

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 2014.

Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and joint ventures are shown on pages 269 to 274.

Group Profit

The Consolidated Income Statement is set out on page 168 and shows the Group profit for the year ended 31 December 2014.

Dividends

A special dividend of HK\$7.00 per share and an interim dividend of HK\$0.66 per share were paid to shareholders on 14 May 2014 and 10 September 2014 respectively. The Directors declare the payment of a second interim dividend (in lieu of a final dividend) of HK\$1.755 per share on 15 April 2015 to all persons registered as holders of shares on 17 March 2015, being the record date for determining the entitlement of shareholders to the second interim dividend.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 46 to the accounts on pages 267 to 268 and the Consolidated Statement of Changes in Equity on pages 172 to 174 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK\$55,000,000 (2013 – approximately HK\$71,000,000).

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.

Report of the Directors

Directors

As at 31 December 2014, the board of Directors of the Company (the "Board") 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, Mr Cheng Hoi Chuen, Vincent, The Hon Sir Michael David Kadoorie, Ms Lee Wai Mun, Rose, Mr Lee Yeh Kwong, Charles, 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.

On 10 July 2014, Mr Holger Kluge resigned as an Independent Non-executive Director and Mr Cheng Hoi Chuen, Vincent was appointed as an Independent Non-executive Director.

The Board would like to record its appreciation for the services of Mr Holger Kluge to the Group and is pleased to welcome Mr Cheng Hoi Chuen, Vincent to the Board.

Mr Cheng Hoi Chuen, Vincent will retire under the provision of Article 107 of the Articles of Association of the Company at the next general meeting and, being eligible, offers himself for re-election at the next general meeting.

Messrs Li Ka-shing, Chow Woo Mo Fong, Susan, Frank John Sixt, The Hon Sir Michael David Kadoorie and Lee Yeh Kwong, Charles will retire by rotation under the provision of Article 101 of the Articles of Association of the Company at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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

The Directors' biographical details are set out on pages 110 to 113.

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 of the Company 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 2014 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) Acquisition of Park'N Fly

On 27 May 2014 in Toronto (being 28 May 2014 in Hong Kong), Cheung Kong (Holdings) Limited ("Cheung Kong"), Cheung Kong Infrastructure Holdings Limited ("CKI", a non-wholly owned listed subsidiary of the Company), Cheung Kong Investment Company Limited ("CKICL, a wholly owned subsidiary of Cheung Kong), Capacity Faith Limited ("CFL", a wholly owned subsidiary of CKI) and Splendid Grand Limited ("SGL", held as to 50% by each of Cheung Kong and CKI) entered into the shareholders' agreement (the "SGL Shareholders' Agreement") in relation to the funding commitment, shareholding and other rights and obligations of each of Cheung Kong and its subsidiaries (the "Cheung Kong Group") and CKI and its subsidiaries (the "CKI Group") in respect of SGL which was formed for the purpose of the Park'N Fly Acquisition (the "Park'N Fly JV Transaction") and the potential acquisition of the assets and undertakings of the "Park'N Fly" business in Vancouver of Canada (the "Park'N Fly Potential Acquisition") from the Vendors, independent third parties of the Company.

Given that Cheung Kong is a connected person of the Company by virtue of it being a substantial shareholder of the Company, the entering into of the SGL Shareholders' Agreement by CKI constituted a connected transaction for the Company under the Listing Rules.

On the same date, the Vendors, 1822703 Alberta Ltd. (the "Purchaser", a wholly owned subsidiary of SGL), and Cheung Kong and CKI, both as guarantors to the Purchaser, entered into the asset purchase agreement (the "Asset Purchase Agreement") in respect of the Park'N Fly Acquisition.

Funding to SGL would be by way of a combination of equity and shareholders' loans from each of Cheung Kong and CKI, acting through one or more of their respective subsidiaries on a 50:50 basis pro rata to their respective equity interests in SGL. Based on the purchase price of CAD347,555,000 (approximately HK\$2,481,646,966.50), the estimated costs and expenses associated with the Park'N Fly JV Transaction, the Park'N Fly Acquisition and the Park'N Fly Potential Acquisition, and the working capital requirements of SGL, the aggregate funding to SGL committed by each of the Cheung Kong Group and the CKI Group under the SGL Shareholders' Agreement would in no circumstances exceed CAD198,750,000 (approximately HK\$1,419,134,625) comprising (i) an amount up to CAD181,977,500 (approximately HK\$1,299,373,943.25) in respect of the Park'N Fly Acquisition, and (ii) an amount up to CAD16,772,500 (approximately HK\$119,760,681.75) in respect of the Park'N Fly Potential Acquisition. The aggregate funding commitment of the Cheung Kong Group and the CKI Group to SGL would hence be up to CAD397,500,000 (approximately HK\$2,838,269,250). Completion of the funding obligations of the parties under the SGL Shareholders' Agreement is conditional on satisfaction of the conditions precedent contained therein. The SGL Shareholders' Agreement shall terminate and cease to have any further effect upon termination of the Asset Purchase Agreement and the asset purchase agreement relating to the Park'N Fly Potential Acquisition.

On 18 July 2014, Cheung Kong, CKI, CKICL, CFL, SGL and 1822604 Alberta Limited (the "New JV Company") entered into an amended and restated shareholders' agreement pursuant to which the SGL Shareholders' Agreement was amended and restated to reflect, among other things, the change of the joint venture vehicle from SGL to the New JV Company and the provision of an alternative funding arrangement by Cheung Kong and CKI to the joint venture group by way of corporate guarantee.

Completions of the Park'N Fly Acquisition and the Park'N Fly Potential Acquisition took place on 25 July 2014.

"Park'N Fly Acquisition" means the acquisition of the undertakings and assets of the business of operating off-airport parking facilities servicing customers travelling to or from airports in Edmonton, Montreal, Ottawa and Toronto of Canada, and the licensing of trademark "Park'N Fly" to the Halifax International Airport Authority and assumption of the certain liabilities pursuant to the Asset Purchase Agreement.

"Vendors" means the vendors of the Park'N Fly Acquisition, namely, (i) BRL Realty Limited, a corporation organised and existing under the laws of the province of Ontario, Canada; (ii) 1250353 Ontario Ltd., a corporation organised and existing under the laws of the province of Ontario, Canada; (iii) RNE Realty Limited, a corporation organised and existing under the laws of the province of Ontario, Canada; (iv) Park'N Fly Partnership, a partnership formed and existing under the laws of the province of Ontario, Canada; and (v) 1420291 Alberta Ltd., a corporation organised and existing under the laws of the province of Alberta, Canada.

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(2) Acquisition of 100% shareholding of Envestra Limited (now known as Australian Gas Networks Limited)

On 30 May 2014, Cheung Kong, CKI, Power Assets Holdings Limited ("Power Assets") and CK ENV UK Limited ("CK ENV") entered into the shareholders' agreement (the "CK ENV Shareholders' Agreement") in relation to, among other things, the subscription for ordinary shares in the capital of CK ENV (the "CK ENV Subscription"), funding for the acquisition (the "Envestra Acquisition") of all the issued and outstanding fully paid ordinary shares (the "Envestra Shares") of Envestra Limited ("Envestra") for AUD1.32 per Envestra Share by way of an off-market takeover bid under the Corporations Act 2001 of Australia (the "Takeover Bid") and the operations and management of CK ENV and its subsidiaries (the "CK ENV Group"), and Envestra and its subsidiaries following completion of the Envestra Acquisition (the "Envestra JV Transaction").

Following completion of the CK ENV Subscription, each of Cheung Kong, CKI and Power Assets holds an indirect one-third interest in CK ENV and each member of the CK ENV Group is accounted for as a joint venture of each of Cheung Kong, CKI and Power Assets in their respective consolidated financial statements. The maximum capital commitment of each of the Cheung Kong Group, the CKI Group and Power Assets and its subsidiaries (the "Power Assets Group") under the Envestra JV Transaction is approximately AUD666 million (approximately HK\$4,798.7 million).

Given that Cheung Kong is a connected person of the Company by virtue of it being a substantial shareholder of the Company, the entering into of the Envestra JV Transaction by CKI constituted a connected transaction for the Company under the Listing Rules.

The conditional cash offer by CK ENV Investments Pty Ltd ("CK ENV Investments", an indirect wholly owned subsidiary of CK ENV) under the Takeover Bid was completed on 4 September 2014 whereupon CK ENV Investments held approximately 96.58% of the Envestra Shares. CK ENV Investments then commenced the procedures for the compulsory acquisition of the remaining 3.42% of the Envestra Shares and after which the Envestra Shares ceased to be listed on the Australian Securities Exchange on 17 October 2014.

(3) Disposal of 17.46% interest in Envestra Limited

On 26 August 2014, the CKI Group and the CK ENV Group entered into an agreement whereby the CKI Group agreed to transfer to the CK ENV Group the entire issued share capital of Cheung Kong Infrastructure Holdings (Malaysian) Limited ("CKIM") in return for additional interest in the CK ENV Group (the "Transfer"). CKIM was the registered holder of 313,645,693 Envestra Shares, representing approximately 17.46% of the issued and outstanding Envestra Shares.

Upon completion of the Transfer, CKIM ceased to be a subsidiary of CKI, and CKI, through its indirect one-third interest in CK ENV and approximately 17.46% indirect interest in CK ENV UK 2 Limited ("CK ENV 2", a subsidiary of CK ENV), has an attributable interest in the CK ENV Group of approximately 44.97%.

Cheung Kong is a connected person of the Company by virtue of it being a substantial shareholder of the Company. As Cheung Kong holds an indirect one-third interest in CK ENV, each member of the CK ENV Group (including CK ENV 2 and CK ENV Investments) is an associate of Cheung Kong. Accordingly, the Transfer entered into between the CKI Group (members of which are subsidiaries of the Company) and the CK ENV Group constitutes a connected transaction for the Company under the Listing Rules.

(4) Reorganisation, Merger and Spin-off of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited

On 9 January 2015, Cheung Kong and the Company jointly announced the following proposals related to the reorganisation and combination of the businesses of the Cheung Kong Group and the Group to create two new leading Hong Kong listed companies such that CK Hutchison Holdings Limited ("CKHH", a wholly owned subsidiary of Cheung Kong) will take over all the non-property businesses of both groups, and Cheung Kong Property Holdings Limited ("CKP") will combine the property businesses of both groups:

- (a) the Cheung Kong Reorganisation Proposal;
- (b) the merger proposal whereby it is proposed that, after completion of the Cheung Kong Reorganisation Proposal, the Husky Share Exchange and the Hutchison Proposal will be implemented subject to the fulfilment (or, where relevant, waiver) of their respective conditions precedent; and
- (c) the Spin-off Proposal.

Completion of the Cheung Kong Reorganisation Proposal is (a) a condition precedent to completion of the Husky Share Exchange and (b) a pre-condition to the making of the Hutchison Proposal. Completion of the Husky Share Exchange and the Hutchison Proposal will be a condition precedent to completion of the Spin-off Proposal. If the Cheung Kong Reorganisation Proposal is not completed, the Husky Share Exchange, the Hutchison Proposal and the Spin-off Proposal will not proceed.

Pursuant to the conditional agreement dated 9 January 2015 entered into between the Husky Sale Shares Vendor and the Husky Sale Shares Purchaser, the Husky Sale Shares Purchaser will acquire from the Husky Sale Shares Vendor 61,357,010 common shares ("Husky Shares", representing approximately 6.24% of common shares in issue) of Husky Energy, in exchange for the issue of 84,427,246 new CKHH shares credited as fully paid, representing a share exchange ratio of 1.376 new CKHH shares for every one Husky Share to be acquired (the "Husky Share Exchange").

On completion of the Husky Share Exchange, assuming that there are no other changes in the shareholding of Husky Energy, the Company will own an aggregate of approximately 40.2% of the Husky Shares in issue. The Husky Share Exchange will be completed immediately prior to completion of the Hutchison Proposal.

As at 9 January 2015, the Trust, directly and indirectly through companies controlled by it, holds approximately 40.43% of the issued shares of Cheung Kong. Upon completion of the Cheung Kong Reorganisation Proposal, the Trust is expected to hold, directly and indirectly through companies controlled by it, approximately 40.43% of the issued shares of CKHH. Therefore the Trust will be a connected person of CKHH upon completion of the Cheung Kong Reorganisation Proposal. As Mr Li Ka-shing (who is a Director of the Company) is the settlor of, and Mr Li Tzar Kuoi, Victor (who is a Director of the Company) is a discretionary beneficiary of, each of the discretionary trusts under the Trust, the Trust is a connected person of the Company under the Listing Rules. The Husky Sale Shares Vendor is a company indirectly wholly owned by the Trust and therefore will be a connected person of CKHH upon completion of the Cheung Kong Reorganisation Proposal, and is a connected person of the Company, under the Listing Rules. Accordingly, the Husky Share Exchange will constitute a connected transaction for the Company under the Listing Rules.

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"Cheung Kong Reorganisation Proposal" means the proposal whereby the holding company of the Cheung Kong Group would be changed from Cheung Kong to CKHH by way of a scheme of arrangement (the "Cheung Kong Scheme") pursuant to Division 2 of Part 13 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong.

"DT1" means The Li Ka-Shing Unity Discretionary Trust, of which Mr Li Ka-shing is the settlor and, among others, Mr Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is Li Ka-Shing Unity Trustee Corporation Limited.

"DT2" means a discretionary trust of which Mr Li Ka-shing is the settlor and, among others, Mr Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is Li Ka-Shing Unity Trustcorp Limited.

"DT3" means a discretionary trust of which Mr Li Ka-shing is the settlor and, among others, Mr Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is Li Ka-Shing Castle Trustee Corporation Limited.

"DT4" means a discretionary trust of which Mr Li Ka-shing is the settlor and, among others, Mr Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is Li Ka-Shing Castle Trustcorp Limited.

"Excluded Property Interests" means (i) those property interests held by the Cheung Kong Group or the Group which are used for the purposes of carrying on, or ancillary to, the non-property businesses; (ii) the property interests held by the listed subsidiaries and listed associated companies of Cheung Kong, the Company or CKHH for use in carrying on, or ancillary to, their respective operations, which will continue to be held by such listed subsidiaries and associated companies; and (iii) one property under development held through one subsidiary of Cheung Kong, all the issued shares of which have been agreed to be sold to a third party.

"Group Property Businesses" means the property businesses of the Cheung Kong Group and the Group, (i) comprising (a) property development and investment, (b) hotels and serviced suites operation, (c) property and project management, and (d) unitholding in each of Fortune Real Estate Investment Trust ("Fortune REIT"), Prosperity Real Estate Investment Trust ("Prosperity REIT") and Hui Xian Real Estate Investment Trust ("Hui Xian REIT") (all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK")) as well as interests in ARA Asset Management Limited (which is listed on Singapore Exchange Securities Trading Limited and is the holding company of the managers of Fortune REIT and Prosperity REIT) and Hui Xian Asset Management Limited (which is the manager of Hui Xian REIT) (ii) but excluding the Excluded Property Interests.

"Husky Energy" means Husky Energy Inc., a company incorporated in Alberta, Canada with limited liability, the shares of which are listed on the Toronto Stock Exchange.

"Husky Sale Shares Purchaser" means Hutchison Whampoa Europe Investments S.à r.l., an indirect wholly owned subsidiary of the Company.

"Husky Sale Shares Vendor" means L.F. Investments S.à r.l., an indirect wholly owned subsidiary of the Trust.

"Hutchison Proposal" means a conditional share exchange offer proposed by CK Global Investments Limited (a wholly owned subsidiary of CKHH) to the shareholders of the Company, other than those held by the Cheung Kong Group at the relevant record time to be announced, for the cancellation of all the shares of the Company, other than those held by the wholly owned subsidiaries of Cheung Kong (the "Hutchison Scheme Shares"), in exchange for the newly issued CKHH shares by way of a scheme of arrangement, in the exchange ratio of one Hutchison Scheme Share for 0.684 of a CKHH share.

"Spin-off Proposal" means the proposed spin-off and distribution of the Group Property Businesses to the shareholders of CKHH by way of the distribution in specie, and separate listing of the shares of CKP on the Main Board of the SEHK by way of introduction.

"Trust" means DT1, DT2, DT3, DT4, The Li Ka-Shing Unity Trust and The Li Ka-Shing Castle Trust, and where the context requires, any of them.

(5) Acquisition of Eversholt Rail Group

On 20 January 2015, Cheung Kong, Portbrook Limited (an indirect wholly owned subsidiary of Cheung Kong), CKI, Portcobrook Limited (an indirect wholly owned subsidiary of CKI) and CK Investments S.à r.l. ("CK Investments") entered into the shareholders' agreement (the "Eversholt Shareholders' Agreement") in relation to the formation of a joint venture (in the form of CK Investments) (the "Joint Venture Transaction"), the Subscription, funding for the acquisition by CK Investments of the A ordinary shares and B ordinary shares of £1.00 each in the capital of Eversholt Investment Group (Luxembourg) S.à r.l. ("Eversholt") and the preferred equity certificates issued by Eversholt held by each of the sellers, namely Eversholt Investment Group S.C.S., Mary Bridget Kenny and Clive Lewis Thomas (collectively the "Sellers") (the "Eversholt Acquisition"), and the operations and management of CK Investments and its subsidiaries (the "Eversholt JV Group") and of Eversholt Rail Group following completion of the Eversholt Acquisition. Following completion of the Subscription, each of Cheung Kong and CKI will continue to hold an indirect 50% interest in CK Investments, and each member of the Eversholt JV Group will be accounted for as a joint venture of each of Cheung Kong and CKI in their respective consolidated financial statements.

On the same date, Star Agatha Investments S.à r.l., MSIP Sparrow B.V., 3I Infrastructure plc and 3I Infrastructure (Luxembourg) S.à r.l. (collectively the "Consortium Members"), the Sellers, CK Investments as purchaser, Cheung Kong and CKI as several (and not joint and several) guarantors entered into the sale and purchase agreement (the "Sale and Purchase Agreement") for the Eversholt Acquisition by CK Investments. Completion of the Eversholt Acquisition will be conditional upon fulfilment of certain conditions.

The maximum capital commitment (whether equity or loan) by each of the Cheung Kong Group and the CKI Group under the Joint Venture Transaction is approximately £600 million (approximately HK\$7,020.60 million) and the maximum aggregate liability of CKI as a guarantor under the Sale and Purchase Agreement is 50% of the Purchase Price.

Given that Cheung Kong is a connected person of the Company by virtue of it being a substantial shareholder of the Company, the entering into of the Joint Venture Transaction by CKI, a subsidiary of the Company, constitutes a connected transaction for the Company under the Listing Rules.

"Eversholt Rail Group" means Eversholt and each of (i) Eversholt Funding PLC; (ii) Eversholt Finance Holdings Limited; (iii) European Rail Finance (GB) Limited; (iv) Eversholt Rail Holding (UK) Limited; (v) Eversholt Rail (UK) Limited; (vi) Eversholt Depot Finance (UK) Limited; (vii) Eversholt Rail (380) Limited; (viii) Eversholt Rail (365) Limited; (ix) European Rail Finance Limited; (x) European Rail Finance (2) Limited; (xi) European Rail Finance Holdings Limited; and (xii) Eversholt Investment Limited.

"Purchase Price" means the purchase price payable by CK Investments on closing for the Eversholt Acquisition is the aggregate of (i) £1,027 million (approximately HK\$12,016.93 million), (ii) an amount equal to 10% per annum thereon from and excluding 31 December 2013 to and including the date of closing (calculated and pro-rated on a daily basis), and (iii) £10,000,000 (approximately HK\$117.01 million), subject to such downward adjustments as set forth in the Sale and Purchase Agreement.

"Subscription" means each of Cheung Kong and CKI, through one or more of their respective subsidiaries, will subscribe in cash for such number of shares in CK Investments, at an aggregate subscription price and make or procure the making of such shareholder loan(s) and/or subscription of such preferred equity certificates, tracking preferred equity certificates and/or other instruments for an aggregate amount as to be determined by the board of managers of CK Investments prior to closing, subject to a maximum of £600 million (approximately HK\$7,020.60 million).

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Continuing Connected Transactions

On 16 December 2013, the Company provided four guarantees 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 25.56%, 24.47% and 12.23% by Cranwood Company Limited ("Cranwood") and its subsidiaries (together the "Cranwood Group"), subsidiaries of the Company and subsidiaries of Cheung Kong respectively) under each of the 2013 Term and Revolving Facilities agreed to be made available to TOM by four independent financial institutions respectively (the "Guarantees" or "TOM Continuing Connected Transactions").

"2013 Term and Revolving Facilities" means the four separate term and revolving facilities agreed to be made available to TOM by four independent financial institutions pursuant to four separate facility agreements entered into by TOM on 16 December 2013 for up to HK\$1,700 million, HK\$600 million, HK\$300 million and HK\$300 million respectively, all with a final maturity date falling 36 months after 16 December 2013.

In consideration of the provision by the Company of the Guarantees, Cranwood had unconditionally and irrevocably agreed to indemnify the Company against 51.09% of the Company's obligations under the Guarantees (the "Cranwood Indemnity") and the Cranwood Group had, among other things, charged an aggregate of 995,078,363 shares in TOM (representing its entire shareholding in, and comprising approximately 25.56% of the then total issued share capital of, TOM) in favour of the Company as security for the Cranwood Indemnity.

Cheung Kong is a connected person of the Company by virtue of it 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 2014 is contained in note 39 to the consolidated accounts. The transactions in relation to the acquisition of traded debt securities issued by Husky Energy, the establishment of joint ventures with Cheung Kong and the provision of financial assistance to such joint ventures as described in note 39 all fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) under the Listing Rules, and are either disclosed previously pursuant to the Listing Rules or exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Rules 14A.76(1) or 14A.89 of 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 2014.

Annual Review of Continuing Connected Transactions

All the Independent Non-executive Directors of the Company have reviewed and confirmed that the TOM Continuing Connected Transactions had been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms and (c) according to the respective relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

- (i) have not been approval by the Board;
- (ii) were not entered into, in all material respects, in accordance with the respective relevant agreements governing such transactions; and

- (iii) have exceeded 80.35% of the respective obligations of TOM under the loan facilities of an aggregate principal amount of up to HK\$2,900 million as disclosed in the announcements dated 16 December 2013 for the year ended 31 December 2014.

Directors' Service Contract

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

Permitted Indemnity

The Articles of Association of the Company provides that a Director of the Company is entitled to be indemnified by the Company against the costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or otherwise in relation thereto. A Directors Liability Insurance is in place to protect the Directors of the Company against potential costs and liabilities arising from claims brought against the Directors.

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

So far as is known to the Directors and chief executive of the Company, as at 31 December 2014, other than the interests of the Directors and chief executive of the Company as disclosed in the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under "Information on Directors", the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (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 ⁽¹⁾	49.97%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773 ⁽¹⁾	49.97%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773 ⁽¹⁾	49.97%
Cheung Kong	Interest of controlled corporations	2,130,202,773 ⁽¹⁾	49.97%
Continental Realty Limited	Beneficial owner	465,265,969 ⁽²⁾	10.91%

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

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

Name	Capacity	Number of Shares/ Underlying Shares Held	Total	Approximate % of Shareholding
Honourable Holdings Limited	Interest of controlled corporations	322,942,375	322,942,375 ⁽²⁾	7.57%
Winbo Power Limited	Beneficial owner	236,260,200	236,260,200 ⁽²⁾	5.54%
Polycourt Limited	Beneficial owner	233,065,641	233,065,641 ⁽²⁾	5.47%
Well Karin Limited	Beneficial owner	226,969,600	226,969,600 ⁽²⁾	5.32%
JPMorgan Chase & Co.	Beneficial owner	14,545,272)		
	Investment manager	30,045,324)		
	Trustee	35,969)		
	Custodian corporation/ approved lending agent	180,017,347)	224,643,912 ⁽³⁾	5.26%

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

Name	Capacity	Number of Shares/ Underlying Shares Held	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Beneficial owner	7,899,521	7,899,521 ⁽⁴⁾	0.18%

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

Name	Capacity	Number of Shares/ Underlying Shares Held	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Custodian corporation/ approved lending agent	180,017,347	180,017,347	4.22%

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.
- (3) Such long position includes derivative interests in 3,781,317 underlying shares of the Company of which 2,160,731 underlying shares are derived from listed and physically settled derivatives, 23,000 underlying shares are derived from listed and cash settled derivatives, 890,804 underlying shares are derived from unlisted and physically settled derivatives and 706,782 underlying shares are derived from unlisted and cash settled derivatives.

- (4) Such short position includes derivative interests in 7,885,120 underlying shares of the Company of which 1,491,395 underlying shares are derived from listed and physically settled derivatives, 4,912,499 underlying shares are derived from listed and cash settled derivatives, 334,508 underlying shares are derived from unlisted and physically settled derivatives and 1,146,718 underlying shares are derived from unlisted and cash settled derivatives.

Save as disclosed above, as at 31 December 2014, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

Share Option Schemes

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

(I) Hutchison 3G UK Holdings Limited ("3 UK")

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

- (1) The purpose of the 3 UK Plan is to provide 3 UK with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to 3 UK Eligible Employees (as defined below).
- (2) Share options may be granted to the eligible employees of 3 UK (the "3 UK Eligible Employees"), being:
 - (a) any employee of 3 UK and any other company of which 3 UK has control from time to time (collectively the "3 UK Participating Company"); or
 - (b) any director of any 3 UK Participating Company who is required to devote to his duty substantially the whole of his working hours being not less than 25 hours per week.
- (3) Any grant of share options shall be by the remuneration committee of the board of directors of 3 UK (the "3 UK Remuneration Committee") subject always to any limits and restrictions specified in the rules of the 3 UK Plan as amended from time to time.
- (4) A 3 UK Eligible Employee is not required to pay for the grant of a share option under the 3 UK Plan.
- (5) Unless otherwise determined by the 3 UK Remuneration Committee and stated in the offer of the grant of share options to a 3 UK Eligible Employee, there is no minimum period required under the 3 UK Plan for the holding of a share option before it can be exercised.
- (6) The subscription price will be: (a) in the case of the one-time initial grants of share options recognising the long service and ongoing contribution of the founders and other 3 UK Eligible Employees who were 3 UK Eligible Employees prior to 31 March 2001 and who at the date on which a share option is granted under the 3 UK Plan (the "3 UK Grant Date") remain so employed, and who the 3 UK Remuneration Committee determines should receive such an initial grant, the price as determined by the 3 UK Remuneration Committee (not being less than £1.00 per share); and (b) in any other case the market value of the 3 UK Shares at the 3 UK Grant Date as determined by the 3 UK Remuneration Committee but in any event not being less than the nominal value (if any) of such 3 UK Share at the 3 UK Grant Date.

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- (7) In respect of any share option granted either: (i) after the Company has resolved to seek a separate listing of 3 UK and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the SEHK in relation to a listing on the Main Board of the SEHK (or an equivalent application in 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.
- (8) Subject always to paragraph (9) below, no share option shall be granted under the 3 UK Plan which would, at the 3 UK Grant Date, cause the number of 3 UK Shares which shall have been or may be issued under the 3 UK Plan and under any share option scheme of 3 UK (the "3 UK Option Plan Shares") to exceed 5% of the number of 3 UK Shares in the capital of 3 UK in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the 3 UK Plan, unless approved by the shareholders of both 3 UK and the Company in general meetings in accordance with the requirements of the Listing Rules (as at the date of this report, the total number of 3 UK Shares available for issue under the 3 UK Plan (including the share options granted but yet to be exercised) is 222,274,337, which represented 5% of the total number of 3 UK Shares in issue as at that date).
- (9) 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.
- (10) The total number of 3 UK Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 3 UK Plan and under any other share option scheme of 3 UK must not exceed 30% of the 3 UK Shares in issue from time to time.
- (11) The total number of 3 UK Shares issued and to be issued upon the exercise of the share options granted to each 3 UK Eligible Employee (including exercised, cancelled and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of 3 UK, unless approved by the shareholders of 3 UK and the Company in general meetings (with such 3 UK Eligible Employee and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

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

Particulars of share options outstanding under the 3 UK Plan at the beginning and at the end of the financial year ended 31 December 2014 and share options granted, exercised, cancelled or lapsed under the 3 UK Plan during the year were as follows:

Category of participant	Effective date of grant or date of share options ⁽¹⁾	Number of share options held as at 1 January 2014	Granted during 2014	Exercised during 2014	Lapsed/ cancelled during 2014	Number of share options held as at 31 December 2014	Exercise period of share options	Exercise price of share options £	Price of 3 UK Share on grant date of share options ⁽³⁾ £	Price of 3 UK Share on exercise date of share options £
Employees in aggregate	20.5.2004	280,000	–	–	(280,000)	–	From Listing ⁽²⁾ to 14.5.2014	1.35	1.00	N/A
	27.1.2005	120,000	–	–	(30,000)	90,000	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	160,000	–	–	(30,000)	130,000	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	382,750	–	–	(160,000)	222,750	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		942,750	–	–	(500,000)	442,750				

Notes:

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

As at the date of this report, 3 UK had 322,750 share options outstanding under the 3 UK Plan, which represented approximately 0.01% 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 2014.

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(II) Hutchison China MediTech Limited (“Chi-Med”)

On 18 May 2006, Chi-Med adopted a share option scheme (the “Chi-Med Plan”) for the grant of options to acquire ordinary shares in the share capital of Chi-Med (the “Chi-Med Shares”). The Chi-Med Plan is valid and effective during the period commencing on 18 May 2006 and ending on 17 May 2016, being the date falling 10 years from the date on which the Chi-Med Plan was adopted. The Chi-Med Plan has a remaining term of approximately one year as at the date of this report. A summary of the Chi-Med Plan is as follows:

- (1) The purpose of 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 (as defined below).
- (2) Share options may be granted to a “Chi-Med Eligible Person”, being any person who is (or will be on and following the date of offer of the relevant option) a director (other than an independent non-executive director) or an employee of Chi-Med, its listed parent company (which is currently the Company) and any of its subsidiaries, and any holding company, subsidiaries or affiliates of Chi-Med or other companies which the board of directors of Chi-Med (the “Chi-Med Board”) determines will be subject to the 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.
- (3) Share option holders are not required to pay for the grant of any share option.
- (4) Unless otherwise determined by the Chi-Med Board and stated in the offer of the grant of share options to a Chi-Med Eligible Person, there is no minimum period required under the Chi-Med Plan for the holding of a share option before it can be exercised.
- (5) Subject to any adjustment according to the rules of the Chi-Med Plan, the subscription price shall 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 (as defined below), the price determined by the Chi-Med Board and notified to the relevant share option holder; and
 - (b) in respect of any other share option, the 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.

- (6) 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 which may be issued upon the exercise of all options to be granted under all share option schemes of Chi-Med must not in aggregate exceed 5% of the Chi-Med Shares in issue on the date on which the Chi-Med Shares are listed 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 in paragraph (6)(a) above by reference to the issued share capital of Chi-Med then prevailing with the approval of the shareholders of its listed parent company (which is currently the Company) if required under the Listing Rules in a general meeting, provided that the total number of Chi-Med Shares issued and issuable pursuant to the exercise of share options under all share option schemes of Chi-Med may not exceed 10% of the issued ordinary share capital on the date of the approval of the refreshed limit. Share options previously granted under the 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 (including the share options granted but yet to be exercised) is 696,051, which represented approximately 1.31% 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 (6)(a) and (6)(b) above, with the approval of the shareholders of Chi-Med in a general meeting and by the shareholders of the listed parent company, if required under the Listing Rules and subject to paragraphs (6)(d) and (6)(e) below, and restrictions on grant to key individuals under the 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 (6)(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 (6)(d)(i) above to be exceeded, but only with the approval of the shareholders of the listed parent in a general meeting (with such Chi-Med Eligible Person and his/her associates abstaining from voting) and subject to paragraph (6)(e) below; and
 - (e) the total number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Chi-Med Plan and under any other share option scheme of Chi-Med must not exceed 10% of the Chi-Med Shares in issue from time to time.

Subject to and in accordance with the rules of the 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 will not exceed the period of 10 years from such offer date.

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Particulars of share options outstanding under the Chi-Med Plan at the beginning and at the end of the financial year ended 31 December 2014 and share options granted, exercised, cancelled or lapsed under the Chi-Med Plan during the year were as follows:

Name or category of participant	Effective date of grant or date of share options	Number of share options held as at 1 January 2014	Granted during 2014	Exercised during 2014	Lapsed/ cancelled during 2014	Number of share options held as at 31 December 2014	Exercise period of share options	Exercise price of share options £	Price of Chi-Med Share on grant date of share options £	Price of Chi-Med Share on exercise date of share options £
Directors										
Christian Hogg	19.5.2006 ⁽¹⁾	768,182	–	(768,182)	–	–	19.5.2006 to 3.6.2015	1.09	2.505 ⁽⁶⁾	8.425 ⁽⁸⁾
Cheng Chig Fung, Johnny	25.8.2008 ⁽³⁾	64,038	–	–	–	64,038	25.8.2008 to 24.8.2018	1.26	1.26 ⁽⁷⁾	N/A
Sub-total:		832,220	–	(768,182)	–	64,038				
Other employees in aggregate										
	19.5.2006 ⁽¹⁾	76,818	–	(76,818)	–	–	19.5.2006 to 3.6.2015	1.09	2.505 ⁽⁶⁾	8.35 ⁽⁸⁾
	11.9.2006 ⁽²⁾	26,808	–	–	–	26,808	11.9.2006 to 18.5.2016	1.715	1.715 ⁽⁷⁾	N/A
	18.5.2007 ⁽⁴⁾	40,857	–	–	–	40,857	18.5.2007 to 17.5.2017	1.535	1.535 ⁽⁷⁾	N/A
	28.6.2010 ⁽³⁾	102,628	–	(102,628)	–	–	28.6.2010 to 27.6.2020	3.195	3.15 ⁽⁷⁾	11.42 ⁽⁸⁾
	1.12.2010 ⁽³⁾	177,600	–	(77,600)	–	100,000	1.12.2010 to 30.11.2020	4.967	4.85 ⁽⁷⁾	14.82 ⁽⁸⁾
	24.6.2011 ⁽³⁾	150,000	–	–	–	150,000	24.6.2011 to 23.6.2021	4.405	4.4 ⁽⁷⁾	N/A
	20.12.2013 ⁽³⁾	896,386	–	–	(593,686) ⁽⁵⁾	302,700	20.12.2013 to 19.12.2023	6.1	6.1 ⁽⁷⁾	N/A
Sub-total:		1,471,097	–	(257,046)	(593,686)	620,365				
Total:		2,303,317	–	(1,025,228)	(593,686)	684,403				

Notes:

- (1) The share options were granted on 4 June 2005, conditionally upon Chi-Med's admission to trading on AIM which took place on 19 May 2006. The share options granted 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.
- (2) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of 19 May 2007, 19 May 2008 and 19 May 2009.
- (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) 593,686 share options were cancelled with the consent of the relevant employees in exchange for new share options of a subsidiary.
- (6) The stated price was the closing price of the Chi-Med Shares quoted on AIM on the date of admission of listing of the Chi-Med Shares.
- (7) The stated price was the closing price of the Chi-Med Shares quoted on AIM on the trading day immediately prior to the date of grant of share options.
- (8) The stated price was the weighted average closing price of the Chi-Med Shares quoted on AIM on the trading day immediately prior to the date on which the share options were exercised.

As at the date of this report, Chi-Med had 684,403 share options outstanding under the Chi-Med Plan, which represented approximately 1.29% of the Chi-Med Shares in issue as at that date.

No share option was granted under the Chi-Med Plan during the year ended 31 December 2014.

(III) Hutchison Harbour Ring Limited ("HHR")

On 6 November 2014, HHR ceased to be a subsidiary of the Company following the sale of the entire controlling equity interest (being approximately 71.36% of the entire issued share capital) in HHR held by Promising Land International Inc. and Uptalent Investments Limited (both indirect wholly owned subsidiaries of the Company) to Oceanwide Holdings International Co., Ltd. Accordingly, the disclosure made for the share option scheme of HHR (the "HHR Plan") as set out below is for the period from 1 January 2014 to 6 November 2014.

On 20 May 2004, HHR conditionally adopted the HHR Plan for the grant of options to acquire ordinary shares in the share capital of HHR (the "HHR Shares"). The HHR Plan is valid and effective during the period commencing on 17 September 2004 and ending on 16 September 2014, being the date falling 10 years from the date on which the HHR Plan became unconditional. Following the expiry of the HHR Plan, no further share options can be granted under the HHR Plan but the provisions of the HHR Plan will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior to the end of the validity period or otherwise to the extent as may be required in accordance with the provisions of the HHR Plan. A summary of the HHR Plan is as follows:

- (1) The purpose of 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.
- (2) 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 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 in which any member of the HHR Group holds any equity interest (the "HHR Invested Entity");
 - (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;

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- (f) any shareholder of any member of the HHR Group or any HHR Invested Entity or any holder of any securities issued by any member of the HHR Group or any HHR Invested Entity;
- (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the HHR Group; and
- (h) any company wholly owned by one or more persons belonging to any of the above classes of participants.

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

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

- (3) A nominal consideration of HK\$ 1 is payable on acceptance of the offer of the grant of a share option.
- (4) Unless otherwise determined by the 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.
- (5) 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 (a) 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; (b) 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 (c) the nominal value of the HHR Shares.
- (6) 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"). Based on the number of HHR Shares in issue on 20 May 2004, the HHR General Scheme Limit of the HHR Plan is 402,300,015 HHR Shares. As at 6 November 2014, the total number of HHR Shares available for issue under the HHR Plan (including the share options granted but yet to be exercised) is 383,604,015, which represented approximately 4.28% of the total number of HHR Shares in issue as at that date;
 - (c) subject to paragraph 6(a) above and without prejudice to paragraph 6(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; and

- (d) subject to paragraph 6(a) above and without prejudice to paragraph 6(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 paragraph 6(c) above to participants specifically identified by HHR before such approval is sought.
- (7) The total number of HHR Shares issued and to be issued upon the exercise of the share options granted to each participant of the HHR Plan and any other share option scheme of the HHR Group (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of HHR for the time being, unless approved by the HHR Shareholders in a general meeting of HHR (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.
- (8) 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.

Particulars of share options outstanding under the HHR Plan as at 1 January 2014 and 6 November 2014 as well as share options granted, exercised, cancelled or lapsed under the HHR Plan during the period from 1 January 2014 to 6 November 2014 were as follows:

Category of participant	Date of grant of share options	Number of share options held as at 1 January 2014	Granted from 1 January 2014 to 6 November 2014	Exercised from 1 January 2014 to 6 November 2014	Lapsed/ cancelled from 1 January 2014 to 6 November 2014	Number of share options held as at 6 November 2014	Exercise period of share options ⁽¹⁾	Exercise price of share options HK\$	Price of HHR Share	
									on grant date of share options ⁽²⁾ HK\$	on exercise date of share options HK\$
Employees in aggregate	3.6.2005	600,000	-	-	-	600,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
	25.5.2007	200,000	-	-	-	200,000	25.5.2008 to 24.5.2017	0.616	0.61	N/A
Total:		800,000	-	-	-	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 HHR Shares quoted on the SEHK on the trading day immediately prior to the date of grant of the share options.

As at 6 November 2014, 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 period from 1 January 2014 to 6 November 2014.

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(IV) Hutchison Telecommunications (Australia) Limited ("HTAL")

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

- (1) The purpose of the HTAL Plan is to provide HTAL with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to HTAL Eligible Persons (as defined below).
- (2) Share options may be granted to any person who is a full time or part time employee (including a director employed in an executive capacity) or a non-executive director (including any independent non-executive director) of HTAL and any of its related body corporate (within the meaning given by section 50 of the Corporations Act 2001 (Cth) of the Commonwealth of Australia (the "Corporations Act")) (the "HTAL Eligible Person") and is declared by the board of directors of HTAL (the "HTAL Board") to be an eligible person for the purposes of the HTAL Plan. The HTAL Board may, at its discretion, grant a right to a HTAL Eligible Person to acquire (in the case of a share option that has an exercise price, by subscription or purchase) HTAL Shares (the "Right").
- (3) No payment is required for the grant of a Right unless the HTAL Board determines otherwise.
- (4) Unless otherwise determined by the HTAL Board and stated in the offer of the grant of share options to a HTAL Eligible Person, there is no minimum period required under the HTAL Plan for the holding of a share option before it can be exercised.
- (5) The exercise price (if any) for a Right, subject to any adjustment according to the rules of the HTAL Plan, will be determined by the HTAL Board or by the application of a method of calculating the exercise price that is prescribed by the HTAL Board provided that it shall not be less than the higher of:
 - (a) the closing price of the HTAL Shares as quoted by the Australian Securities Exchange ("ASX") on the grant date; and
 - (b) the average closing price of the HTAL Shares as quoted by the ASX for the five business days immediately preceding the grant date.

A HTAL Share does not have any nominal value.

- (6) The maximum number of HTAL Shares which may be allotted and issued pursuant to the HTAL Plan is as follows:
 - (a) the maximum number of HTAL Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the HTAL Plan and any other share option scheme of HTAL or any of its subsidiaries ("Other HTAL Plan") must not in aggregate exceed 30% of the HTAL Shares in issue from time to time;
 - (b) the total number of HTAL Shares which may be allotted and issued upon the exercise of all Rights and share options (excluding, for this purpose, Rights and share options which have lapsed in accordance with the terms of the HTAL Plan and Other HTAL Plan) to be granted under the HTAL Plan and Other HTAL Plan must not in aggregate exceed 10% of the HTAL Shares in issue as at 1 June 2007 (the "Adoption Date"), being the date of passing the relevant resolution adopting the HTAL Plan (the "HTAL General Scheme Limit") provided that:

- (i) subject to paragraph (6)(a) above and without prejudice to paragraph (6)(b)(ii) below, the HTAL Board may, with the approval of the shareholders of the Company in a general meeting if required to do so and in compliance with other applicable requirements under the Listing Rules, refresh the HTAL General Scheme Limit provided that the total number of HTAL Shares which may be allotted and issued upon the exercise of all Rights and share options under the HTAL Plan and Other HTAL Plan must not exceed 10% of the HTAL Shares in issue at the date on which shareholders of the Company approve such refreshed limit (where applicable) and for the purpose of calculating the limit, the Rights and share options (including those outstanding, cancelled, lapsed or exercised in accordance with the HTAL Plan and Other HTAL Plan) previously granted under the HTAL Plan and Other HTAL Plan will not be counted; and
 - (ii) subject to paragraph (6)(a) and without prejudice to paragraph (6)(b)(i) above, the HTAL Board may, with the approval of the Company's shareholders in a general meeting if required to do so and in compliance with the other applicable requirements under the Listing Rules, grant Rights beyond the HTAL General Scheme Limit or, if applicable, the extended limit referred to in paragraph (6)(b)(i) to the participants specifically identified by the HTAL Board before such approval is sought;
- (c) the limits prescribed in this paragraph are subject to any issue limitation prescribed in the Australian Securities & Investments Commission Class Order 03/184 (or any such replacement or amendment). As at the Adoption Date, the Class Order prescribes a limit of that number of HTAL Shares to be issued on exercise of a Right when aggregated with:
- (i) the number of HTAL Shares which would be issued were each outstanding Right to be exercised; and
 - (ii) the number of HTAL Shares issued during the previous five years pursuant to the HTAL Plan or any other employee share plan,
- (but disregarding any Rights acquired or HTAL Shares issued by way of or as a result of an offer to a person situated at the time of receipt of the offer outside Australia, or an offer that was an excluded offer or invitation within the meaning of the Corporations Act, or an offer that did not require disclosure to investors or the giving of a product disclosure statement because of section 1012D of the Corporations Act, or an offer made under a disclosure document or product disclosure statement) shall not exceed 5% of the total number of HTAL Shares at the time of the grant date of such Right; and
- (d) the total number of HTAL Shares issued and to be issued upon the exercise of the share options granted to each participant in the HTAL Plan or Other HTAL Plan (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of HTAL, unless approved by the shareholders of the Company in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

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

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

No share option was granted, exercised, cancelled or lapsed under the HTAL Plan during the year ended 31 December 2014.

As at 1 January 2014, 31 December 2014 and the date of this report, HTAL had no share options outstanding under the HTAL Plan.

Report of the Directors

(V) Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH")

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

- (1) The purpose of the HTHKH Plan is to enable HTHKH and its subsidiaries (the "HTHKH Group") to grant share options to selected participants as incentives or rewards for their contribution to the HTHKH Group, to continue and/or render improved service with the HTHKH Group and/or to establish a stronger business relationship between the HTHKH Group and such participants.
- (2) The directors of HTHKH (the "HTHKH Directors") (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for HTHKH Shares:
 - (a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any executive director but excluding any non-executive director) of HTHKH, any of its subsidiaries or any entity in which any member of the HTHKH Group holds any equity interest (the "HTHKH Invested Entity");
 - (b) any non-executive directors (including independent non-executive directors) of HTHKH, any of its subsidiaries or any HTHKH Invested Entity;
 - (c) any supplier of goods or services to any member of the HTHKH Group or any HTHKH Invested Entity;
 - (d) any customer of any member of the HTHKH Group or any HTHKH Invested Entity;
 - (e) any person or entity that provides research, development or other technological support to any member of the HTHKH Group or any HTHKH Invested Entity;
 - (f) any shareholders of any member of the HTHKH Group or any HTHKH Invested Entity or any holder of any securities issued by any member of the HTHKH Group or any HTHKH Invested Entity;
 - (g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the HTHKH Group; and
 - (h) any company wholly owned by any one or more persons belonging to any of the above classes of participants.

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

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

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

- (4) Unless otherwise determined by the HTHKH Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the HTHKH Plan for the holding of a share option before it can be exercised.
- (5) The subscription price for the HTHKH Shares under the HTHKH Plan shall be a price determined by the HTHKH Directors but shall not be less than the highest of (a) the closing price of HTHKH Shares as stated in the daily quotations sheet of the SEHK for trade in one or more board lots of the HTHKH Shares on the date of the offer of grant of the share options which must be a business day; (b) the average closing price of the HTHKH Shares as stated in the SEHK's daily quotations sheet for trade in one or more board lots of the HTHKH Shares for the five business days immediately preceding the date of the offer of grant of the share options which must be a business day; and (c) the nominal value of HTHKH Shares.
- (6) The maximum number of HTHKH Shares which may be allotted and issued pursuant to the HTHKH Plan is as follows:
- (a) the maximum number of HTHKH Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HTHKH Plan and any other share option scheme adopted by the HTHKH Group ("Other HTHKH Plan") must not in aggregate exceed 30% of the relevant class of securities of HTHKH (or its subsidiaries) in issue from time to time;
 - (b) the total number of HTHKH Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HTHKH Plan and Other HTHKH Plan) to be granted under the HTHKH Plan and Other HTHKH Plan must not in aggregate exceed 10% of the relevant class of securities of HTHKH (or its subsidiaries) in issue, being 4,814,346,208 HTHKH Shares, as at 8 May 2009, the date on which the HTHKH Shares were first listed on the SEHK (the "HTHKH Listing Date") (the "HTHKH General Scheme Limit"). Based on the number of HTHKH Shares in issue on the HTHKH Listing Date, the HTHKH General Scheme Limit of the HTHKH Plan is 481,434,620 HTHKH Shares. As at the date of this report, the total number of HTHKH Shares available for issue under the HTHKH Plan (including the share options granted but yet to be exercised) is 476,884,620, representing approximately 9.90% of the total number of HTHKH Shares in issue as at that date;
 - (c) subject to paragraph (6)(a) above and without prejudice to paragraph (6)(d) below, HTHKH may seek approval of its shareholders (the "HTHKH Shareholders") in a general meeting to refresh the HTHKH General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) provided that the total number of HTHKH Shares which may be allotted and issued upon the exercise of all share options to be granted under the HTHKH Plan and Other HTHKH Plan must not exceed 10% of the relevant class of securities of HTHKH (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options including those outstanding, cancelled, lapsed or exercised in accordance with the HTHKH Plan and Other HTHKH Plan previously granted under the HTHKH Plan and Other HTHKH Plan will not be counted;
 - (d) subject to paragraph (6)(a) above and without prejudice to paragraph (6)(c) above, HTHKH may seek separate approval of the HTHKH Shareholders in a general meeting to grant share options under the HTHKH Plan beyond the HTHKH General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph (6)(c) above to participants specifically identified by HTHKH before such approval is sought; and
 - (e) the total number of HTHKH Shares issued and to be issued upon the exercise of the share options granted to each participant under the HTHKH Plan and Other HTHKH Plan (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of HTHKH, unless approved by the HTHKH Shareholders in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

Report of the Directors

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

A share option may be exercised in accordance with the terms of the HTHKH Plan at any time during a period to be determined on the date of offer of grant of the share option and notified by the HTHKH Directors to each grantee, which period may commence, once the offer for the grant is accepted within the prescribed time by the grantee, from the date on which such share option is deemed to have been granted but shall end in any event not later than 10 years from the date on which the offer for grant of the share option is made, subject to the provisions for early termination thereof.

Particulars of share options outstanding under the HTHKH Plan at the beginning and at the end of the financial year ended 31 December 2014 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during the year were as follows:

Category of participant	Date of grant of share options ⁽¹⁾	Number of share options held as at 1 January 2014	Granted during 2014	Exercised during 2014	Lapsed/ cancelled during 2014	Number of share options held as at 31 December 2014	Exercise period of share options	Exercise price of share options ⁽²⁾ HK\$	Price of HTHKH Share on grant date of share options ⁽³⁾ HK\$	Price of HTHKH Share on exercise date of share options HK\$
Employees in aggregate	1.6.2009	200,000	–	–	–	200,000	1.6.2009 to 31.5.2019	1.00	0.96	N/A
Total:		200,000	–	–	–	200,000				

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.

As at the date of this report, HTHKH had 200,000 share options outstanding under the HTHKH Plan, which represented approximately 0.004% of the HTHKH Shares in issue as at that date.

No share option was granted under the HTHKH Plan during the year ended 31 December 2014.

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.

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\$211,067 million, representing approximately two billion shares (47%) of the total issued shares of the Company.

Auditor

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

By order of the Board

Edith Shih

Company Secretary

Hong Kong, 26 February 2015