

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

## Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and jointly controlled entities are shown on pages 221 to 226.

## Group Profit

The consolidated income statement is set out on page 130 and shows the Group profit for the year ended 31 December 2009.

## Dividends

An interim dividend of HK\$0.51 per share was paid to shareholders on 25 September 2009 and the Directors recommend the declaration of a final dividend at the rate of HK\$1.22 per share payable on 28 May 2010 to all persons registered as holders of shares on 27 May 2010. The Register of Members will be closed from 20 May 2010 to 27 May 2010, both dates inclusive.

## Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 45 to the accounts on pages 219 to 220 and the consolidated statement of changes in equity on page 136 respectively.

## Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK\$26,000,000 (2008-approximately HK\$105,000,000).

## Fixed Assets

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

## Share Capital

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

## Directors

The board of Directors of the Company (the "Board") as at 31 December 2009 comprised Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt, Mr Lai Kai Ming, Dominic, Mr Kam Hing Lam, The Hon Sir Michael David Kadoorie, Mr Holger Kluge, Mrs Margaret Leung Ko May Yee, Mr George Colin Magnus, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr William Shurniak and Mr Wong Chung Hin.

Mr Or Ching Fai, Raymond retired as Director with effect from the conclusion of the annual general meeting of the Company held on 21 May 2009. Mrs Margaret Leung Ko May Yee was appointed as an Independent Non-executive Director on 22 May 2009. The Board would like to record its appreciation for the services of Mr Or Ching Fai, Raymond to the Group and is pleased to welcome the appointment of Mrs Margaret Leung Ko May Yee.

Mr Li Tzar Kuoi, Victor, Mr Frank John Sixt, The Hon Sir Michael David Kadoorie and Mr George Colin Magnus, and Mrs Margaret Leung Ko May Yee will retire at the forthcoming annual general meeting under the provisions of Article 85 and Article 91 of the Articles of Association of the Company respectively and, being eligible, will offer themselves for re-election at the annual general meeting.

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

The Directors' biographical details are set out on pages 74 to 76.

## Interest in Contracts

No contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a subsidiary was a party in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Connected Transactions

During the year ended 31 December 2009 and up to the date of this report, the Group conducted the following transactions which constituted and/or would constitute connected transactions for the Company under the Listing Rules:

- (1) On 6 April 2009, the Company and Hutchison Telecommunications International Limited ("HTIL", an indirect subsidiary of the Company whose shares are listed on the Main Board of the Stock Exchange and American depositary shares are listed on New York Stock Exchange, Inc.) jointly announced that on 3 April 2009, (a) Hutchison Telecommunications (Luxembourg) S.à r.l. ("HTLS", an indirect wholly owned subsidiary of HTIL) entered into a conditional loan agreement to advance to Lucky Wealth Success Ltd. ("Lucky wealth") (guaranteed by PT. Asia Mobile) US\$55 million (approximately HK\$426.3 million); (b) Loudella Limited (an indirect wholly owned subsidiary of HTIL) entered into a conditional agreement to acquire the benefits of certain shareholder loans of approximately US\$91.4 million (approximately HK\$708.4 million) in aggregate principal amount advanced by PT. Asia Mobile to PT. Hutchison CP Telecommunications ("HCPT", an indirect 65% owned subsidiary of HTIL, at a consideration of US\$1.00 (approximately HK\$7.75); (c) HTLS entered into a share option deed and pursuant to which, PT. Asia Mobile agreed for a consideration of US\$1.00 to grant to HTLS a share option to purchase and to require PT. Asia Mobile to sell its shares in HCPT exercisable by notice in writing at any time during a twenty-year period and on an unlimited number of occasions subject to compliance with all requisite approvals, registrations and/or notifications required for effecting any transfer of option shares on any exercise of such share option; and (d) HCPT and CAC Holdings (Netherlands) B.V. (an indirect wholly owned subsidiary of HTIL) entered into an amended and restated shareholders agreement with PT. Asia Mobile to amend and restate the parties respective rights and obligations as shareholders of HCPT.

The above transactions constituted connected transactions for the Company under the Listing Rules by virtue of HTIL being a subsidiary of the Company, PT. Asia Mobile being a substantial shareholder of HTIL by virtue of its holding 35% equity interest in HCPT and Lucky Wealth being an associate of PT. Asia Mobile.

- (2) On 7 May 2009, Ace Dimension Limited, an indirect wholly owned subsidiary of the Company, received an allocation and agreed to acquire the 5.90% Notes due 2014 and the 7.25% Notes due 2019 issued by Husky Energy Inc. ("Husky") for an aggregate purchase price of US\$200 million (or approximately HK\$1,550 million).

Husky is a connected person of the Company by virtue of being an associate of a director of the Company. The transaction constituted provision of financial assistance by the Company to Husky and as such amounted to a connected transaction for the Company under the Listing Rules.

## Report of the Directors

- (3) On 9 June 2009, Acelist Limited ("Acelist"), Daystep Limited ("Daystep"), Ideal Zone Limited and Plan Bright Limited, all being indirect wholly owned subsidiaries of the Company, completed the cash tender offers made and announced on 7 May 2009 (the "First Tender Offer") for up to US\$1,500 million (approximately HK\$11,625 million) in aggregate principal amount of the following Notes:
- (a) an aggregate of US\$3,500 million (approximately HK\$27,126 million) 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited ("HWI(03/13)") and unconditionally and irrevocably guaranteed by the Company (the "2013 Notes");
  - (b) an aggregate of US\$2,000 million (approximately HK\$15,500 million) 6.25% Notes due 2014 issued by Hutchison Whampoa International (03/33) Limited ("HWI(03/33)") and unconditionally and irrevocably guaranteed by the Company (the "2014 Notes");
  - (c) an aggregate of US\$500 million (approximately HK\$3,875 million) 7.50% Notes due 2027 issued by Hutchison Whampoa Finance (CI) Limited and unconditionally and irrevocably guaranteed by the Company; and
  - (d) an aggregate of US\$1,500 million (approximately HK\$11,625 million) 7.45% Notes due 2033 issued by HWI(03/33) and unconditionally and irrevocably guaranteed by the Company (the "2033 Notes").

On 17 June 2009, Acelist and Daystep completed the tender offers made and announced on 15 May 2009 (the "Second Tender Offer") for up to US\$750 million (approximately HK\$5,813 million) in aggregate principal amount of the following Notes:

- (a) an aggregate of US\$1,500 million (approximately HK\$11,625 million) 5.45% Notes due 2010 issued by HWI(03/33) and unconditionally and irrevocably guaranteed by the Company; and
- (b) an aggregate of US\$1,500 million (approximately HK\$11,625 million) 7.00% Notes due 2011 issued by Hutchison Whampoa International (01/11) Limited and unconditionally and irrevocably guaranteed by the Company (the "2011 Notes").

Dragonfield Limited ("Dragonfield") tendered for sale, inter alia, and sold on the terms of the First Tender Offer US\$10.792 million (approximately HK\$84 million) in aggregate principal amount of the 2013 Notes, US\$8 million (approximately HK\$62 million) in aggregate principal amount of the 2014 Notes and US\$15 million (approximately HK\$116 million) in aggregate principal amount of the 2033 Notes and on the terms of the Second Tender Offer US\$12 million (approximately HK\$93 million) in aggregate principal amount of the 2011 Notes all for an aggregate cash consideration of US\$47,599,706.72 (approximately HK\$369 million).

Dragonfield is a connected person of the Company by virtue of being an associate of Mr Li Tzar Kuoi, Victor, a director of the Company. The transactions constituted connected transactions for the Company under the Listing Rules.

- (4) On 21 July 2009, the Company provided guarantees on a several basis in respect of (i) 39.37% of the obligations of TOM Group Limited ("TOM") under a term loan facility of up to HK\$300 million in principal amount agreed to be made available to TOM by an independent financial institution for a term of 36 months pursuant to a facility agreement entered into by TOM on 21 July 2009; and (ii) 80.32% of TOM's obligations under each of the three separate term and revolving loan facilities of up to an aggregate principal amount of HK\$1,600 million agreed to be made available to TOM by three independent financial institutions for a term of 36 months pursuant to three facility agreements respectively, entered into by TOM on 30 June 2009 and 21 July 2009 (as appropriate).

TOM was owned as to approximately 25.45%, 24.47% and 12.23% by Cranwood Company Limited and its subsidiaries, the subsidiaries of the Company and Cheung Kong (Holdings) Limited ("Cheung Kong") respectively. By virtue of Cheung Kong being a substantial shareholder and a connected person (other than at the level of the subsidiaries) of the Company, the provision of the guarantees by the Company for the benefit of TOM constituted connected transactions for the Company under the Listing Rules.

- (5) On 10 December 2009, the Company executed a guarantee (the "H3G Guarantee") in respect of 60% of the obligations of H3G Enterprise AB ("H3GE") under a SEK10,500,000,000 (approximately HK\$11,470 million) term loan facility made available to H3GE by independent financial institutions.

H3GE is a connected person of the Company by virtue of being 40% held by, and hence an associate of Investor AB, a substantial shareholder of the Company by virtue of its 40% interest in a subsidiary of the Company, H3G Holdings AB. The provision of the H3G Guarantee constituted a connected transaction for the Company under the Listing Rules.

- (6) On 8 January 2010, Hutchison Telecommunications Holdings Limited ("HTHL"), an indirect wholly owned subsidiary of the Company, requested the board of directors of HTHL to put forward a proposal to the shareholders of HTHL regarding the privatisation of HTHL by way of a scheme of arrangement (the "Scheme") under Section 86 of the Companies Law of the Cayman Islands (the "Proposal"). On 15 March 2010, by a composite scheme document issued jointly by the Company, HTHL and HTIL, it was proposed that upon the Scheme becoming effective, shares of HTHL which are held by the shareholders of HTHL (other than HTHL and Hutchison Telecommunications Investment Holdings Limited) (together the "Scheme Shares") are cancelled in exchange for HK\$2.20 in cash for each Scheme Share and holders of the American depository shares of HTHL (the "HTIL ADS") will receive for each HTIL ADS the US dollar equivalent of 15 times the cancellation price of HK\$2.20 in cash which represented approximately US\$4.26 in cash at an exchange rate (being US\$1.00 to HK\$7.75) in effect on 6 January 2010.

The aggregate payment by HTHL of the cancellation price to connected persons (including companies controlled by Mr Li Ka-shing (the Chairman of the Company), Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust, companies controlled by Cheung Kong, companies controlled by Mr Li Tzar Kuoi, Victor (the Deputy Chairman of the Company), a company equally controlled by Mr Fok Kin-ning, Canning (the Group Managing Director of the Company and the chairman of HTHL) and his wife, Mrs Chow Woo Mo Fong, Susan (the Deputy Group Managing Director of the Company and a non-executive director of HTHL), Mr Frank John Sixt (the Group Finance Director of the Company and a non-executive director of HTHL), Mr George Colin Magnus (a Non-executive Director of the Company), Mr Lui Dennis Pok Man (an executive director of HTHL), Mr Chan Ting Yu (an executive director of HTHL), Mr John W Stanton (an independent non-executive director of HTHL) and Mr Woo Chiu Man, Cliff (an alternate director to Mr Christopher John Foll, an executive director of HTHL) and persons who are or were in the preceding 12 months directors of the Company or HTHL (or of other subsidiaries of the Company)) in consideration for the cancellation of their respective interests in HTHL Shares upon the Scheme becoming effective will constitute a connected transaction for the Company under the Listing Rules.

## Continuing Connected Transactions

- (1) Pursuant to a marketing agreement dated 14 August 1996 (the "Thai Marketing Agreement") made between Hutchison CAT Wireless MultiMedia Limited ("Hutchison CAT", a company consolidated into the financial statements of HTHL and its subsidiaries (the "HTIL Group") as subsidiary) and CAT Telecom Public Company Limited ("CAT"), Hutchison CAT has continued to market the CDMA2000 1X network services of CAT under the Hutch brand name in 25 provinces located in central Thailand and provide after-sales services and other supplementary services relating to such sales are marketing activities on an exclusive basis, in return for a percentage of the access fees, monthly services fees and sign-on fees paid by the subscribers.

The transactions contemplated under the Thai Marketing Agreement constituted continuing connected transactions (the "Thai Continuing Connected Transactions") for the Company under the Listing Rules during the year ended 31 December 2009 as HTHL being a subsidiary of the Company and by virtue of CAT being a substantial shareholder holding approximately 26% interest of and in Hutchison CAT.

The aggregate amount for the year ended 31 December 2009 attributable to the Thai Continuing Connected Transactions subject to annual review requirements under the Listing Rules was HK\$788 million in respect of the revenue to the HTIL Group.

## Report of the Directors

(2) On 17 April 2009, the Company entered into:

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

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

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

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

- (i) with respect to those transactions contemplated under the CKH Master Agreement, the CKH Net Connected Debt Securities Position during the CCT Relevant Period shall not exceed 20% of the aggregate value of the subject issue and all outstanding CKH Connected Debt Securities of the same issuer with the same maturity or shorter maturities;
- (ii) with respect to those transactions contemplated under the HSE Master Agreement, the HSE Net Connected Debt Securities Position during the CCT Relevant Period shall not exceed 20% of the aggregate value of the subject issue and all outstanding HSE Connected Debt Securities of the same issuer with the same maturity or shorter maturities; and
- (iii) the aggregate amount of the CKH Net Connected Debt Securities Position and the HSE Net Connected Debt Securities Position at any time during the CCT Relevant Period shall not exceed HK\$16,380 million, being approximately 20% of the Company's "net liquid assets" as at 31 December 2008 (the "Reference Date"). For this purpose, the Company's "net liquid assets" as at the Reference Date shall mean the aggregate value of cash, deposits and marketable securities held by the Company or any entity which is accounted for and consolidated in the accounts of the Company as subsidiaries as at the Reference Date less the aggregate value of any such assets which are subject to pledges or other encumbrances as at the Reference Date. The above formulation was determined as the cap for any acquisition of the Connected Debt Securities to avoid any undue concentration in a single issue of Connected Debt Securities and to achieve a reasonable degree of diversification, which is in line with the market practice as opined by the Independent Financial Adviser.

"CCT Approval" means the approval sought from the independent shareholders at the extraordinary general meeting of the Company held on 21 May 2009 (the "EGM") for acquisition of Connected Debt Securities pursuant to the relevant Master Agreements and subject to the limitations set out in the Master Agreements.

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

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

"CKH Net Connected Debt Securities Position" means the aggregate gross purchase price of CKH Connected Debt Securities of a particular issue to be acquired, after deducting any net sale proceeds of CKH Connected Debt Securities to be sold, by the Group.

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

"HSE Net Connected Debt Securities Position" means the aggregate gross purchase price of HSE Connected Debt Securities of a particular issue to be acquired, after deducting any net sale proceeds of HSE Connected Debt Securities to be sold, by the Group.

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

The aggregate amount of the CKH Net Connected Debt Securities Position and the HSE Net Connected Debt Securities Position during the year ended 31 December 2009 subject to annual review requirements under the Listing Rules was approximately HK\$711 million.

A summary of the related parties transactions entered into by the Group during the year ended 31 December 2009 is contained in Note 38 to the consolidated accounts. The transactions in relation to the acquisition of traded debt securities issued by Husky as described in Note 38 fall under the definition of continuing connected transactions under the Listing Rules, the transactions in relation to the establishment of joint ventures with CKH, the provision of financial assistance for benefit of such joint ventures and the outstanding balances of approximately HK\$1,508 million (out of approximately HK\$4,081 million) in principal amount with associated companies and jointly controlled entities as described in Note 38 fall under the definition of the connected transactions under the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2009.

## Report of the Directors

### Annual Review of Continuing Connected Transactions

All the Independent Non-executive Directors of the Company have reviewed the Thai Continuing Connected Transactions and the CKH & HSE Continuing Connected Transactions (together the "Continuing Connected Transactions") and confirmed that the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant 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 of Directors of the Company to the following effect with respect to the Continuing Connected Transactions:

- (1) Thai Continuing Connected Transactions
  - (i) have received approval of the Board of Directors of HTIL;
  - (ii) are in accordance with the pricing policies of the HTIL Group;
  - (iii) are entered into in accordance with the terms of the Thai Marketing Agreement governing such transactions; and
  - (iv) do not exceed the respective cap amounts for the financial year ended 31 December 2009 as referred to in the announcement of HTIL dated 27 March 2007.
  
- (2) CKH & HSE Continuing Connected Transactions
  - (i) have received approval of the Board of Directors of the Company;
  - (ii) do not involve the provision of goods or services by the Group;
  - (iii) are entered into in accordance with the terms of the HSE Master Agreement governing such transactions and that no CKH Connected Debt Securities were acquired by the Group during the year; and
  - (iv) do not exceed the cap amount as referred to in the announcement of the Company dated 17 April 2009.

### Directors' Service Contract

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

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

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

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

#### Long positions in the shares of the Company

Name of Director	Capacity	Nature of interests	Number of shares held	Total	Approximate % of shareholding
Li Ka-shing	(i) Founder of discretionary trusts	(i) Other interest	2,141,698,773 <sup>(1)</sup>	2,205,951,773	51.7420%
	(ii) Interest of controlled corporations	(ii) Corporate interest	64,253,000 <sup>(2)</sup>		
Li Tzar Kuoi, Victor	(i) Beneficiary of trusts	(i) Other interest	2,141,698,773 <sup>(1)</sup>	2,142,785,543	50.2604%
	(ii) Interest of controlled corporations	(ii) Corporate interest	1,086,770 <sup>(3)</sup>		
Fok Kin-ning, Canning	Interest of a controlled corporation	Corporate interest	4,810,875 <sup>(4)</sup>	4,810,875	0.1128%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	150,000	150,000	0.0035%
Frank John Sixt	Beneficial owner	Personal interest	50,000	50,000	0.0012%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	50,000	0.0012%
Kam Hing Lam	(i) Beneficial owner	(i) Personal interest	60,000 )	100,000	0.0023%
	(ii) Interest of child	(ii) Family Interest	40,000 )		
Michael David Kadoorie	Founder, a beneficiary and/or a discretionary object of discretionary trust(s)	Other interest	15,984,095 <sup>(5)</sup>	15,984,095	0.3749%
Holger Kluge	Beneficial owner	Personal interest	40,000	40,000	0.0009%
George Colin Magnus	(i) Founder and beneficiary of a discretionary trust	(i) Other interest	950,100 <sup>(6)</sup>	1,000,000	0.0235%
	(ii) Beneficial owner	(ii) Personal interest	40,000 )		
	(iii) Interest of spouse	(iii) Family interest	9,900 )		
William Shurniak	Beneficial owner	Personal interest	165,000	165,000	0.0039%



## Report of the Directors

### Notes:

- (1) The two references to 2,141,698,773 shares of the Company relate to the same block of shares comprising:
- (a) 2,130,202,773 shares held by certain subsidiaries of Cheung Kong. Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies") hold more than one-third of the issued share capital of Cheung Kong.
- The entire issued share capital of TUT1 and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of Cheung Kong by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of Cheung Kong independently without any reference to Unity Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.
- As Mr Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies and the said shares of the Company held by the subsidiaries of Cheung Kong under the SFO as directors of Cheung Kong. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of Cheung Kong and has no duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.
- (b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3").
- Mr Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.
- The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard as a holder of the shares of Castle Holdco as aforesaid.
- As Mr Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 under the SFO as Directors of the Company. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of the Company held by TUT3 as trustee of UT3 under the SFO.
- (2) Such shares were held by certain companies of which Mr Li Ka-shing is interested in the entire issued share capital.
- (3) Such shares were held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (4) Such shares were held by a company which is equally controlled by Mr Fok Kin-ning, Canning and his spouse.
- (5) Such shares were ultimately held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.
- (6) Such shares were indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and a discretionary beneficiary.

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

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

As at 31 December 2009, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

- (i) 1,912,109,945 ordinary shares, representing approximately 84.82% of the then issued share capital, in Cheung Kong Infrastructure Holdings Limited ("CKI") of which 1,906,681,945 ordinary shares were held by a wholly owned subsidiary of the Company and 5,428,000 ordinary shares were held by TUT1 as trustee of UT1;
- (ii) 2,958,068,120 ordinary shares, representing approximately 61.44% of the then issued share capital, in HTIL of which 52,092,587 ordinary shares and 2,905,822,253 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3;
- (iii) 3,066,238,120 ordinary shares, representing approximately 63.69% of the then issued share capital, in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") of which 52,092,587 ordinary shares and 3,013,992,253 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3;
- (iv) 829,599,612 ordinary shares, representing approximately 38.87% of the then issued share capital, in Hongkong Electric Holdings Limited ("HEH") which shares were held by certain wholly owned subsidiaries of CKI;
- (v) 2,420,028,908 ordinary shares, representing approximately 62.16% of the then issued share capital, in TOM of which
  - (a) 476,341,182 ordinary shares and 952,683,363 ordinary shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively; and
  - (b) 991,004,363 ordinary shares charged by Cranwood Company Limited and its subsidiaries in favour of the Company as security;
- (vi) 293,618,956 common shares, representing approximately 34.55% of the then issued share capital, in Husky held by a wholly owned subsidiary of the Company; and
- (vii) all interests in shares, underlying shares and/or debentures in all associated corporations of the Company.

## Report of the Directors

As Mr Li Ka-shing may be regarded as a founder of DT3 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of DT3 as disclosed in Note (1) above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 305,603,402 common shares, representing approximately 35.96% of the then issued share capital, in Husky which were held by a company in respect of which TDT3 as trustee of DT3 is indirectly entitled to substantially all the net assets thereof and of which Mr Li Ka-shing is additionally entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.

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

In addition, Mr Li Ka-shing had, as at 31 December 2009, corporate interests in (i) a nominal amount of US\$100,000,000 in the 5.90% Notes due 2014 issued by Husky; (ii) 266,621,499 ordinary shares, representing approximately 5.54% of the then issued share capital, in HTIL, and (iii) 266,621,499 ordinary shares, representing approximately 5.54% of the then issued share capital, in HTHKH, which were held by companies of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2009, the following interests:

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

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

- (i) corporate interests in (a) a nominal amount of US\$1,216,000 in the 6.50% Notes due 2013 issued by HWI(03/13); (b) a nominal amount of US\$4,000,000 in the 7.625% Notes due 2019 issued by HWI(09); (c) a nominal amount of US\$4,000,000 in the 5.75% Notes due 2019 issued by Hutchison Whampoa International (09/19) Limited ("HWI(09/19)"); and (d) a nominal amount of US\$2,000,000 in the 7.25% Notes due 2019 issued by Husky;
- (ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.06% of the then issued share capital, in Hutchison Harbour Ring Limited;
- (iii) 5,100,000 ordinary shares, representing approximately 0.04% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("HTAL") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the then issued share capital, in HTIL;
- (v) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the then issued share capital, in HTHKH; and
- (vi) corporate interests in 200,000 common shares, representing approximately 0.02% of the then issued share capital, in Husky.

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

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

Mr Frank John Sixt had, as at 31 December 2009, the following interests:

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

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

Mr Kam Hing Lam in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in 100,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in CKI.

Mr Holger Kluge in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in (i) 200,000 ordinary shares, representing approximately 0.001% of the then issued share capital, in HTAL; and (ii) 25,914 common shares, representing approximately 0.003% of the then issued share capital, in Husky.

Mr George Colin Magnus had, as at 31 December 2009, the following interests:

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

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2009, personal interests in 8,412 common shares, representing approximately 0.001% of the then issued share capital, in Husky.

Save as disclosed above, as at 31 December 2009, none of the Directors or chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

## Report of the Directors

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

So far as is known to any Directors or chief executive of the Company, as at 31 December 2009, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

#### (I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

##### Long positions in the shares of the Company

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

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

##### Long positions in the shares of the Company

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

Notes:

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

Save as disclosed above, as at 31 December 2009, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

## Share Option Schemes

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

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

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

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

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

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

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

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

## Report of the Directors

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

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

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

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

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

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

Particulars of share options outstanding under the 3 Italia Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the 3 Italia Plan during the year were as follows:

Name or category of participant	Effective date of grant or date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options	Exercise price of share options	Price of 3 Italia Share	
									at grant date of share options <sup>(3)</sup>	at exercise date of share options
								€	€	€
<b>Directors</b>										
Christian Salbaing	20.5.2004	1,490,313	-	-	(1,490,313)	-	From Listing <sup>(2)</sup> to 16.7.2009	5.17	5.00	N/A
Vincenzo Novari	20.5.2004	1,490,313	-	-	(1,490,313)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	1,402,382	-	-	(1,402,382)	-	From Listing to 16.7.2009	5.17	5.00	N/A
		2,892,695	-	-	(2,892,695)	-				
Giorgio Moroni <sup>(4)</sup>	20.5.2004	745,156	-	-	(745,156)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	149,031	-	-	(149,031)	-	From Listing to 16.7.2009	5.17	5.00	N/A
		894,187	-	-	(894,187)	-				
Secondina Ravera	20.5.2004	484,351	-	-	(484,351)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	335,320	-	-	(335,320)	-	From Listing to 16.7.2009	5.17	5.00	N/A
		819,671	-	-	(819,671)	-				
Antonella Ambriola	20.5.2004	335,320	-	-	(335,320)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	76,006	-	-	(76,006)	-	From Listing to 16.7.2009	5.17	5.00	N/A
		411,326	-	-	(411,326)	-				
Sub-total:		6,508,192	-	-	(6,508,192)	-				
<b>Other employees in aggregate</b>										
	20.5.2004	10,245,865	-	-	(10,245,865)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	20.11.2004	1,490,309	-	-	(1,490,309)	-	From Listing to 16.7.2009	5.17	5.00	N/A
	6.9.2005	523,099	-	-	(523,099)	-	From Listing to 16.7.2009	5.17	5.00	N/A
Sub-total:		12,259,273	-	-	(12,259,273)	-				
Total:		18,767,465	-	-	(18,767,465)	-				

Notes:

- (1) The share options shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.
- (2) Listing refers to an application being made to the competent listing authority for admission to trading on a recognised stock exchange of the ordinary share capital of 3 Italia.
- (3) Nominal value of 3 Italia Shares on date of grant set out for reference only.
- (4) Mr Giorgio Moroni resigned as director of 3 Italia on 18 September 2009.

As at the date of this report, 3 Italia had no share options outstanding under the 3 Italia Plan.

No share option had been granted under the 3 Italia Plan during the year ended 31 December 2009.



## Report of the Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

## Report of the Directors

Particulars of share options outstanding under the 3 UK Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the 3 UK Plan during the year were as follows:

Name or category of participant	Effective date of grant or date of share options <sup>(1)</sup>	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options	Exercise price of share options	Price of 3 UK Share	
									at grant date of share options <sup>(3)</sup>	at exercise date of share options
								£	£	£
Employees in aggregate	20.5.2004	6,274,500	-	-	-	6,274,500	From Listing <sup>(2)</sup> to 18.4.2011	1.00	1.00	N/A
	20.5.2004	25,770,250	-	-	(2,041,250)	23,729,000	From Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	3,213,750	-	-	(102,750)	3,111,000	From Listing to 20.8.2011	1.35	1.00	N/A
	20.5.2004	420,000	-	-	-	420,000	From Listing to 18.12.2011	1.35	1.00	N/A
	20.5.2004	247,750	-	-	-	247,750	From Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	1,737,750	-	-	(90,000)	1,647,750	From Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	272,500	-	-	(22,500)	250,000	From Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	430,000	-	-	(50,000)	380,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	1,165,000	-	-	(60,000)	1,105,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	1,547,250	-	-	(780,000)	767,250	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	477,750	-	-	-	477,750	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	3,060,500	-	-	(410,000)	2,650,500	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		44,617,000	-	-	(3,556,500)	41,060,500				

### Notes:

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

As at the date of this report, 3 UK had 40,416,250 share options outstanding under the 3 UK Plan, which represented approximately 0.91% of the 3 UK Shares in issue as at that date.

3 UK is an unlisted wholly owned subsidiary of the Company and the share options relate to these unlisted shares. Based on the best estimate of the Directors of the Company and taking into consideration the losses incurred by 3 UK, prevailing market perception, the share option exercise price and 3 UK being an unlisted company, the value of the share options were estimated to be not material to the Group.

No share option had been granted under the 3 UK Plan during the year ended 31 December 2009.

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

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

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

The maximum number of Chi-Med Shares to be allotted and issued subject to the Chi-Med Plan is as follows:-

- (a) the total number of Chi-Med Shares issued or issuable pursuant to share options granted under all employees' share schemes of Chi-Med must not in aggregate exceed 5% of the Chi-Med Shares in issue on the date on which the Chi-Med Shares are listed to trading on a recognised stock exchange (including the AIM) (the “Chi-Med Listing”).
- (b) however, the Chi-Med Board may refresh and recalculate the limit by reference to the issued share capital of Chi-Med then prevailing with the approval of the shareholders of its listed parent (ie, currently the Company) if required under the Listing Rules in a general meeting, provided that the total number of Chi-Med Shares issued and issuable pursuant to the exercise of share options under all employees' share schemes of Chi-Med may not exceed 10% of the issued ordinary share capital on the date of the approval of the refreshed limit. Share options previously granted under the Chi-Med Plan and any other employee share schemes of Chi-Med (including those outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the limit as refreshed. As at the date of this report, the total number of Chi-Med Shares available for issue under the Chi-Med Plan is 2,560,606 which represent 4.99% of the total number of Chi-Med Shares in issue as at that date.

## Report of the Directors

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

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

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

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

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

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

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

Particulars of share options outstanding under the Chi-Med Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the Chi-Med Plan during the year were as follows:

Name or category of participant	Effective date of grant or date of share options	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options	Exercise price of share options	Price of Chi-Med Share	
									at grant date of share options	at exercise date of share options
								£	£	£
<b>Director</b>										
Christian Hogg	19.5.2006 <sup>(1)(2)</sup>	768,182	-	-	-	768,182	19.5.2006 to 3.6.2015	1.09	2.505 <sup>(5)</sup>	N/A
<b>Other employees in aggregate</b>										
	19.5.2006 <sup>(1)(2)</sup>	603,683	-	(50,000)	-	553,683	19.5.2006 to 3.6.2015	1.09	2.505 <sup>(5)</sup>	2.015 <sup>(7)</sup>
	11.9.2006 <sup>(2)</sup>	80,458	-	-	-	80,458	11.9.2006 to 18.5.2016	1.715	1.715 <sup>(6)</sup>	N/A
	23. 3. 2007 <sup>(3)</sup>	8,535	-	-	-	8,535	23.3.2007 to 22.3.2017	1.75	1.75 <sup>(6)</sup>	N/A
	18. 5. 2007 <sup>(3)</sup>	90,298	-	-	-	90,298	18.5.2007 to 17.5.2017	1.535	1.535 <sup>(6)</sup>	N/A
	24. 8. 2007 <sup>(3)</sup>	256,060	-	-	(256,060)	-	24.8.2007 to 23.8.2017	1.685	1.685 <sup>(6)</sup>	N/A
	25. 8. 2008 <sup>(4)</sup>	256,146	-	-	-	256,146	25.8.2008 to 24.8.2018	1.26	1.26 <sup>(6)</sup>	N/A
Total:		2,063,362	-	(50,000)	(256,060)	1,757,302				

Notes:

- (1) The share options were granted on 4 June 2005, conditionally upon Chi-Med's admission to trading on the AIM which took place on 19 May 2006.
- (2) The share options granted to certain founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 50% on 19 May 2007 and 25% on each of 19 May 2008 and 19 May 2009. The share options granted to non-founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of 19 May 2007, 19 May 2008 and 19 May 2009.
- (3) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (4) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.
- (5) The stated price was the closing price of the Chi-Med Shares quoted on the AIM on the date of admission of listing of the Chi-Med Shares.
- (6) The stated price was the closing price of the Chi-Med Shares quoted on the AIM on the trading day immediately prior to the date of grant of the share options.
- (7) The stated price was the closing price of the Chi-Med Shares quoted on the AIM on the trading day immediately prior to the date on which the share options were exercised.

As at the date of this report, Chi-Med had 1,713,711 share options outstanding under the Chi-Med Plan, which represented approximately 3.34% of the Chi-Med Shares in issue as at that date.

No share option had been granted under the Chi-Med Plan during the year ended 31 December 2009.

## Report of the Directors

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

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

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

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

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

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

- (a) the maximum number of HHR Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 30% of the relevant class of securities of HHR (or its subsidiaries) in issue from time to time.
- (b) the total number of HHR Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HHR Plan and any other share option scheme of the HHR Group) to be granted under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 6% of the relevant class of securities of HHR (or its subsidiaries) in issue as at 20 May 2004, being the date of passing the relevant resolution adopting the HHR Plan (the "HHR General Scheme Limit"). As at the date of this report, the total number of HHR Shares available for issue under the HHR Plan is 402,300,015, which represented 4.5% of the total number of HHR Shares in issue as at that date.

- (c) subject to (a) above and without prejudice to (d) below, HHR may seek approval of its shareholders (the "HHR Shareholders") in general meeting to refresh the HHR General Scheme Limit provided that the total number of HHR Shares which may be allotted and issued upon the exercise of all share options to be granted under the HHR Plan and any other share option scheme of the HHR Group must not exceed 10% of the relevant class of securities of HHR (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options including those outstanding, cancelled, lapsed or exercised in accordance with the HHR Plan and any other share option scheme of the HHR Group will not be counted.
- (d) subject to (a) above and without prejudice to (c) above, HHR may seek separate approval of the HHR Shareholders in general meeting to grant share options beyond the HHR General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by HHR before such approval is sought.

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

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

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

The HHR Plan will remain in force for a period of 10 years commencing on the date on which the HHR Plan becomes unconditional.



## Report of the Directors

Particulars of share options outstanding under the HHR Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the HHR Plan during the year were as follows:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options <sup>(1)</sup>	Exercise price of share options	Price of HHR Share		
								HK\$	at grant date of share options <sup>(2)</sup>	at exercise date of share options <sup>(3)</sup>	
									HK\$	HK\$	HK\$
<b>Directors</b>											
Chan Wen Mee, May (Michelle)	3.6.2005	12,000,000	-	-	-	12,000,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A	
Endo Shigeru	3.6.2005	5,000,000	-	-	-	5,000,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A	
Kwok Siu Kai, Dennis <sup>(4)</sup>	3.6.2005	4,000,000	-	-	(4,000,000)	-	3.6.2006 to 2.6.2015	0.822	0.82	N/A	
	25.5.2007	4,000,000	-	-	(4,000,000)	-	25.5.2008 to 24.5.2017	0.616	0.61	N/A	
Sub-total:		25,000,000	-	-	(8,000,000)	17,000,000					
<b>Other employees in aggregate</b>											
	3.6.2005	15,600,000	-	-	(7,700,000)	7,900,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A	
	25.5.2007	21,524,000	-	(1,420,000)	(7,236,000)	12,868,000	25.5.2008 to 24.5.2017	0.616	0.61	0.71	
Sub-total:		37,124,000	-	(1,420,000)	(14,936,000)	20,768,000					
Total:		62,124,000	-	(1,420,000)	(22,936,000)	37,768,000					

Notes:

- (1) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (2) The stated price was the closing price of the HHR Shares quoted on the Stock Exchange on the trading day immediately prior to the date of grant of the share options.
- (3) The stated price was the weighted average closing price of the HHR Shares immediately before the dates on which the share options were exercised.
- (4) Mr Kwok Siu Kai, Dennis resigned as executive director of HHR with effect from 24 January 2009.

As at the date of this report, HHR had 25,652,000 share options outstanding under the HHR Plan, which represented approximately 0.29% of the HHR Shares in issue as at that date.

No share option had been granted under the HHR Plan during the year ended 31 December 2009.

## (V) Hutchison Telecommunications (Australia) Limited ("HTAL")

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

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

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

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

## Report of the Directors

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

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

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

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

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

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

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

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

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

A HTAL Share does not have any nominal value.

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

Particulars of share options outstanding under the HTAL Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the HTAL Plan during the year were as follows:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options	Exercise price of share options <sup>(2)</sup> A\$	Price of HTAL Share	
									at grant date of share options <sup>(3)</sup> A\$	at exercise date of share options A\$
Employees in aggregate	14.6.2007 <sup>(1a)</sup>	27,400,000	-	-	(3,025,000)	24,375,000	1.7.2008 to 13.6.2012	0.145	0.145	N/A
	14.11.2007 <sup>(1b)</sup>	300,000	-	-	-	300,000	1.1.2009 to 13.11.2012	0.20	0.20	N/A
	21.5.2008 <sup>(1c)</sup>	200,000	-	-	(200,000)	-	1.1.2010 to 20.5.2013	0.165	0.165	N/A
	4.6.2008 <sup>(1c)</sup>	300,000	-	-	-	300,000	1.1.2010 to 3.6.2013	0.139	0.139	N/A
Total:		28,200,000	-	-	(3,225,000)	24,975,000				

Notes:

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

As at the date of this report, the total number of HTAL shares available for issue under the HTAL Plan (excluding the share options granted but yet to be exercised) is 9,031,271 shares, which represented approximately 0.067% of the HTAL Shares in issue as at that date.

No share option had been granted under the HTAL Plan during the year ended 31 December 2009.

## Report of the Directors

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

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

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

- (a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any executive director but excluding any non-executive director) 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.

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

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

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

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

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

## Report of the Directors

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

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

Particulars of share options outstanding under the HTHKH Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during the year were as follows:

Name or category of participant	Date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2009	Granted during 2009	Exercised during 2009	Lapsed/ cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options	Exercise price of share options <sup>(2)</sup>	Price of HTHKH Share	
								HK\$	at the grant date of share options <sup>(3)</sup>	at the exercise date of share options
								HK\$	HK\$	HK\$
Employees in aggregate	1.6.2009	-	4,750,000	-	-	4,750,000	1.6.2009 to 31.5.2019	1.00	0.96	N/A
Total:		-	4,750,000	-	-	4,750,000				

Notes:

- (1) The share options will be 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 Stock Exchange closing price of HTHKH Shares on the trading day immediately prior to the date of the grant of the share options.

As at the date of this report, HTHKH had 4,750,000 share options outstanding under the HTHKH Plan, which represented approximately 0.10% of the HTHKH Shares in issue as at that date.

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

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

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

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

HTIL Plan has a term of 10 years commencing from 19 May 2005, being the date on which the HTIL Plan becomes unconditional and has a remaining term of approximately five years as at the date of this report. Selected participants to the HTIL Plan including but not limited to:

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

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



## Report of the Directors

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

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

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

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

Particulars of share options outstanding under the HTIL Plan at the beginning and at the end of the financial year ended 31 December 2009 and share options granted, exercised, cancelled or lapsed under the HTIL Plan during the year were as follows:

Name or category of participant	Date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2009	Granted during 2009 <sup>(6)(7)</sup>	Exercised during 2009	Lapsed/cancelled during 2009	Number of share options held at 31 December 2009	Exercise period of share options <sup>(5)(6)(7)</sup>	Exercise price of share options <sup>(2)</sup>	Price of HTIL Share	
								HK\$	at grant date of share options <sup>(3)</sup>	at exercise date of share options <sup>(4)</sup>
<b>Director</b>										
Christopher John Foll <sup>(6)</sup>	12.12.2008	5,000,000	-	-	(5,000,000)	-	12.12.2009 to 11.12.2018	2.20	2.22	N/A
	1.6.2009	N/A	5,000,000	-	-	5,000,000	12.12.2009 to 31.5.2019	1.61	1.58	N/A
Sub-total:		5,000,000	5,000,000	-	(5,000,000)	5,000,000				
<b>Other employees in aggregate</b>										
	23.11.2007	8,766,666	-	-	(8,766,666)	-	23.11.2008 to 22.11.2017	4.51	11.26	N/A
	15.12.2008	4,383,334	-	-	(4,383,334)	-	15.12.2008 to 14.12.2018	4.51	2.09	N/A
	1.6.2009	N/A	8,400,000	(216,667)	(616,667)	7,566,666	1.6.2009 to 31.5.2019	1.61	1.58	1.92
Sub-total:		13,150,000	8,400,000	(216,667)	(13,766,667)	7,566,666				
Total:		18,150,000	13,400,000	(216,667)	(18,766,667)	12,566,666				

Notes:

- (1) The share options will be vested according to a schedule, namely, as to as close to one-third of the HTIL Shares which are subject to the share options as possible by each of the three anniversaries of the date of offer of the share options and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as defined in the HTIL Plan) on such vesting date.
- (2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTIL Plan (as amended).
- (3) The stated price was the Stock Exchange closing price of the HTIL Shares on the trading day immediately prior to the date of grant of the share options.
- (4) The stated price was the weighted average closing price of the HTIL Shares immediately before the dates on which the share options were exercised.
- (5) 4,383,334 share options granted on 15 December 2008 are vested immediately on the grant date.
- (6) On 1 June 2009, 5,000,000 new share options were granted to Mr Christopher John Foll subject to his acceptance of the grant and consent to cancellation of his then existing 5,000,000 share options (the "Director Replacement Options"). The new share options are exercisable subject to the vesting schedule of one-third of the share options on each of 12 December 2009, 12 December 2010 and 12 December 2011.
- (7) On 1 June 2009, a total of 8,400,000 new share options were granted to other employees subject to their acceptance of the grant and consent to cancellation of their then existing 8,400,000 share options (the "Employees Replacement Options"). The new share options are exercisable subject to the vesting schedule of one-third of the share options on each of 1 June 2009, 23 November 2009 and 23 November 2010.

## Report of the Directors

The fair value of the Director Replacement Options was determined using Black-Scholes model. The weighted average fair value of the Director Replacement Options was increased from HK\$0.77 to HK\$0.93. The significant inputs into the model were standard deviation of expected share price returns of 38.24%, expected life of share options of five to six years and annual risk-free interest rate of 2.485%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily share prices of HTIL over the last one year up to 24 April 2009.

The fair value of the Employees Replacement Options was determined using Black-Scholes model. The weighted average fair value of the Employees Replacement Options was increased from HK\$2.82 to HK\$3.25. The significant inputs into the model were standard deviation of expected share price returns of 38.24%, expected life of share options of four to five years and annual risk-free interest rate of 2.022%. The volatility measured at the standard deviation of the expected share price returns is based on the statistical analysis of daily share prices of HTIL over the last one year up to 24 April 2009.

As at the date of this report, HTIL had 12,566,666 share options outstanding under the HTIL Plan, which represented approximately 0.26% of the HTIL Shares in issue as at that date. As at the date of this report, the maximum number of share options which may be granted under the HTIL Plan is 357,633,334, which represented approximately 7.42% of the issued share capital of HTIL as the date of this report.

### (VIII) Partner Communications Company Ltd. ("Partner")

On 28 October 2009, Partner ceased to be a subsidiary of the Company following the sale of the entire controlling equity interest in Partner by Advent Investments Pte Ltd (an indirect wholly owned subsidiary of HTIL) to Scaillex Corporation Ltd. Accordingly, the disclosure made for the option plans of Partner as set out below is for the period from 1 January 2009 to 28 October 2009.

#### 2004 Share Option Plan

The purpose of the 2004 Share Option Plan (the "2004 Plan") is to promote the interests of Partner and its shareholders by providing employees, officers and advisors of Partner with appropriate incentives and rewards to encourage them to enter into and continue in the employment of or service to Partner and to acquire a proprietary interest in the long-term success of Partner. The 2004 Plan will remain in force for 10 years from its adoption on 12 July 2004 (the "2004 Plan Adoption Date"). The amendments on the 2004 Plan were approved by the shareholders of HTIL at the annual general meetings held on 6 May 2008 and 27 April 2009 and by shareholders of the Company at the annual general meeting held on 22 May 2008 and 21 May 2009 respectively.

A total number of 13,917,000 ordinary shares of Partner (the "Partner Shares"), representing approximately 8.77% of the total issued share capital of Partner as at 28 October 2009 may be issued under the 2004 Plan. The maximum number of Partner Shares which may be issued and allotted to each participant upon the exercise of share options under the 2004 Plan in any 12-month period shall not exceed 1,834,615 Partner Shares, representing 1% of the total number of shares in issue as at the 2004 Plan Adoption Date.

A share option shall become cumulatively vested as to one-fourth (25%) of the shares covered thereby on each of the first, second, third and fourth anniversaries of the date of the relevant grant, unless otherwise set by the compensation committee of Partner (the "Partner Compensation Committee") being appointed by Partner's board of directors to administer the 2004 Plan, in the relevant grant instrument. The exercise period during which a share option may be exercised will be determined by the Partner Compensation Committee and will not exceed 10 years from the date of grant of share options. No payment is required to be made by the grantee on application or acceptance of a share option.

The Partner Compensation Committee has the authority to determine the exercise price per share (the "Option Exercise Price"). The Option Exercise Price will be determined taking into consideration the fair market value of a Partner Share at the time of grant. Such fair market value on any date will be equal to the average of the closing sale price of the Partner Shares during the preceding 30 trading days, as such closing sale price is published by the national securities exchange in Israel on which the Partner Shares are traded, or if there is no sale of Partner Shares on such date, the average of the bid and asked prices on such exchange at the closing of trading on such date, or if Partner Shares are not listed on a securities exchange in Israel or the over the counter market, the fair market value on such date as determined in good faith by the Partner Compensation Committee.

At the annual general meeting of HTIL and the Company held on 27 April 2009 and 21 May 2009 respectively, the respective shareholders of HTIL and the Company approved certain amendments to the 2004 Plan, which include among others, (i) to amend Section 8.1 of the 2004 Plan to allow (a) with respect to share options granted on or after 23 February 2009, a dividend adjustment mechanism for the downward adjustment of the exercise price of such share options following each dividend distribution made in the ordinary course and meeting the criteria set forth in the amended form of Section 8.1; and (b) with respect to all share options granted under the 2004 Plan, following each dividend distribution not made in the ordinary course, the downward adjustment of the exercise price by an amount determined by the board of directors of Partner; and (ii) to amend Section 8.6 of the 2004 Plan (a) to include, with respect to share options granted on or after 23 February 2009, provisions authorising the board of directors of Partner to allow share option holders to exercise their vested share options during a fixed period, only through a cashless exercise procedure, pursuant to which each vested share option will entitle its holder to the right to purchase ordinary shares of Partner (subject to any adjustments) in accordance with the specified cashless formula referred to in the amended form of Section 8.6; and (b) to fine-tune the said cashless formula.

#### 2000 Employee Stock Option Plan

The 2000 Employee Stock Option Plan (the "2000 Plan") was adopted by Partner in 2000. Share options granted under the 2000 Plan which were approved by Partner prior to Partner becoming a subsidiary of the Company in April 2005 remained valid until its expiration dates. On 26 March 2008, the board of directors of Partner approved the termination of the 2000 Plan. Since then, no further share options will be granted under the 2000 Plan and all outstanding share options thereunder will remain valid and bear all its terms and conditions.

## Report of the Directors

Particulars of share options outstanding under the 2000 Plan and the 2004 Plan at the beginning and on 28 October 2009 and share options granted, exercised, cancelled or lapsed under the 2000 Plan and the 2004 Plan during the period were as follows:

Name or category of participant	Date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2009 <sup>(1)</sup>	Granted from 1 January 2009 to 28 October 2009	Exercised from 1 January 2009 to 28 October 2009	Lapsed/ cancelled from 1 January 2009 to 28 October 2009	Number of share options held at 28 October 2009 <sup>(1)</sup>	Exercise period of share options <sup>(2)</sup>	Exercise price of share options <sup>(5)</sup>	Price of Partner Share	
									at grant date of share options <sup>(3)</sup>	at exercise date of share options <sup>(4)</sup>
								NIS	NIS	NIS
<b>Chief Executive</b>										
2004 Plan										
David Avner	20.4.2005 to 24.3.2009	453,776	1,250,000	(153,776)	-	1,550,000	20.4.2005 to 23.3.2019	33.72 to 59.97	38.10 to 57.45	67.77
Sub-total:		453,776	1,250,000	(153,776)	-	1,550,000				
<b>Other employees in aggregate</b>										
2000 Plan	3.11.2000 to 30.12.2003	144,800	-	(85,550)	-	59,250	3.11.2000 to 30.12.2012	17.25 to 27.35	17.25 to 27.35	70.13
2004 Plan	29.11.2004 to 10.8.2009	1,632,611	2,935,500	(473,636)	(66,750)	4,027,725	29.11.2004 to 9.8.2019	26.74 to 68.51	33.13 to 78.40	68.22
Sub-total:		1,777,411	2,935,500	(559,186)	(66,750)	4,086,975				
Total:		2,231,187	4,185,500	(712,962)	(66,750)	5,636,975				

### Notes:

- (1) The number of share options disclosed is the aggregate figure of share options held at 28 October 2009 under the employee stock option plans. The share options were granted on various date(s) during the corresponding period(s).
- (2) Subject to the terms of individual stock option plans, vesting schedules are in general: 25% of the share options become vested on each of the first, second, third and fourth anniversary of the date of employment of the grantee or date of grant, unless otherwise specified by the Partner Compensation Committee.
- (3) The stated price was the closing price of the Partner Shares as recorded by the Tel Aviv Stock Exchange immediately before the date of grant of the share options.
- (4) The stated price was the weighted average closing price of the Partner Shares immediately before the dates on which the share options were exercised.
- (5) In accordance with the provisions of the 2004 Plan (as amended), the exercise price of the share options is subject to the adjustment.

As at 28 October 2009, Partner had 5,636,975 share options outstanding under the 2004 Plan and the 2000 Plan, which represented in aggregate approximately 3.55% of Partner Shares in issue as at that date.

The fair value of share options granted from 1 January 2009 to 28 October 2009 determined using the Black-Scholes valuation model was NIS8.94 at measurement date. The significant inputs into the model were standard deviation of expected share price returns of 27%, weighted average dividend yield of 4.4%, expected life of share options of four years and annual risk-free interest rate of 2.88%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over four years immediately preceding the grant date. Changes in such subjective input assumptions could affect the fair value estimate.

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

## Directors' Interests in Competing Business

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

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

## Report of the Directors

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

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

During the year, Mr Fok Kin-ning, Canning, Mrs Chow Woo Mo Fong, Susan and Mr Frank John Sixt are non-executive directors of HTIL and HTHKH, both being subsidiaries of the Company which are engaged in telecommunications businesses, and Mrs Chow is also an alternate director to each of Mr Fok and Mr Sixt as directors of HTIL and Mr Lai Kai Ming, Dominic is also a non-executive director of HTHKH.

A non-competition agreement entered into by the Company and HTIL on 24 September 2004 (the "2004 HTIL Non-Competition Agreement") maintained a clear geographical delineation, underpinned by the regulatory regime, of the two groups' respective businesses ensuring there would be no competition between them. Under the 2004 HTIL Non-Competition Agreement, the exclusive territory of the Group (excluding HTIL and its subsidiaries (the "HTIL Group")) comprised the member countries of the European Union (prior to its enlargement in 2004), the Vatican City, the Republic of San Marino, the Channel Islands, Monaco, Switzerland, Norway, Greenland, Liechtenstein, Australia, New Zealand, the United States of America, Canada and Argentina (following the Group's disposal of its interest in Hutchison Telecommunications Argentina S.A. in 2009) (the "Group's Territory Countries"). The then exclusive territory of the HTIL Group comprised all the remaining countries of the world. On 25 February 2008, under and in accordance with the requirements of the 2004 HTIL Non-Competition Agreement, the Company granted consent to the establishment of a joint venture between Hutchison Global Communications Limited (a then indirect wholly owned subsidiary of HTIL and currently an indirect wholly owned subsidiary of HTHKH) and the Philippine Long Distance Telephone Company Group under the co-operation agreement dated 12 March 2008 for operating a mobile virtual network operator business in Italy (the "Business"). Subsequently on 17 April 2009, the Company and HTIL entered into an amendment agreement to the 2004 HTIL Non-Competition Agreement whereby the parties thereto agreed, with effect from 8 May 2009 (the "HTHKH Listing Date"), inter alia, the new scope of businesses which is subject to such agreement, namely (i) the exclusion of Hong Kong and Macau from the HTIL Group's exclusive territory, (ii) the exclusive territory of HTHKH and its subsidiaries (the "HTHKH Group") to comprise Hong Kong and Macau, and (iii) the order in which new opportunities arising from any of the exclusive territories of the Group, the HTIL Group and the HTHKH Group will be offered to the other party.

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

The exclusive territory of the Group comprised the Group's Territory Countries whereas the exclusive territory of the HTHKH Group comprised Hong Kong and Macau, and the exclusive territory of the HTIL Group comprised all the remaining countries of the world.

## Purchase, Sale or Redemption of Shares

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

## Major Customers and Suppliers

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



## Report of the Directors

### Public Float

As at the date of this report, based on information available to the Company and within the knowledge of the Directors of the Company, the public float capitalisation amounted to approximately HK\$115,327 million, representing approximately 48% of the issued share capital of the Company.

### Auditor

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

By order of the Board

**Edith Shih**

*Company Secretary*

Hong Kong, 30 March 2010