

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 2012.

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 146 and shows the Group profit for the year ended 31 December 2012.

Dividends

An interim dividend of HK\$0.55 per share was paid to shareholders on 14 September 2012 and the Directors recommend the declaration of a final dividend of HK\$1.53 per share payable on 5 June 2013 to all persons registered as holders of shares on 27 May 2013, 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 152 to 154 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK\$62,000,000 (2011 - approximately HK\$72,000,000).

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

As at 31 December 2012, 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, The Hon Sir Michael David Kadoorie, Mr Holger Kluge, Ms Lee Wai Mun, Rose, 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 30 September 2012, Mrs Margaret Leung Ko May Yee resigned as an Independent Non-executive Director.

On 1 November 2012, Ms Lee Wai Mun, Rose was appointed as an Independent Non-executive Director.

On 18 January 2013, Mr Lee Yeh Kwong, Charles was appointed as a Non-executive Director.

The Board would like to record its appreciation for the services of Mrs Margaret Leung Ko May Yee to the Group and is pleased to welcome the appointments of Ms Lee Wai Mun, Rose and Mr Lee Yeh Kwong, Charles.

Messrs Li Tzar Kuoi, Victor, Frank John Sixt, Holger Kluge and George Colin Magnus will retire by rotation under the provision of Article 85 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.

Ms Lee Wai Mun, Rose and Mr Lee Yeh Kwong, Charles will retire under the provision of Article 91 of the Articles of Association of the Company at the forthcoming annual general meeting and, being eligible, offer themselves for election at the forthcoming 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 96 to 99.

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 2012 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 15 May 2012, the Company announced that following the successful bidding for the land use right of the land with a net area of approximately 144,482.40 square metres located at 中國上海市青浦區趙巷鎮特色居住 16 號 (Specially Designed Residential Zone No. 16, Zhao Xiang Town, Qing Pu District, Shanghai, The People's Republic of China) (the "Shanghai Qing Pu 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 上海和新房產開發有限公司 (Shanghai He Xin Property Development Co., Ltd.) (the "Shanghai He Xin Project Co", indirectly owned as to 50% by each of the Company and Cheung Kong (Holdings) Limited ("Cheung Kong")) on 15 May 2012. The total consideration under the contract is RMB1,408.70 million (approximately HK\$1,730.45 million) and is payable by instalments.

The total investment and registered capital of the Shanghai He Xin Project Co were set at HK\$2,275.50 million and HK\$1,862.20 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 Shanghai Qing Pu Land, and was to be injected into Bayswater Developments Limited (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 interests in the Shanghai He Xin 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 the Shanghai He Xin Project Co, and the issuance of new shares of the JV Holdco to the Company's subsidiary pursuant to any advance capitalisation, constituted or will constitute a connected transaction for the Company under the Listing Rules.

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- (2) On 24 July 2012 UK time, being 25 July 2012 Hong Kong time, Cheung Kong, Cheung Kong Infrastructure Holdings Limited ("CKI", a non-wholly owned listed subsidiary of the Company), Power Assets Holdings Limited ("Power Assets") and Li Ka Shing Foundation Limited ("LKSFL") entered into the Shareholders' Agreements in relation to the Bidcos, being the joint venture companies formed for the purpose of the Acquisition.

On the same date, the Vendors as vendors, the Bidcos as purchasers and the Guarantors as guarantors to the Bidcos entered into the Share Purchase Agreement for the sale and purchase of the Vendors' Shares and the Vendors' Loan Notes which formed part of the Acquisition. In accordance with the Share Purchase Agreement, immediately following the date thereof, the Vendors and the Bidcos would issue a notice to Whaley exercising the tag-along and drag-along rights under the WWU Shareholders' Agreement to require Whaley to sell the Whaley Shares and the Whaley Loan Notes to the Bidcos. None of the Bidcos and the Vendors would be obliged to complete the sale and purchase of the Vendors' Shares or the Vendors' Loan Notes unless the sale and purchase of all the Vendors' Shares, the Vendors' Loan Notes, the Whaley Shares and the Whaley Loan Notes was completed simultaneously in accordance with the terms of the Share Purchase Agreement. Completion of the Acquisition will be conditional upon fulfillment of the condition precedent set out in the announcement dated 25 July 2012 issued by the Company.

On or prior to the completion of the Acquisition, each of Cheung Kong, CKI, Power Assets and LKSFL, acting through one or more of their respective subsidiaries, would provide funding to the Bidcos to enable them to pay the consideration for the Acquisition by a combination of equity and shareholders' loans on a 30:30:30:10 basis pro rata to their respective equity interests in the Bidcos. Based on the consideration for the Acquisition, the aggregate funding so required from each of Cheung Kong, CKI and Power Assets to the Bidcos would be up to approximately £204 million (approximately HK\$2,452.1 million). Completion of the obligations of the parties under the Shareholders' Agreements would be conditional on the satisfaction of the condition precedent in the Share Purchase Agreement. The Shareholders' Agreement shall terminate and cease to have any further effect upon termination of the Share Purchase Agreement in accordance with its terms.

"Acquisition" means the acquisition of the Vendors' Shares and the Vendors' Loan Notes by the Bidcos from the Vendors pursuant to the Share Purchase Agreement and the acquisition of the Whaley Shares and the Whaley Loan Notes by the Bidcos from Whaley pursuant to the Whaley Transfer.

"Bidcos" means Western Gas Networks Limited and West Gas Networks Limited, each an equity joint venture held as to 30% by each of Cheung Kong, CKI and Power Assets and as to 10% by LKSFL.

"Guarantors" means Cheung Kong, CKI, Power Assets and LKSFL.

"JV Transaction" means the entering into of the Shareholders' Agreements by the Guarantors in relation to the Bidcos respectively.

"Share Purchase Agreement" means the share purchase agreement entered into between the Vendors, the Bidcos and the Guarantors in relation to the Acquisition on 24 July 2012 UK time, being 25 July 2012 Hong Kong time.

"Shareholders' Agreements" means the two shareholders' agreements entered into by the Guarantors on 24 July 2012 UK time, being 25 July 2012 Hong Kong time, which respectively set out the Guarantors' capital contribution to, shareholding in and other rights and obligations in respect of each of the Bidcos.

"Target Company" means MGN Gas Networks (UK) Limited, being a company incorporated in the UK.

"Vendors" means Macquarie Luxembourg Gas SARL, Macquarie Global Infrastructure Funds 2 SARL, CPP Investment Board European Holdings SARL, Codan Trust Company (Cayman) Limited and AMP Capital Investors (MGN Gas) SARL, all being independent third parties.

"Vendors' Loan Notes" means the floating rate unsecured loan notes due 2024 issued by the Target Company pursuant to the deed poll dated 14 September 2004 constituting such loan notes held by the Vendors.

"Vendors' Shares" means 281,109,640 ordinary shares of £1 each in the Target Company owned by the Vendors, representing approximately 96.84% of the issued share capital of the Target Company.

"Whaley" means Whaley Pty Limited, an independent third party.

"Whaley Loan Notes" means the floating rate unsecured loan notes due 2024 issued by the Target Company pursuant to the deed poll dated 14 September 2004 constituting such loan notes held by Whaley.

"Whaley Shares" means 9,162,866 ordinary shares of £1 each in the Target Company owned by Whaley, representing approximately 3.16% of the issued share capital of the Target Company.

"Whaley Transfer" means the sale of the Whaley Shares and the Whaley Loan Notes by Whaley to the Bidcos pursuant to the notice to be issued by the Vendors and the Bidcos to Whaley exercising the tag-along and drag-along rights under the WWU Shareholders' Agreement.

"WWU Shareholders' Agreement" means the shareholders' agreement relating to the Target Company dated 9 August 2004 (as amended or supplemented from time to time).

Given that Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company and that LKSFL may be regarded as an associate of each of Mr Li Ka-shing (a director of the Company) and Mr Li Tzar Kuoi, Victor (a director of each of the Company and CKI) and so a connected person of the Company, the entering into of the JV Transaction by CKI constitutes a connected transaction for the Company under the Listing Rules.

Continuing Connected Transactions

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").

"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.

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"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.

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.

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 2012 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\$7,676 million (out of approximately HK\$7,793 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 2012.

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 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 to the effect that the TOM Continuing Connected Transactions:

- (i) have received approval of the Board;
- (ii) have been entered into in accordance with the relevant agreements governing such transactions; and
- (iii) have not exceeded 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 2012.

Directors' Service Contract

None of the Directors of the Company who are proposed for re-election/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).

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

So far as is known to any Directors or chief executive of the Company, as at 31 December 2012, 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 Stock Exchange of Hong Kong Limited ("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%

(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 ⁽²⁾	7.57%
Winbo Power Limited	Beneficial owner	236,260,200 ⁽²⁾	5.54%
Polycourt Limited	Beneficial owner	233,065,641 ⁽²⁾	5.47%
Well Karin Limited	Beneficial owner	226,969,600 ⁽²⁾	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" under "Information on Directors".

(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.

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Save as disclosed above, as at 31 December 2012, 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 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) 3 Italia S.p.A. ("3 Italia")

On 20 May 2004, 3 Italia adopted a share option scheme (the "3 Italia Plan") for the grant of options to acquire ordinary shares in the capital of 3 Italia ("3 Italia Shares"). The 3 Italia Plan was valid and effective for a period commencing on 20 May 2004 and expired on the eighth anniversary thereof on 20 May 2012. Following expiry of the 3 Italia Plan, no further share options can be granted under the plan but the provisions of the 3 Italia Plan will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise to the extent as may be required in accordance with the provisions of the 3 Italia Plan. A summary of the 3 Italia Plan is as follows:

- (1) The purpose of the 3 Italia Plan was to provide 3 Italia with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to 3 Italia Eligible Employees (as defined below).
- (2) Share options may be granted 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").
- (3) Any grant of share options shall always be subject to any limits and restrictions specified in the rules of the 3 Italia Plan as amended from time to time, and all other terms relating or attaching thereto as determined by the remuneration committee of the board of directors of 3 Italia (the "3 Italia Remuneration Committee") in compliance with the Listing Rules.
- (4) A 3 Italia Eligible Employee is not required to pay for the grant of a share option under the 3 Italia Plan.
- (5) Unless otherwise determined by the 3 Italia Remuneration Committee and stated in the offer of the grant of share options to a 3 Italia Eligible Employee, there is no minimum period required under the 3 Italia 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 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 (b) 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.
- (7) Subject always to paragraph (8) below, the total number of 3 Italia Shares which shall have been or may be issued under the 3 Italia Plan and under any other share option scheme of 3 Italia must not exceed 5% of the issued share capital of 3 Italia as at 20 May 2004 (being the date of passing of the relevant resolution approving the 3 Italia Plan) unless approved by 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 there are no share options outstanding under the 3 Italia Plan therefore the total number of 3 Italia Shares available for issue under the 3 Italia Plan is zero representing 0% of the total number of 3 Italia Shares in issue as at that date).

- (8) The total number of 3 Italia Shares which shall have been or may be issued in pursuance of options granted under the 3 Italia Plan and any other share option scheme of 3 Italia must not exceed 130,185,000 without the prior written consent of the Board.
- (9) The total number of 3 Italia Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 3 Italia Plan and under any other share option scheme of 3 Italia must not exceed 30% of the 3 Italia Shares in issue from time to time.
- (10) The total number of 3 Italia Shares issued and to be issued upon exercise of the share options granted to each 3 Italia 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 Italia unless approved by 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 compliance with the requirements of the Listing Rules.

Share options must be exercised within the period of eight years from the 3 Italia Date of Grant. 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.

No share option was granted, exercised, cancelled or lapsed under the 3 Italia Plan during the year ended 31 December 2012.

As at 1 January 2012, 31 December 2012 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")

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 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. As at the date of this report, the 3 UK Plan has a remaining term of approximately one year. 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.

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- (6) The subscription price will be: (a) in the case of the one-time initial grants of share options recognising the long service and ongoing contribution of the founders and other 3 UK Eligible Employees who were 3 UK Eligible Employees prior to 31 March 2001 and who at the date on which a share option is granted under the 3 UK Plan (the "3 UK Grant Date") remain so employed and who the 3 UK Remuneration Committee determines should receive such an initial grant, the price as determined by the 3 UK Remuneration Committee (not being less than £1.00 per share); and (b) in any other case the market value of the 3 UK Shares at the 3 UK Grant Date as determined by the 3 UK Remuneration Committee but in any event not being less than the nominal value (if any) of such 3 UK Share at the 3 UK Grant Date.
- (7) In respect of any share option granted either: (i) after the Company has resolved to seek a separate listing of 3 UK and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to SEHK in relation to a listing on the Main Board of SEHK (or an equivalent application in case of a listing on the Growth Enterprise Market of 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 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 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 2012 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 ⁽¹⁾	Number of share options held at 1 January 2012	Granted during 2012	Exercised during 2012	Lapsed/ cancelled during 2012	Number of share options held at 31 December 2012	Exercise period of share options	Exercise price of share options £	Price of 3 UK Share at grant date of share options ⁽³⁾ £	Price of 3 UK Share at exercise date of share options £
Employees in aggregate	20.5.2004	187,750	-	-	(187,750)	-	From Listing ⁽²⁾ to 16.5.2012	1.35	1.00	N/A
	20.5.2004	1,207,250	-	-	(1,207,250)	-	From Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	147,500	-	-	(147,500)	-	From Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	300,000	-	-	(70,000)	230,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	360,000	-	-	(80,000)	280,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	490,000	-	-	(370,000)	120,000	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	400,000	-	-	(240,000)	160,000	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	1,972,750	-	-	(1,590,000)	382,750	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		5,065,250	-	-	(3,892,500)	1,172,750				

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 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.

As at the date of this report, 3 UK had 1,172,750 share options outstanding under the 3 UK Plan, which represented approximately 0.03% 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 2012.

Report of the Directors

(III) 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 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 three years 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, 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 (as defined below) 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 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 sub-paragraph (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 1,721,279, which represented approximately 3.31% 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 (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 (with such Chi-Med Eligible Person and his/her associates abstaining from voting) and subject to paragraph (e) below; and
- (e) the total number of shares which may be issued upon 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 not to exceed the period of 10 years from such offer date.

Particulars of share options outstanding under the Chi-Med Plan at the beginning and at the end of the financial year ended 31 December 2012 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 grant of share options	Number of share options held at 1 January 2012	Granted during 2012	Exercised during 2012	Lapsed/cancelled during 2012	Number of share options held at 31 December 2012	Exercise period of share options	Exercise price of share options £	Price of Chi-Med Share at grant date of share options £	Price of Chi-Med Share at exercise date of share options £
Directors										
Christian Hogg	19.5.2006 ⁽¹⁾⁽²⁾	768,182	-	-	-	768,182	19.5.2006 to 3.6.2015	1.09	2.505 ⁽⁵⁾	N/A
Cheng Chig Fung, Johnny	25.8.2008 ⁽³⁾	256,146	-	(192,108)	-	64,038	25.8.2008 to 24.8.2018	1.26	1.26 ⁽⁶⁾	4.175 ⁽⁷⁾
Sub-total:		1,024,328	-	(192,108)	-	832,220				
Other employees in aggregate										
	19.5.2006 ⁽¹⁾⁽²⁾	128,030	-	(51,212)	-	76,818	19.5.2006 to 3.6.2015	1.09	2.505 ⁽⁵⁾	3.625 ⁽⁷⁾
	11.9.2006 ⁽²⁾	80,458	-	(53,650)	-	26,808	11.9.2006 to 18.5.2016	1.715	1.715 ⁽⁶⁾	3.775 ⁽⁷⁾
	18.5.2007 ⁽⁴⁾	52,182	-	(8,325)	-	43,857	18.5.2007 to 17.5.2017	1.535	1.535 ⁽⁶⁾	3.775 ⁽⁷⁾
	28.6.2010 ⁽³⁾	102,628	-	-	-	102,628	28.6.2010 to 27.6.2020	3.195	3.15 ⁽⁶⁾	N/A
	1.12.2010 ⁽³⁾	227,600	-	-	-	227,600	1.12.2010 to 30.11.2020	4.967	4.85 ⁽⁶⁾	N/A
	24.6.2011 ⁽³⁾	150,000	-	-	-	150,000	24.6.2011 to 23.6.2021	4.405	4.4 ⁽⁶⁾	N/A
Sub-total:		740,898	-	(113,187)	-	627,711				
Total:		1,765,226	-	(305,295)	-	1,459,931				

Report of the Directors

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

As at the date of this report, Chi-Med had 1,406,931 share options outstanding under the Chi-Med Plan, which represented approximately 2.70% 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 2012.

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

On 20 May 2004, HHR adopted a share option scheme (the "HHR Plan") for the grant of options to acquire ordinary shares in the capital of HHR (the "HHR Shares"). The HHR Plan is valid and effective during the period commencing on 20 May 2004 and ending on 19 May 2014, being the date falling 10 years from the date on which the HHR Plan was adopted. The HHR Plan has a remaining term of approximately one year as at the date of this report. 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;
- (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 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 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 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 HHR Shares 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 (including the share options granted but yet to be exercised) is 383,604,015, which represented approximately 4.3% of the total number of HHR Shares in issue as at that date;

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- (c) subject to paragraph (a) above and without prejudice to paragraph (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 (a) above and without prejudice to paragraph (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 (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 at the beginning and at the end of the financial year ended 31 December 2012 and share options granted, exercised, cancelled or lapsed under the HHR Plan during the year are as follows:

Category of participant	Date of grant of share options	Number of share options held at 1 January 2012	Granted during 2012	Exercised during 2012	Lapsed/ cancelled during 2012 ⁽¹⁾	Number of share options held at 31 December 2012	Exercise period of share options ⁽²⁾	Exercise price of share options HK\$	Price of HHR Share	
									at grant date of share options ⁽³⁾ HK\$	at 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) 5,000,000 vested options granted to Mr Endo Shigeru, former executive director of HHR, lapsed on 9 January 2012.
- (2) 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.
- (3) The stated price was the closing price of HHR Shares quoted on SEHK on the trading day immediately prior to the date of grant of the share options.

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 2012.

(V) 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 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 four 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:

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- (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; and
- (d) the total number of HTAL Shares issued and to be issued upon 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.

Particulars of share options outstanding under the HTAL Plan at the beginning and at the end of the financial year ended 31 December 2012 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 2012	Granted during 2012	Exercised during 2012	Lapsed/ cancelled during 2012	Number of share options held at 31 December 2012	Exercise period of share options	Exercise price of share options ⁽²⁾ A\$	Price of HTAL Share	
									at grant date of share options ⁽³⁾ A\$	at exercise date of share options A\$
Employees in aggregate	14.6.2007 ^(1a)	22,475,000	-	-	(22,475,000)	-	1.7.2008 to 13.6.2012	0.145	0.145	N/A
	14.11.2007 ^(1b)	300,000	-	-	(300,000)	-	1.1.2009 to 13.11.2012	0.20	0.20	N/A
	4.6.2008 ^(1c)	300,000	-	-	-	300,000	1.1.2010 to 3.6.2013	0.139	0.139	N/A
Total:		23,075,000	-	-	(22,775,000)	300,000				

Notes:

- (1) (a) The share options expired on 13 June 2012 in accordance with the terms of issue.
 - (b) The share options expired on 13 November 2012 in accordance with the terms of issue.
 - (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 (including the share options granted but yet to be exercised) is 35,131,271 shares and the share options outstanding under the HTAL Plan is 300,000, which represented approximately 0.26% and 0.002% respectively 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 2012.

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

On 21 May 2009, HTHKH adopted a share option scheme (the "HTHKH Plan") for the grant of options to acquire ordinary shares of HK\$0.25 each 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 was adopted. The HTHKH Plan has a remaining term of approximately six 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.

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- (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 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 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; (b) the average closing price of the HTHKH Shares as stated in 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 (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 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 exceed 30% of the HTHKH Shares 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 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 existing issued share capital of HTHKH;
 - (c) subject to paragraph (a) above and without prejudice to 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 paragraph (a) above and without prejudice to 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 paragraph (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 exercise of the share options granted to each participant under the HTHKH Plan and Other HTHKH Plan (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of HTHKH unless approved by the HTHKH Shareholders in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

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

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

Report of the Directors

Particulars of share options outstanding under the HTHKH Plan at the beginning and at the end of the financial year ended 31 December 2012 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 ⁽¹⁾	Number of share options held at 1 January 2012	Granted during 2012	Exercised during 2012	Lapsed/ cancelled during 2012	Number of share options held at 31 December 2012	Exercise period of share options	Exercise price of share options ⁽²⁾ HK\$	Price of HTHKH Share	
									at grant date of share options ⁽³⁾ HK\$	at exercise date of share options ⁽⁴⁾ HK\$
Employees in aggregate	1.6.2009	1,090,000	-	(890,000)	-	200,000	1.6.2009 to 31.5.2019	1.00	0.96	3.36
Total:		1,090,000	-	(890,000)	-	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 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 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 2012.

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\$161,513 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, 26 March 2013