 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 the Hydrospin 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) of Hydrospin, any of its subsidiaries or any entity in which any member of the Hydrospin Group holds an equity interest (the “Hydrospin Invested Entity”);

   (b) any non-executive directors (including independent non-executive directors) of Hydrospin, any of its subsidiaries or any Hydrospin Invested Entity;

   (c) any supplier of goods or services to any member of the Hydrospin Group or any Hydrospin Invested Entity;

   (d) any customer of any member of the Hydrospin Group or any Hydrospin Invested Entity;

   (e) any person or entity that provides research, development or other technological support to any member of the Hydrospin Group or any Hydrospin Invested Entity;

   (f) any shareholder of any member of the Hydrospin Group or any Hydrospin Invested Entity or any holder of any securities issued by any member of the Hydrospin Group or any Hydrospin 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 Hydrospin Group; and

   (h) any company wholly owned by any one or more persons belonging to any one or more of the above classes of participants.

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

3. Share option holders are not required to pay for the acceptance of a grant of share options.

4. Unless otherwise determined by the Hydrospin Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Hydrospin Plan for the holding of a share option before it can be exercised.
(5) The subscription price for the Hydrospin Shares under the Hydrospin Plan shall be a price determined by the Hydrospin Directors but shall, if the Hydrospin Shares are traded on a stock exchange (the “Stock Exchange”, being the SEHK or other principal stock exchange in Hong Kong for the time being or such other stock exchange which is the principal stock exchange (as determined by the Hydrospin Directors) on which the relevant shares are for the time being listed or traded), not be less than the highest of (a) the closing price of the Hydrospin Shares as stated in the Stock Exchange’s daily quotations sheet for trade in one or more board lots of the Hydrospin Shares on the date of the offer of grant of the share options which must be a day on which the banks in the State of Israel are open for business (the “Israel Business Day”); (b) the average closing price of the Hydrospin Shares as stated in the Stock Exchange’s daily quotations sheet for trade in one or more board lots of the Hydrospin Shares for the five Israel Business Days immediately preceding the date of the offer of grant of the share options which must be an Israel Business Day; and (c) the nominal value of a Hydrospin Share.

The subscription price of any share option granted within the period commencing six months before the listing of the Hydrospin Shares on a Stock Exchange up to the listing date of the Hydrospin Shares on a Stock Exchange shall be adjusted immediately following such listing, at the discretion of the Hydrospin Directors, provided that such subscription price shall not be lower than the new issue price.

(6) The maximum number of the Hydrospin Shares which may be allotted and issued pursuant to the Hydrospin Plan is as follows:

(a) the maximum number of the Hydrospin Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the Hydrospin Plan and any other share option scheme adopted by the Hydrospin Group (“Other Hydrospin Plan”) shall not exceed 30% of the relevant class of securities of Hydrospin (or its subsidiaries) in issue from time to time;

(b) the total number of the Hydrospin 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 Hydrospin Plan and Other Hydrospin Plan) to be granted under the Hydrospin Plan and Other Hydrospin Plan must not in aggregate exceed 10% of the relevant class of securities of Hydrospin (or its subsidiaries) in issue as at the date the Hydrospin Plan is approved and adopted by the Hydrospin Directors (the “Hydrospin General Scheme Limit”). Based on the number of the Hydrospin Shares in issue on the date the Hydrospin Plan is approved and adopted, the Hydrospin General Scheme Limit of the Hydrospin Plan is 122 Hydrospin Shares. As at the date of this report, the total number of Hydrospin Shares available for issue under the Hydrospin Plan is 122, representing approximately 10% of the total number of the Hydrospin Shares in issue as at that date;

(c) subject to paragraph 6(a) above and without prejudice to paragraph 6(d) below, the Company may seek approval of its shareholders (the “CKHH Shareholders”) in a general meeting to refresh the Hydrospin General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) provided that the total number of the Hydrospin Shares which may be allotted and issued upon the exercise of all share options to be granted under the Hydrospin Plan and Other Hydrospin Plan must not exceed 10% of the relevant class of securities of Hydrospin (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 Hydrospin Plan and Other Hydrospin Plan) previously granted under the Hydrospin Plan and Other Hydrospin Plan will not be counted;

(d) subject to paragraph 6(a) above and without prejudice to paragraph 6(c) above, the Company may seek separate approval of the CKHH Shareholders in a general meeting to grant share options under the Hydrospin Plan beyond the Hydrospin General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph 6(c) above to participants specifically identified by Hydrospin before such approval is sought; and
the total number of the Hydrospin Shares issued, and which may fall to be issued, upon the exercise of the share options granted under the Hydrospin Plan and Other Hydrospin 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 the relevant class of securities of Hydrospin for the time being unless approved by the CKHH Shareholders in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

A share option may be exercised in accordance with the terms of the Hydrospin Plan at any time during a period (which may not expire later than 10 years from the date of grant of the share option) to be determined on the date of grant of the share option and notified by the Hydrospin Directors to each grantee, and in the absence of such determination, from the date on which such share option is deemed to have been granted to the date falling 10 years from the date of grant of the share option subject to the provisions for early termination thereof.

No share options were granted under the Hydrospin Plan during the year ended 31 December 2016 and up to the date of this report.

(VI) Aquarius Spectrum Ltd (“Aquarius”)

On 8 July 2015, Aquarius adopted the share option scheme (the “Aquarius Plan”) for the grant of options to acquire ordinary shares in the share capital of Aquarius (the “Aquarius Shares”). The Aquarius Plan is valid and effective during the period commencing on 8 July 2015 and ending on 7 July 2025, being the date falling 10 years from the date on which the Aquarius Plan was adopted. The Aquarius Plan has a remaining term of approximately eight years as at the date of this report. A summary of the Aquarius Plan is as follows:

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

(2) The directors of Aquarius (the “Aquarius 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 the Aquarius 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) of Aquarius, any of its subsidiaries or any entity in which any member of the Aquarius Group holds an equity interest (the “Aquarius Invested Entity”);

(b) any non-executive directors (including independent non-executive directors) of Aquarius, any of its subsidiaries or any Aquarius Invested Entity;

(c) any supplier of goods or services to any member of the Aquarius Group or any Aquarius Invested Entity;

(d) any customer of any member of the Aquarius Group or any Aquarius Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the Aquarius Group or any Aquarius Invested Entity;

(f) any shareholder of any member of the Aquarius Group or any Aquarius Invested Entity or any holder of any securities issued by any member of the Aquarius Group or any Aquarius 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 Aquarius Group; and
(h) any company wholly owned by any one or more persons belonging to any one or more of the above classes of participants.

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

(3) Share option holders are not required to pay for the acceptance of a grant of share options.

(4) Unless otherwise determined by the Aquarius Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Aquarius Plan for the holding of a share option before it can be exercised.

(5) The subscription price for the Aquarius Shares under the Aquarius Plan shall be a price determined by the Aquarius Directors but shall, if the Aquarius Shares are traded on a Stock Exchange, not be less than the highest of (a) the closing price of the Aquarius Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Aquarius Shares on the date of the offer of grant of the share options which must be an Israel Business Day; (b) the average closing price of the Aquarius Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Aquarius Shares for the five Israel Business Days immediately preceding the date of the offer of grant of the share options which must be an Israel Business Day; and (c) the nominal value of a Aquarius Share.

The subscription price of any share option granted within the period commencing six months before the listing of the Aquarius Shares on a Stock Exchange up to the listing date of the Aquarius Shares on a Stock Exchange shall be adjusted immediately following such listing, at the discretion of the Aquarius Directors, provided that such subscription price shall not be lower than the new issue price.

(6) The maximum number of the Aquarius Shares which may be allotted and issued pursuant to the Aquarius Plan is as follows:

(a) the maximum number of the Aquarius Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the Aquarius Plan and any other share option scheme adopted by the Aquarius Group (“Other Aquarius Plan”) shall not exceed 30% of the relevant class of securities of Aquarius (or its subsidiaries) in issue from time to time;

(b) the total number of the Aquarius 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 Aquarius Plan and Other Aquarius Plan) to be granted under the Aquarius Plan and Other Aquarius Plan must not in aggregate exceed 10% of the relevant class of securities of Aquarius (or its subsidiaries) in issue as at the date the Aquarius Plan is approved and adopted by the Aquarius Directors (the “Aquarius General Scheme Limit”). Based on the number of the Aquarius Shares in issue on the date the Aquarius Plan is approved and adopted, the Aquarius General Scheme Limit of the Aquarius Plan is 2,645 Aquarius Shares. As at the date of this report, the total number of Aquarius Shares available for issue under the Aquarius Plan is 2,645, representing approximately 4.79% of the total number of the Aquarius Shares in issue as at that date;

(c) subject to paragraph 6(a) above and without prejudice to paragraph 6(d) below, the Company may seek approval of the CKHH Shareholders in a general meeting to refresh the Aquarius General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) provided that the total number of the Aquarius Shares which may be allotted and issued upon the exercise of all share options to be granted under the Aquarius Plan and Other Aquarius Plan must not exceed 10% of the relevant class of securities of Aquarius (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 Aquarius Plan and Other Aquarius Plan) previously granted under the Aquarius Plan and Other Aquarius Plan will not be counted;
(d) subject to paragraph 6(a) above and without prejudice to paragraph 6(c) above, the Company may seek separate approval of the CKHH Shareholders in a general meeting to grant share options under the Aquarius Plan beyond the Aquarius General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph 6(c) above to participants specifically identified by Aquarius before such approval is sought; and

(e) the total number of the Aquarius Shares issued, and which may fall to be issued, upon the exercise of the share options granted under the Aquarius Plan and Other Aquarius 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 the relevant class of securities of Aquarius for the time being unless approved by the CKHH Shareholders in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

A share option may be exercised in accordance with the terms of the Aquarius Plan at any time during a period (which may not expire later than 10 years from the date of grant of the share option) to be determined on the date of grant of the share option and notified by the Aquarius Directors to each grantee, and in the absence of such determination, from the date on which such share option is deemed to have been granted to the date falling 10 years from the date of grant of the share option subject to the provisions for early termination thereof.

No share options were granted under the Aquarius Plan during the year ended 31 December 2016 and up to the date of this report.

(VII) Mercu Removal Ltd. (“Mercu”)

On 23 May 2016, Mercu adopted the share option scheme (the “Mercu Plan”) for the grant of options to acquire ordinary shares in the share capital of Mercu (the “Mercu Shares”). The Mercu Plan is valid and effective during the period commencing on 23 May 2016 and ending on 22 May 2026, being the date falling 10 years from the date on which the Mercu Plan was adopted. The Mercu Plan has a remaining term of approximately nine years as at the date of this report. A summary of the Mercu Plan is as follows:

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

(2) The directors of Mercu (the “Mercu 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 the Mercu 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) of Mercu, any of its subsidiaries or any entity in which any member of the Mercu Group holds an equity interest (the “Mercu Invested Entity”);

(b) any non-executive directors (including independent non-executive directors) of Mercu, any of its subsidiaries or any Mercu Invested Entity;

(c) any supplier of goods or services to any member of the Mercu Group or any Mercu Invested Entity;

(d) any customer of any member of the Mercu Group or any Mercu Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the Mercu Group or any Mercu Invested Entity;

(f) any shareholder of any member of the Mercu Group or any Mercu Invested Entity or any holder of any securities issued by any member of the Mercu Group or any Mercu 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 Mercu Group; and

(h) any company wholly owned by any one or more persons belonging to any one or more of the above classes of participants.

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

(3) Share option holders are not required to pay for the acceptance of a grant of share options.

(4) Unless otherwise determined by the Mercu Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Mercu Plan for the holding of a share option before it can be exercised.

(5) The subscription price for the Mercu Shares under the Mercu Plan shall be a price determined by the Mercu Directors but shall, if the Mercu Shares are traded on a Stock Exchange, not be less than the highest of (a) the closing price of the Mercu Shares as stated in the Stock Exchange’s daily quotations sheet for trade in one or more board lots of the Mercu Shares on the date of the offer of grant of the share options which must be an Israel Business Day; (b) the average closing price of the Mercu Shares as stated in the Stock Exchange’s daily quotations sheet for trade in one or more board lots of the Mercu Shares for the five Israel Business Days immediately preceding the date of the offer of grant of the share options which must be an Israel Business Day; and (c) the nominal value of a Mercu Share.

The subscription price of any share option granted within the period commencing six months before the listing of the Mercu Shares on a Stock Exchange up to the listing date of the Mercu Shares on a Stock Exchange shall be adjusted immediately following such listing, at the discretion of the Mercu Directors, provided that such subscription price shall not be lower than the new issue price.

(6) The maximum number of the Mercu Shares which may be allotted and issued pursuant to the Mercu Plan is as follows:

(a) the maximum number of the Mercu Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the Mercu Plan and any other share option scheme adopted by the Mercu Group ("Other Mercu Plan") shall not exceed 30% of the relevant class of securities of Mercu (or its subsidiaries) in issue from time to time;

(b) the total number of the Mercu 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 Mercu Plan and Other Mercu Plan) to be granted under the Mercu Plan and Other Mercu Plan must not in aggregate exceed 10% of the relevant class of securities of Mercu (or its subsidiaries) in issue as at the date the Mercu Plan is approved and adopted by the Mercu Directors (the "Mercu General Scheme Limit"). Based on the number of the Mercu Shares in issue on the date the Mercu Plan is approved and adopted, the Mercu General Scheme Limit of the Mercu Plan is 3,000 Mercu Shares. As at the date of this report, the total number of Mercu Shares available for issue under the Mercu Plan is 3,000, representing approximately 10% of the total number of the Mercu Shares in issue as at that date;

(c) subject to paragraph 6(a) above and without prejudice to paragraph 6(d) below, the Company may seek approval of the CKHH Shareholders in a general meeting to refresh the Mercu General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) provided that the total number of the Mercu Shares which may be allotted and issued upon the exercise of all share options to be granted under the Mercu Plan and Other Mercu Plan must not exceed 10% of the relevant class of securities of Mercu (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 Mercu Plan and Other Mercu Plan) previously granted under the Mercu Plan and Other Mercu Plan will not be counted;
(d) subject to paragraph 6(a) above and without prejudice to paragraph 6(c) above, the Company may seek separate approval of the CKHH Shareholders in a general meeting to grant share options under the Mercu Plan beyond the Mercu General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph 6(c) above to participants specifically identified by Mercu before such approval is sought; and

(e) the total number of the Mercu Shares issued, and which may fall to be issued, upon the exercise of the share options granted under the Mercu Plan and Other Mercu 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 the relevant class of securities of Mercu for the time being unless approved by the CKHH Shareholders in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

A share option may be exercised in accordance with the terms of the Mercu Plan at any time during a period (which may not expire later than 10 years from the date of grant of the share option) to be determined on the date of grant of the share option and notified by the Mercu Directors to each grantee, and in the absence of such determination, from the date on which such share option is deemed to have been granted to the date falling 10 years from the date of grant of the share option subject to the provisions for early termination thereof.

No share options were granted under the Mercu Plan during the year ended 31 December 2016 and up to the date of this report.

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.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into or existed during the year.

Purchase, Sale or Redemption of Listed Shares

During the year, the Company repurchased a total of 2,000,000 ordinary shares of HK$1 each in the capital of the Company on the SEHK, with the aggregate consideration paid (before expenses) amounting to HK$188,158,864.10. All the shares repurchased were subsequently cancelled. The Directors believe that such repurchase of shares would enhance the net assets and/or earnings per share of the Company and benefit the Company and its shareholders. As at 31 December 2016, the total number of shares of the Company in issue was 3,857,678,500.

Particulars of the share repurchase are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Number of shares repurchased</th>
<th>Purchase price per share</th>
<th>Aggregate consideration (before expenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2016</td>
<td>2,000,000</td>
<td>Highest 95.00 Lowest 92.50</td>
<td>188,158,864.10</td>
</tr>
</tbody>
</table>

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company.
Report of the Directors

Pre-emptive Rights

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

Major Customers and Suppliers

During the year, the respective percentage of purchases attributable to the Group's five largest suppliers combined and the revenue from sales of goods or rendering of services attributable to the Group's five largest customers combined was less than 30% of the total value of Group purchases and total Group revenue.

Sufficiency of Public Float

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, approximately 69% of the issued shares of the Company was held by the public.

Auditor

The financial statements for the year ended 31 December 2016 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the 2017 annual general meeting.

By order of the Board

Edith Shih
Executive Director and Company Secretary

Hong Kong, 22 March 2017