

# Report of the Directors

The Directors have pleasure in submitting to shareholders their report and statement of audited accounts for the year ended 31 December 2011.

## 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 233 to 238.

## Group Profit

The Consolidated Income Statement is set out on page 142 and shows the Group profit for the year ended 31 December 2011.

## Dividends

An interim dividend of HK\$0.55 per share was paid to shareholders on 16 September 2011 and the Directors recommend the declaration of a final dividend of HK\$1.53 per share payable on 11 June 2012 to all persons registered as holders of shares on 31 May 2012, being the record date for determining the entitlement of shareholders to the proposed final dividend.

## Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 45 to the accounts on pages 231 to 232 and the Consolidated Statement of Changes in Equity on pages 148 to 150 respectively.

## Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK\$72,000,000 (2010 - approximately HK\$56,000,000).

## 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 2011 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 Li Ka-shing, Mrs Chow Woo Mo Fong, Susan, Mr Lai Kai Ming, Dominic, The Hon Sir Michael David Kadoorie and Mrs Margaret Leung Ko May Yee will retire at the forthcoming annual general meeting under the provision of Article 85 of the Articles of Association of the Company and, being eligible, will offer themselves for re-election at the annual general meeting.

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

The Directors' biographical details are set out on pages 92 to 94.

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

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

- (3) On 11 April 2011, the Company announced that following the successful bidding by Trade Pro Investments Limited (the "HK JV Holdco", indirectly owned as to 50% by each of the Company and Cheung Kong) for the land of gross area of approximately 74,091.2 square metres located at 中國上海市青浦區趙巷鎮特色居住區 (Specially Designed Residential Zone, Zhao Xiang Town, Qing Pu District, Shanghai, PRC) (the "Shanghai Land") for development into residential properties, the terms of the land use right transfer contract had been agreed with 上海市青浦區規劃和土地管理局 (Shanghai Qing Pu Planning and Land Administration Bureau) which was expected to be, and was, executed by the HK JV Holdco on 22 April 2011. The total consideration under the contract was RMB1,620 million (approximately HK\$1,927 million) and was payable by instalments.

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The total investment and registered capital of 上海和趙房產開發有限公司 (Shanghai He Zhao Property Development Co., Ltd.) ("Shanghai Project Co", a direct wholly owned subsidiary of the HK JV Holdco, being a new enterprise established for the land acquisition and development purposes, are set at RMB1,964 million (approximately HK\$2,336 million) and RMB1,698 million (approximately HK\$2,019 million) respectively. Such registered capital and any shareholders' loans to be advanced to Shanghai Project Co, which are expected to be borne by Cheung Kong and the Company (or their respective subsidiaries) equally and in proportion to their respective indirect equity interests in Shanghai Project Co, would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Shanghai Land.

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

- (4) On 23 June 2011 (Calgary Time), a conditional agreement was entered into between Hutchison Whampoa Luxembourg Holdings S.à r.l. ("HWLH", an indirect wholly owned subsidiary of the Company) and Husky Energy Inc. ("Husky Energy") for the subscription and purchase by HWLH, and the issue and sale by Husky Energy on a private placement basis of 3,696,857 new common shares in the capital of Husky Energy (the "Common Shares") at a price of C\$27.05 per Common Share, totalling C\$99,999,981.85 (or approximately HK\$800 million) (the "Transaction"). Husky Energy had announced that it had also entered into an agreement with a syndicate of underwriters, who were independent of the Company and its connected persons, who had agreed to purchase for resale to the public in Canada, on a bought deal basis, 36,968,500 new Common Shares at the same price of C\$27.05 per Common Share resulting in aggregate gross proceeds of C\$1 billion (the "HSE Public Offering"). Closing of the Transaction was subject to certain conditions including the concurrent closing of the HSE Public Offering and the other issue and sale of Common Shares comprising the issue and sale of an aggregate of 7,393,714 Common Shares all at C\$27.05 (or approximately HK\$216) per Common Share by Husky Energy on a private placement basis (the "Private Placement"), of which the Transaction forms part.

Husky Energy announced on 29 June 2011 (Calgary Time) that the Transaction had been closed and the percentage interest of HWLH in Common Shares in issue as enlarged by the Private Placement and the HSE Public Offering was diluted by approximately 1.24% to approximately 33.41%.

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

- (5) On 28 June 2011, the Company announced that following the successful bidding for the land of gross area of approximately 119,502.2 square metres located at 中國南京市河西南河西側 (Hexi Nanhe West, Nanjing, PRC) (the "Nanjing Land") for development into residential properties, 和記黃埔地產(南京)有限公司 (Hutchison Whampoa Properties (Nanjing) Limited) ("Nanjing Project Co", indirectly owned as to 50% by each of the Company and Cheung Kong), being a new enterprise established for the land acquisition and development purposes, had agreed the terms of the land use right transfer contract with 南京市國土資源局 (Nanjing Land Bureau) which was expected to be, and was, entered into on 29 June 2011. The total consideration under the contract was RMB3,180 million (approximately HK\$3,822 million) and was payable by instalments.

The proposed total investment and registered capital of Nanjing Project Co are set at HK\$6,949.8 million and HK\$4,006.4 million respectively. Such registered capital, which is to be borne by Cheung Kong and the Company (or their respective subsidiaries) equally and in proportion to their respective indirect equity interests in Nanjing Project Co, would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Nanjing Land.

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

- (6) Cheung Kong Infrastructure Holdings Limited ("CKI", a non-wholly owned listed subsidiary of the Company) announced on 2 August 2011 that the board of directors of Northumbrian Water Group plc ("Northumbrian Water") and the board of directors of UK Water (2011) Limited ("UK Water") announced on 2 August 2011 in the UK that they had reached agreement on the terms of a recommended cash offer by which all of the issued share capital of Northumbrian Water would be acquired by UK Water (the "Acquisition"). UK Water is indirectly wholly owned by a consortium led by CKI and comprising CKI, Cheung Kong and Li Ka Shing Foundation Limited ("LKSFL").

Under the terms of the Acquisition, the offer price was 465 pence (approximately HK\$60) for each ordinary share of 10 pence each in Northumbrian Water, which valued Northumbrian Water's entire issued share capital at approximately £2,411.6 million (approximately HK\$30,916.7 million).

In connection with the Acquisition, CKI, Cheung Kong, LKSFL and UK Water had entered into the equity commitment letter (the "Equity Commitment Letter") and the shareholders' agreement (the "JV Transaction"). Pursuant to the Equity Commitment Letter, approximately £2,198.7 million (approximately HK\$28,187.3 million), in aggregate, of funding for the Acquisition was being provided by CKI, Cheung Kong and LKSFL by the subscription of shares in UK Water and/or loan notes or other instruments issued by UK Water (in each case through one or more wholly owned intermediate holding companies) conditional on the scheme of arrangement becoming effective or the offer to acquire the entire issued share capital of Northumbrian Water by UK Water by means of a takeover offer made pursuant to the UK City Code on Takeovers and Mergers becoming wholly unconditional (as the case may be). CKI, Cheung Kong and LKSFL had committed to provide equity funding to UK Water (through their respective wholly owned intermediate holding companies) pursuant to the Equity Commitment Letter in the following proportions: CKI (40%), Cheung Kong (40%), and LKSFL (20%). The total financial commitment of CKI in relation to the JV Transaction was £879.5 million (approximately HK\$11,275.2 million).

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly the entering into of the JV Transaction and the provision of financial assistance by CKI (a subsidiary of the Company) directly or indirectly to UK Water constituted connected transactions for the Company under the Listing Rules.

- (7) On 16 November 2011, the Company announced that following the successful bidding for the land use right of the land of a net area of approximately 74,857.72 square metres located at 中國佛山市禪城區科潤路以南、禪港路以西 (in the South of Kerun Road and West of Changang Road, Chancheng District, Foshan, PRC) (the "Foshan Land") for development into residential and commercial properties. The terms of the land use right transfer contract had been agreed with 佛山市國土資源和城鄉規劃局 (Foshan Land Resources and Urban and Rural Planning Bureau) on 16 November 2011 which was expected to be, and was, executed by 佛山市和記黃埔地產有限公司 (Foshan Hutchison Whampoa Properties Limited) ("Foshan Project Co", indirectly owned as to 50% by each of the Company and Cheung Kong) on 16 November 2011. The total consideration under the contract was RMB896 million (approximately HK\$1,099 million) and was payable by instalments.

The initial total investment and registered capital of Foshan Project Co, both being currently set at HK\$760 million, were expected to be increased to HK\$1,516.46 million and HK\$1,128.50 million respectively. Such registered capital would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Foshan Land, and was to be injected into Bayswater Developments Limited (the "JV Holdco", indirectly owned as to 50% by each of the Company and Cheung Kong) (and thereafter its subsidiary or subsidiaries) by way of advances directly made from time to time by the respective subsidiaries of Cheung Kong and the Company on identical terms and in proportion to their respective indirect equity interests in Foshan Project Co. As and when there was a desire to strengthen the capital structure of the JV Holdco, advances made from time to time by respective subsidiaries of Cheung Kong and the Company to the JV Holdco will be capitalised on a pro rata basis, thereby resulting in an elimination of the subject advances and issue of new shares in the JV Holdco credited as fully paid.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, each of the entering into of the joint venture arrangement comprising the establishment of Foshan Project Co, and issue of new shares of the JV Holdco to the subsidiary of the Company pursuant to any advance capitalisation, constituted or will constitute a connected transaction for the Company under the Listing Rules.

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- (8) On 2 December 2011, the Company announced that following the successful bidding for the land of a gross area of 143,034.10 square metres located at 西崗區黑嘴子碼頭及周邊地塊 (Heizuizi Wharf and the surrounding area, Xigang District) in Dalian, PRC (the "Dalian Land") for development into residential and commercial properties, the terms of the land use rights transfer contract had been agreed with 大連市國土資源和房屋局 (Dalian Municipal Bureau of Land Resources and Housing) which was expected to be, and was, entered into on 5 December 2011 by 大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.) ("Dalian Project Co", indirectly owned as to 50% by each of the Company and Cheung Kong). The total consideration under the contract was RMB1,900 million (approximately HK\$2,313 million).

The initial total investment and registered capital of Dalian Project Co, both being currently set at RMB1,919 million (approximately HK\$2,336 million), were expected to be increased to an amount of which was the RMB equivalent of US\$700 million (approximately HK\$5,439 million) and US\$500 million (approximately HK\$3,885 million) respectively. Such registered capital would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Dalian Land and was to be injected into the JV Holdco (and thereafter its subsidiary or subsidiaries) by way of advances directly made from time to time by the respective subsidiaries of Cheung Kong and the Company on identical terms and in proportion to their respective indirect equity interest in Dalian Project Co. As and when there is a desire to strengthen the capital structure of the JV Holdco, advances made from time to time by respective subsidiaries of Cheung Kong and the Company to the JV Holdco will be capitalised on a pro rata basis, thereby resulting in an elimination of the subject advances and issue of new shares in the JV Holdco credited as fully paid.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, each of the entering into of the joint venture arrangement comprising the establishment of Dalian Project Co, and issue of new shares of the JV Holdco to the subsidiary of the Company pursuant to any advance capitalisation, constituted or will constitute a connected transaction for the Company under the Listing Rules.

## Continuing Connected Transactions

- (1) On 20 April 2010, the Company entered into:
- (a) a conditional master agreement with Cheung Kong (the "CKH Master Agreement") pursuant to which the Company or its wholly owned subsidiaries may acquire the CKH Connected Debt Securities (as described below) as are or to be issued by Cheung Kong or any of its subsidiaries (the "CKH Connected Issuers") in the secondary market; and
  - (b) a conditional master agreement with Husky Energy (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 Energy or any of its subsidiaries (the "HSE Connected Issuers") in the secondary market.

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

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

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

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

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

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

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

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

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

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

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

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

- (2) On 7 October 2011, the Company provided the Guarantees (as described below) on a several basis in respect of 80.35% of the respective obligations of TOM Group Limited ("TOM", a listed company which was owned as to approximately 25.55%, 24.47% and 12.23% by Cranwood Company Limited ("Cranwood") and its subsidiaries (together the "Cranwood Group"), subsidiaries of the Company and of Cheung Kong respectively) under each of the 2011 Term and Revolving Facilities (as described below) and the Amended 2009 Term and Revolving Facilities (as described below) agreed to be made available to TOM by four independent financial institutions respectively (the "TOM Continuing Connected Transactions").

In consideration of the provision by the Company of the Guarantees, Cranwood had unconditionally and irrevocably agreed to indemnify the Company against 51.08% of the Company's obligations under the Guarantees (the "Cranwood Indemnity") and the Cranwood Group had, among other things, charged an aggregate of 994,864,363 shares in TOM (representing its entire shareholding in, and comprising approximately 25.55% of the total issued share capital of, TOM) in favour of the Company as security for the Cranwood Indemnity.

"Amended 2009 Term and Revolving Facilities" means the 2009 Term and Revolving Facilities, as amended and restated pursuant to the respective Supplemental Deeds, for HK\$140 million (fully drawn term loan) and up to HK\$60 million (revolving facility), and HK\$300 million (fully drawn term loan) and up to HK\$100 million (revolving facility) respectively all with a final maturity date falling 36 months after 7 October 2011.

"Guarantees" means collectively, the 2009 Guarantees (as amended and restated pursuant to the respective Supplemental Deeds) and New Guarantees.

"New Guarantees" means the guarantees both provided on a several basis by the Company on 7 October 2011 in respect of 80.35% of TOM's respective obligations under the 2011 Term and Revolving Facilities.

"Supplemental Deeds" means collectively, the two separate deeds both entered into by, inter alia, the Company and Cheung Kong as guarantors and TOM as borrower on 7 October 2011 pursuant to which the agreements for the 2009 Term and Revolving Facilities and the 2009 Guarantees are amended.

"2009 Guarantees" means the guarantees both provided on a several basis by the Company on 21 July 2009 in respect of 80.32% of TOM's respective obligations under the 2009 Term and Revolving Facilities.

"2009 Term and Revolving Facilities" means the two separate term and revolving facilities agreed to be made available to TOM by two independent financial institutions pursuant to two separate facility agreements entered into by TOM on 30 June 2009 and 21 July 2009 respectively for up to HK\$400 million and HK\$200 million respectively all with a final maturity date falling 36 months after the respective agreement dates.

"2011 Term and Revolving Facilities" means the two separate term and revolving facilities agreed to be made available to TOM by two independent financial institutions pursuant to two separate facility agreements entered into by TOM both on 7 October 2011 for up to HK\$1,300 million and HK\$300 million respectively all with a final maturity date falling 36 months after 7 October 2011.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, the provision of the Guarantees for the benefit of TOM constituted connected transactions and continuing connected transactions for the Company under the Listing Rules.

A summary of all related parties transactions entered into by the Group during the year ended 31 December 2011 is contained in note 38 to the consolidated accounts. The transactions in relation to the establishment of joint ventures with Cheung Kong, the provision of financial assistance for the benefit of such joint ventures and the outstanding balances of approximately HK\$6,120 million (out of approximately HK\$7,741 million) in principal amount with associated companies and jointly controlled entities as described in note 38 all fall under the definition of "connected transactions" under the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2011.

### Annual Review of Continuing Connected Transactions

All the Independent Non-executive Directors of the Company have reviewed and confirmed that there was no CKH & HSE Continuing Connected Transactions entered into by the Group during the year ended 31 December 2011 and that the TOM Continuing Connected Transactions had been entered into on normal commercial terms and 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 in respect of the CKH & HSE Continuing Connected Transactions and the TOM Continuing Connected Transactions:

(1) CKH & HSE Continuing Connected Transactions

There was no CKH & HSE Continuing Connected Transactions entered into by the Group during the year ended 31 December 2011.

(2) TOM Continuing Connected Transactions

- (i) have received approval of the Board of Directors of the Company;
- (ii) are entered into in accordance with the relevant agreements governing such transactions; and
- (iii) do not exceed 80.35% of the respective obligations of TOM under the loan facilities of an aggregate principal amount of up to HK\$2,200 million as disclosed in the announcement dated 7 October 2011 for the year ended 31 December 2011.

### 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).



## Report of the Directors

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

As at 31 December 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

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

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

Name of Director	Capacity	Nature of interests	Number of shares held	Total	Approximate % of shareholding
Li Ka-shing	Founder of discretionary trusts	Other interest	2,141,698,773 <sup>(1)</sup> )	2,235,252,773	52.4292%
	Interest of controlled corporations	Corporate interest	93,554,000 <sup>(2)</sup> )		
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	2,141,698,773 <sup>(1)</sup> )	2,143,085,543	50.2674%
	Interest of controlled corporations	Corporate interest	1,086,770 <sup>(3)</sup> )		
	Interest of child	Family interest	300,000 <sup>(4)</sup> )		
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	6,010,875 <sup>(5)</sup>	6,010,875	0.1410%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	190,000	190,000	0.0045%
Frank John Sixt	Beneficial owner	Personal interest	200,000	200,000	0.0047%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	50,000	0.0012%
Kam Hing Lam	Beneficial owner	Personal interest	60,000 )	100,000	0.0023%
	Interest of child	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>(6)</sup>	15,984,095	0.3749%
Holger Kluge	Beneficial owner	Personal interest	40,000	40,000	0.0009%
George Colin Magnus	Founder and beneficiary of a discretionary trust	Other interest	950,100 <sup>(7)</sup> )	1,000,000	0.0235%
	Beneficial owner	Personal interest	40,000 )		
	Interest of spouse	Family interest	9,900 )		
William Shurniak	Beneficial owner	Personal interest	165,000	165,000	0.0039%

Notes:

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

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

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

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

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

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

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

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

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

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

(4) Such shares were held by a company in which a child of Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of voting power at its general meeting.

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

(6) 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.

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

## Report of the Directors

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

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

As at 31 December 2011, 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 81.76% of the then issued share capital, in CKI of which 1,906,681,945 ordinary shares were held by a wholly owned subsidiary of the Company and 5,428,000 ordinary shares were held by TUT1 as trustee of UT1;
- (ii) 3,185,136,120 ordinary shares, representing approximately 66.11% of the then issued share capital, in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") of which 52,092,587 ordinary shares and 3,132,890,253 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3;
- (iii) 829,599,612 ordinary shares, representing approximately 38.87% of the then issued share capital, in Power Assets Holdings Limited ("Power Assets") which shares were held by certain wholly owned subsidiaries of CKI;
- (iv) 2,423,888,908 ordinary shares, representing approximately 62.26% 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) 994,864,363 ordinary shares charged by Cranwood Company Limited and its subsidiaries in favour of the Company as security;
- (v) 322,277,676 common shares, representing approximately 33.66% of the then issued share capital, in Husky Energy held by a wholly owned subsidiary of the Company; and
- (vi) all interests in shares, underlying shares and/or debentures in all associated corporations of the Company.

As Mr Li Ka-shing is the settlor of a discretionary trust and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of that discretionary trust, for the purpose of the SFO Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 337,446,343 common shares, representing approximately 35.24% of the then issued share capital, in Husky Energy which were held by a company indirectly owned by Mr Li Ka-shing and the trustee of a discretionary trust as aforementioned.

Mr Li Ka-shing, as Director of the Company, was also deemed to be interested in (a) a nominal amount of US\$78,000,000 in the 5.90% Notes due 2014 issued by Husky Energy; and (b) a nominal amount of US\$25,000,000 in the 7.25% Notes due 2019 issued by Husky Energy 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 2011, corporate interests in (i) a nominal amount of US\$9,100,000 in the 6.625% Guaranteed Perpetual Capital Securities issued by PHBS Limited; and (ii) 403,979,499 ordinary shares, representing approximately 8.38% 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 2011, the following interests:

- (i) family interests in (a) 151,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in Power Assets held by his spouse; and (b) 192,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in HTHKH held by a company in which his child is entitled to exercise or control the exercise of one-third or more of voting power at its general meetings; and
- (ii) corporate interests in (a) a nominal amount of US\$10,208,000 in the 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited ("HWI(03/13)"); (b) a nominal amount of US\$45,792,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited; and (c) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in HTHKH, which were held by companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

Mr Fok Kin Ning, Canning had, as at 31 December 2011, the following interests:

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

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 2011, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTHKH.

Mr Frank John Sixt had, as at 31 December 2011, the following interests:

- (i) personal interests in (a) 1,000,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HTAL; (b) 17,000 American depositary shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTHKH; (c) 37,265 common shares, representing approximately 0.004% of the then issued share capital, in Husky Energy; and (d) a nominal amount of US\$1,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by HWI(10); and
- (ii) corporate interests in a nominal amount of US\$1,000,000 in the 5.90% Notes due 2014 issued by Husky Energy.

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

## Report of the Directors

Mr Kam Hing Lam had, as at 31 December 2011, the following interests:

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

Mr Holger Kluge in his capacity as a beneficial owner had, as at 31 December 2011, personal interests in 20,000 common shares, representing approximately 0.002% of the then issued share capital, in Husky Energy.

Mr George Colin Magnus had, as at 31 December 2011, the following interests:

- (i) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in HTHKH comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and
- (ii) personal interests in 30,000 common shares and 6,502 unlisted and physically settled Deferred Share Units (each representing one common share), in aggregate representing approximately 0.004% of the then issued share capital, in Husky Energy held in his capacity as a beneficial owner.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2011, personal interests in 15,459 common shares, representing approximately 0.002% of the then issued share capital, in Husky Energy.

Save as disclosed above, as at 31 December 2011, none of the Directors or chief executive of the Company or 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) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

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

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

So far as is known to any Directors or chief executive of the Company, as at 31 December 2011, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK:

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

### Long positions in the shares of the Company

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

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

### Long positions in the shares of the Company

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

#### Notes:

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

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

Save as disclosed above, as at 31 December 2011, no other person (other than the Directors or chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

## Report of the Directors

### Share Option Schemes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

No share option was granted, exercised, cancelled or lapsed under the 3 Italia Plan during the year ended 31 December 2011.

As at 1 January 2011, 31 December 2011 and the date of this report, 3 Italia had no share options outstanding under the 3 Italia Plan.

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

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

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

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

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

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



## Report of the Directors

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

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

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

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

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

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

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

Particulars of share options outstanding under the 3 UK Plan at the beginning and at the end of the financial year ended 31 December 2011 and share options granted, exercised, cancelled or lapsed under the 3 UK Plan during the year are as follows:

Category of participant	Effective date of grant or date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2011	Granted during 2011	Exercised during 2011	Lapsed/ cancelled during 2011	Number of share options held at 31 December 2011	Exercise period of share options	Exercise price of share options £	Price of 3 UK Share at grant date of share options <sup>(3)</sup> £	Price of 3 UK Share at exercise date of share options £
Employees in aggregate	20.5.2004	5,807,250	-	-	(5,807,250)	-	From Listing <sup>(2)</sup> to 18.4.2011	1.00	1.00	N/A
	20.5.2004	21,348,500	-	-	(21,348,500)	-	From Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	2,908,250	-	-	(2,908,250)	-	From Listing to 20.8.2011	1.35	1.00	N/A
	20.5.2004	420,000	-	-	(420,000)	-	From Listing to 18.12.2011	1.35	1.00	N/A
	20.5.2004	187,750	-	-	-	187,750	From Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	1,567,750	-	-	(360,500)	1,207,250	From Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	182,500	-	-	(35,000)	147,500	From Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	340,000	-	-	(40,000)	300,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	1,075,000	-	-	(715,000)	360,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	662,250	-	-	(172,250)	490,000	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	417,750	-	-	(17,750)	400,000	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	2,202,750	-	-	(230,000)	1,972,750	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		37,119,750	-	-	(32,054,500)	5,065,250				

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 ("AIM") operated by London Stock Exchange plc or in the United Kingdom or elsewhere.
- (3) Nominal value of 3 UK Shares on date of grant set out for reference only.

## Report of the Directors

As at the date of this report, 3 UK had 2,870,250 share options outstanding under the 3 UK Plan, which represented approximately 0.06% of the 3 UK Shares in issue as at that date.

No share option was granted under the 3 UK Plan during the year ended 31 December 2011.

### (III) Hutchison China MediTech Limited ("Chi-Med")

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

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

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

- (a) the total number of Chi-Med Shares issued or issuable pursuant to share options granted under all employees' share schemes of Chi-Med must not in aggregate exceed 5% of the Chi-Med Shares in issue on the date on which the Chi-Med Shares are listed to trading on a recognised stock exchange (including the AIM) (the "Chi-Med Listing").
- (b) the Chi-Med Board may refresh and recalculate the limit by reference to the issued share capital of Chi-Med then prevailing with the approval of the shareholders of its listed parent company (which is currently the Company) if required under the Listing Rules in a general meeting, provided that the total number of Chi-Med Shares issued and issuable pursuant to the exercise of share options under all employees' share schemes of Chi-Med may not exceed 10% of the issued ordinary share capital on the date of the approval of the refreshed limit. Share options previously granted under the Chi-Med Plan and any other employee share schemes of Chi-Med (including those outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the limit as refreshed. As at the date of this report, the total number of Chi-Med Shares available for issue under the Chi-Med Plan is 1,978,362 which represent 3.82% of the total number of Chi-Med Shares in issue as at that date.
- (c) share options may be granted to any Chi-Med Eligible Person or Chi-Med Eligible Persons specifically identified by the Chi-Med Board in excess of the limit, including the refreshed limit, under paragraphs (a) and (b) above, with the approval of the shareholders of Chi-Med in a general meeting and by the shareholders of the listed parent company if required under the Listing Rules and subject to paragraphs (d) and (e) below and restrictions on grant to key individuals under the Chi-Med Plan.

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

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

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

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

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

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

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

## Report of the Directors

Particulars of share options outstanding under the Chi-Med Plan at the beginning and at the end of the financial year ended 31 December 2011 and share options granted, exercised, cancelled or lapsed under the Chi-Med Plan during the year are as follows:

Name or category of participant	Effective date of grant or date of share options	Number of share options held at 1 January 2011	Granted during 2011	Exercised during 2011	Lapsed/ cancelled during 2011	Number of share options held at 31 December 2011	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>Directors</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
Cheng Chig Fung, Johnny	25.8.2008 <sup>(3)</sup>	256,146	-	-	-	256,146	25.8.2008 to 24.8.2018	1.26	1.26 <sup>(6)</sup>	N/A
Sub-total:		1,024,328	-	-	-	1,024,328				
<b>Other employees in aggregate</b>										
	19.5.2006 <sup>(1)(2)</sup>	128,030	-	-	-	128,030	19.5.2006 to 3.6.2015	1.09	2.505 <sup>(5)</sup>	N/A
	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
	18.5.2007 <sup>(4)</sup>	52,182	-	-	-	52,182	18.5.2007 to 17.5.2017	1.535	1.535 <sup>(6)</sup>	N/A
	28.6.2010 <sup>(3)</sup>	102,628	-	-	-	102,628	28.6.2010 to 27.6.2020	3.195	3.15 <sup>(6)</sup>	N/A
	1.12.2010 <sup>(3)</sup>	227,600	-	-	-	227,600	1.12.2010 to 30.11.2020	4.967	4.85 <sup>(6)</sup>	N/A
	24.6.2011 <sup>(3)</sup>	N/A	150,000	-	-	150,000	24.6.2011 to 23.6.2021	4.405	4.4 <sup>(6)</sup>	N/A
Sub-total:		590,898	150,000	-	-	740,898				
Total:		1,615,226	150,000	-	-	1,765,226				

### 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 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.
- (4) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third 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.

As at the date of this report, Chi-Med had 1,765,226 share options outstanding under the Chi-Med Plan, which represented approximately 3.41% of the Chi-Med Shares in issue as at that date.

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

Value of each share option	£1.841
Significant inputs into the valuation model:	
Exercise price	£4.405
Share price at effective grant date	£4.325
Expected volatility	46.6%
Risk-free interest rate	3.13%
Expected life of share options	6.25 years
Expected dividend yield	0%

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

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

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

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

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

## Report of the Directors

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

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

- (a) the maximum number of HHR Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 30% of the relevant class of securities of HHR (or its subsidiaries) in issue from time to time.
- (b) the total number of HHR Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HHR Plan and any other share option scheme of the HHR Group) to be granted under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 6% of the relevant class of securities of HHR (or its subsidiaries) in issue as at 20 May 2004, being the date of passing the relevant resolution adopting the HHR Plan (the "HHR General Scheme Limit"). As at the date of this report, the total number of HHR Shares available for issue under the HHR Plan is 383,604,015, which represented 4.3% of the total number of HHR Shares in issue as at that date.
- (c) subject to (a) above and without prejudice to (d) below, HHR may seek approval of its shareholders (the "HHR Shareholders") in a general meeting to refresh the HHR General Scheme Limit provided that the total number of HHR Shares which may be allotted and issued upon the exercise of all share options to be granted under the HHR Plan and any other share option scheme of the HHR Group must not exceed 10% of the relevant class of securities of HHR (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options including those outstanding, cancelled, lapsed or exercised in accordance with the HHR Plan and any other share option scheme of the HHR Group will not be counted.
- (d) subject to (a) above and without prejudice to (c) above, HHR may seek separate approval of the HHR Shareholders in a general meeting to grant share options beyond the HHR General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by HHR before such approval is sought.

The total number of HHR Shares issued and which may fall to be issued upon the exercise of the share options granted under the HHR Plan and any other share option scheme of the HHR Group (including both exercised and outstanding share options) to any one 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 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 HHR Plan at any time during a period to be determined on the date of offer for the grant of share option and notified by the HHR Directors to each grantee, which period may commence, once the offer for the grant is accepted within the prescribed time by the grantee, from the date of the offer for the grant of share options but shall end in any event not later than 10 years from the date on which the offer for the grant of the share option is made, subject to the provisions for early termination thereof. Unless otherwise determined by the HHR Directors and stated in the offer of the grant of share options to a grantee, there is no minimum period required under the HHR Plan for the holding of a share option before it can be exercised.

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

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

Particulars of share options outstanding under the HHR Plan at the beginning and at the end of the financial year ended 31 December 2011 and share options granted, exercised, cancelled or lapsed under the HHR Plan during the year are as follows:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2011	Granted during 2011	Exercised during 2011	Lapsed/ cancelled during 2011	Number of share options held at 31 December 2011	Exercise period of share options <sup>(1)</sup>	Exercise price of share options HK\$	Price of HHR Share	
									at grant date of share options <sup>(2)</sup> HK\$	at exercise date of share options <sup>(3)</sup> HK\$
<b>Director</b>										
Endo Shigeru <sup>(4)</sup>	3.6.2005	5,000,000	-	-	-	5,000,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
Sub-total:		5,000,000	-	-	-	5,000,000				
<b>Other employees in aggregate</b>										
	3.6.2005	600,000	-	-	-	600,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
	25.5.2007	1,536,000	-	(1,336,000)	-	200,000	25.5.2008 to 24.5.2017	0.616	0.61	0.72
Sub-total:		2,136,000	-	(1,336,000)	-	800,000				
Total:		7,136,000	-	(1,336,000)	-	5,800,000				

Notes:

- (1) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (2) The stated price was the closing price of the HHR Shares quoted on the SEHK on the trading day immediately prior to the date of grant of 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 Endo Shigeru retired as executive director of HHR with effect from 10 December 2011.

As at the date of this report, HHR had 800,000 share options outstanding under the HHR Plan, which represented approximately 0.01% of the HHR Shares in issue as at that date.

No share option was granted under the HHR Plan during the year ended 31 December 2011.



## Report of the Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A HTAL Share does not have any nominal value.

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

## Report of the Directors

Particulars of share options outstanding under the HTAL Plan at the beginning and at the end of the financial year ended 31 December 2011 and share options granted, exercised, cancelled or lapsed under the HTAL Plan during the year are as follows:

Category of participant	Date of grant of share options	Number of share options held at 1 January 2011	Granted during 2011	Exercised during 2011	Lapsed/ cancelled during 2011	Number of share options held at 31 December 2011	Exercise period of share options	Exercise price of share options <sup>(2)</sup> A\$	Price of HTAL Share at grant date of share options <sup>(3)</sup> A\$	Price of HTAL Share at exercise date of share options A\$
<b>Employees in aggregate</b>	14.6.2007 <sup>(1a)</sup>	22,850,000	-	-	(375,000)	22,475,000	1.7.2008 to 13.6.2012	0.145	0.145	N/A
	14.11.2007 <sup>(1b)</sup>	300,000	-	-	-	300,000	1.1.2009 to 13.11.2012	0.20	0.20	N/A
	4.6.2008 <sup>(1c)</sup>	300,000	-	-	-	300,000	1.1.2010 to 3.6.2013	0.139	0.139	N/A
<b>Total:</b>		<b>23,450,000</b>	<b>-</b>	<b>-</b>	<b>(375,000)</b>	<b>23,075,000</b>				

Notes:

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

As at the date of this report, the total number of HTAL Shares available for issue under the HTAL Plan (excluding the share options granted but yet to be exercised) is 12,056,271 shares, which represented approximately 0.09% of the HTAL Shares in issue as at that date.

No share option was granted under the HTAL Plan during the year ended 31 December 2011.

## (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.

## Report of the Directors

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

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

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

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

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

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

The HTHKH Plan will remain in force for a period of 10 years commencing from 21 May 2009, being the date on which the HTHKH Plan becomes unconditional and has a remaining term of approximately seven 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 2011 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during the year are as follows:

Category of participant	Date of grant of share options <sup>(1)</sup>	Number of share options held at 1 January 2011	Granted during 2011	Exercised during 2011	Lapsed/ cancelled during 2011	Number of share options held at 31 December 2011	Exercise period of share options	Exercise price of share options <sup>(2)</sup> HK\$	Price of HTHKH Share at grant date of share options <sup>(3)</sup> HK\$	Price of HTHKH Share at exercise date of share options <sup>(4)</sup> HK\$
Employees in aggregate	1.6.2009	3,340,000	-	(2,250,000)	-	1,090,000	1.6.2009 to 31.5.2019	1.00	0.96	2.76
Total:		3,340,000	-	(2,250,000)	-	1,090,000				

Notes:

- (1) The share options were vested according to a schedule, namely, as to as close to one-third of the HTHKH Shares which are subject to the share options as possible on each of 1 June 2009, 23 November 2009 and 23 November 2010, and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as defined in the HTHKH Plan) on such vesting date.
- (2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTHKH Plan.
- (3) The stated price was the closing price of the HTHKH Shares on the SEHK on the trading day immediately prior to the date of grant of the share options.
- (4) The stated price was the weighted average closing price of the HTHKH Shares immediately before the date(s) on which the share options were exercised.

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

No share option was granted under the HTHKH Plan during the year ended 31 December 2011.

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.

## Report of the Directors

### Directors' Interests in Competing Business

During the year ended 31 December 2011, the following Directors of the Company had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) 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 or its subsidiaries conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name of Director	Name of company	Nature of interest	Nature of competing business
Li Ka-shing	Cheung Kong	Chairman	- Property and hotels - Finance and investments
Li Tzar Kuoi, Victor	Cheung Kong	Managing Director and Deputy Chairman	- Property and hotels - Finance and investments
	CKI	Chairman	- Energy and infrastructure, finance and investments
	CK Life Sciences Int'l., (Holdings) Inc. ("CKLS")	Chairman	- Retail (research and development, manufacturing, commercialization, marketing and selling of human health products) - Finance and investments
	Power Assets	Executive Director	- Energy
Fok Kin Ning, Canning	Husky Energy	Co-Chairman	- Energy
	Cheung Kong	Non-executive Director	- Property and hotels - Finance and investments
	CKI	Deputy Chairman	- Energy and infrastructure, finance and investments
	Power Assets	Chairman	- Energy
	HHR	Chairman	- Property
	HTAL	Chairman	- Telecommunications
	Husky Energy	Co-Chairman	- Energy
	Hutchison Port Holdings Management Pte. Limited ("HPH")	Chairman	- Ports and related services
	Chow Woo Mo Fong, Susan	CKI	Executive Director
Power Assets		Executive Director	- Energy
HHR		Executive Director	- Property
HTAL		Director	- Telecommunications
TOM		Non-executive Director <sup>(1)</sup>	- Telecommunications (Internet and e-commerce)
HPH		Alternate Director	- Ports and related services

Name of Director	Name of company	Nature of interest	Nature of competing business
Frank John Sixt	Cheung Kong	Non-executive Director	- Property and hotels - Finance and investments
	CKI	Executive Director	- Energy and infrastructure, finance and investments
	Power Assets	Executive Director	- Energy
	HTAL	Director	- Telecommunications
	Husky Energy	Director	- Energy
	TOM	Non-executive Chairman	- Telecommunications (Internet and e-commerce)
	HPH	Non-executive Director	- Ports and related services
Lai Kai Ming, Dominic	HHR	Deputy Chairman	- Property
	HTAL	Director	- Telecommunications
Kam Hing Lam	Cheung Kong	Deputy Managing Director	- Property and hotels - Finance and investments
	CKI	Group Managing Director	- Energy and infrastructure, finance and investments
	CKLS	President and Chief Executive Officer	- Retail (research and development, manufacturing, commercialization, marketing and selling of human health products) - Finance and investments
	Hui Xian Asset Management Limited	Chairman	- Property and hotels
	Power Assets	Executive Director	- Energy
George Colin Magnus	Cheung Kong	Non-executive Director	- Property and hotels - Finance and investments
	CKI	Non-executive Director	- Energy and infrastructure, finance and investments
	Power Assets	Non-executive Director	- Energy
	Husky Energy	Director (independent)	- Energy
William Shurniak	Husky Energy	Deputy Chairman	- Energy

Note:

- (1) Mrs Chow Woo Mo Fong, Susan resigned as non-executive director of TOM and was appointed as alternate director to Mr Frank John Sixt, non-executive chairman of TOM, on 5 March 2012.

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.



## Report of the Directors

During the year, Mr Fok Kin Ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt and Mr Lai Kai Ming, Dominic are non-executive directors of HTHKH, and Mr Fok and Mr Lai are also alternate directors to Mrs Chow and Mr Sixt, non-executive directors of HTHKH, respectively which was engaged in telecommunications businesses.

A non-competition agreement was entered into by the Company with each of Hutchison Telecommunications International Limited ("HTIL") and HTHKH on 17 April 2009, whereby the parties thereto agreed, inter alia, to clearly delineate the respective geographical markets and businesses of each of (i) the Group (excluding HTIL and its subsidiaries (the "HTIL Group") and the HTHKH Group), (ii) the HTIL Group, and (iii) the HTHKH Group within their respective territories for the purpose of implementing the non-competition restrictions.

Save for the consent granted by the Company in 2008 to the establishment of a joint venture between Hutchison Global Communications Limited (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/reseller business in Italy, the exclusive territory of the HTHKH Group comprised Hong Kong and Macau whereas the exclusive territory of the Group (which in substance including those of the HTIL Group following the privatisation of HTIL in 2010) 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.

## 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\$ 158,349 million, representing approximately 47% of the issued share capital of the Company.

## Auditor

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

By order of the Board

**Edith Shih**

*Company Secretary*

Hong Kong, 29 March 2012