



Hutchison Whampoa Limited

stock code: 13

Ports and
Related Services

Property
and Hotels

Retail

Energy

Infrastructure

Telecommunications

2012 Annual Report

Radiant Growth

Corporate Information

Hutchison Whampoa Limited

BOARD OF DIRECTORS

Chairman

LI Ka-shing, GBM, KBE, LLD (Hon), DSSC (Hon)
Commandeur de la Légion d'Honneur
Grand Officer of the Order Vasco Nunez de Balboa
Commandeur de l'Ordre de Léopold

Deputy Chairman

LI Tzar Kuoi, Victor, BSc, MSc, LLD (Hon)

Group Managing Director

FOK Kin Ning, Canning, BA, DFM, CA (Aus)

Executive Directors

CHOW WOO Mo Fong, Susan, BSc
Deputy Group Managing Director

Frank John SIXT, MA, LLL
Group Finance Director

LAI Kai Ming, Dominic, BSc, MBA

KAM Hing Lam, BSc, MBA

Non-executive Directors

LEE Yeh Kwong, Charles, GBM, GBS, OBE, JP

George Colin MAGNUS, OBE, BBS, MA

Independent Non-executive Directors

The Hon Sir Michael David KADOORIE, GBS, LLD (Hon), DSc (Hon)
Officier de la Légion d'Honneur
Commandeur de l'Ordre de Léopold II
Commandeur de l'Ordre des Arts et des Lettres

Holger KLUGE, BCom, MBA

LEE Wai Mun, Rose, BBA

William Elkin MOCATTA, FCA
Alternate to Michael David Kadoorie

William SHURNIAK, SOM, LLD (Hon)

WONG Chung Hin, CBE, JP

AUDIT COMMITTEE

WONG Chung Hin (*Chairman*)

Holger KLUGE

William SHURNIAK

REMUNERATION COMMITTEE

WONG Chung Hin (*Chairman*)

LI Ka-shing

Holger KLUGE

COMPANY SECRETARY

Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCIS, FCS(PE)

AUDITOR

PricewaterhouseCoopers

BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

Bank of China (Hong Kong) Limited

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Corporate Profile

Hutchison Whampoa Limited (the “Group”) is a renowned multinational conglomerate committed to development, innovation and technology in many different sectors. We operate a variety of businesses in 52 countries across the world with a quarter million employees. We have a strong commitment to the highest standards of corporate governance, transparency and accountability, which has been recognised by numerous international awards and commendations. Our operations consist of six core businesses – ports and related services, property and hotels, retail, infrastructure, energy, and telecommunications.

Ports and Related Services

We are one of the world's largest privately owned container terminal operators, holding interests in 52 ports comprising 276 operational berths in 26 countries, including container terminals operating in five of the 10 busiest container ports in the world. In 2012, our ports handled a total throughput of 76.8 million twenty-foot equivalent units (“TEUs”). We also engage in mid-stream operations, river trade, cruise terminal operations and ports related logistics services.



Property and Hotels

We develop and invest in leading real estate projects, ranging from landmark office buildings to luxury residential properties. We hold a rental property portfolio of approximately 14.1 million square feet of office, commercial, industrial and residential premises, primarily in Hong Kong, as well as interests in a number of joint-venture developments in Mainland China and selective overseas markets. We also have ownership interests in 11 premium hotels in Hong Kong, the Mainland and the Bahamas.



Retail

A S Watson ("ASW") is one of the world's leading health and beauty retailers with over 10,800 retail stores in 33 markets worldwide. Its diverse retail portfolio comprises health and beauty products, luxury perfumeries and cosmetics, supermarkets, consumer electronics and electrical appliances, and airport retailing. ASW also manufactures and distributes bottled water and beverage products in Hong Kong and the Mainland.



Infrastructure

The Group's infrastructure business operates mainly in Hong Kong, the United Kingdom, the Mainland, Australia, New Zealand and Canada. Cheung Kong Infrastructure Holdings Limited ("CKI") is a Hong Kong listed leading investor in the global infrastructure arena with diversified investments in energy, transportation, water and other infrastructure related businesses.



Energy

The Group's investments in energy are principally in Canada, the United States, the Mainland, Greenland and Indonesia. Husky Energy Inc ("Husky Energy") is a listed Canadian-based integrated energy and energy related company.



Telecommunications

We are a leading global operator of mobile telecommunications and data services, and a pioneer of mobile broadband technology in the world. We are also a major owner and operator of fibre-optic fixed-line networks in Hong Kong, serving as a telecommunications gateway to the Mainland and the rest of the world. Our operations offer telecommunications services including 4G Long Term Evolution (LTE) and 3G multi-media mobile, second-generation mobile, fixed-line, Internet and broadband services, including international connectivity services over both fibre-optic and mobile networks.

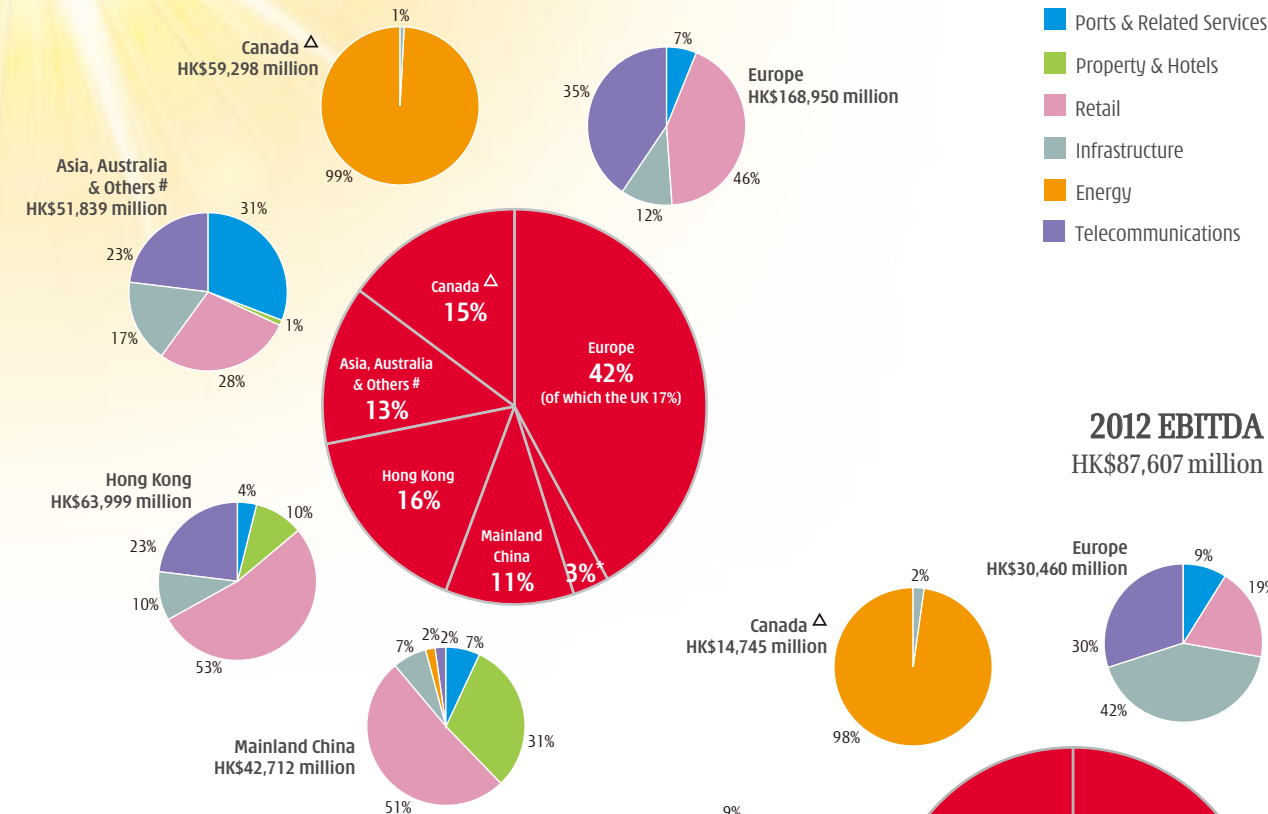


Analyses of Core Business Segments by Geographical Location

(before profits on disposal of investments & others and property revaluation)

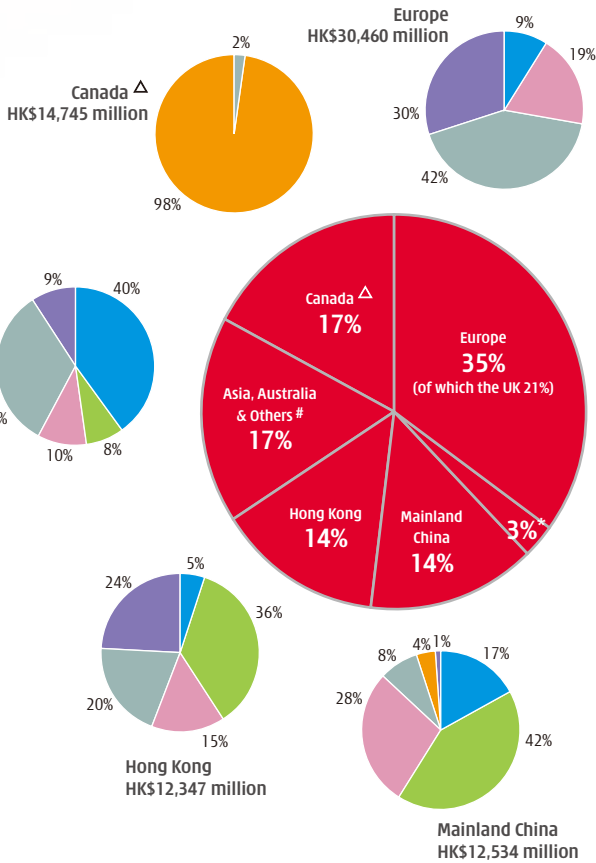
2012 Total Revenue

HK\$398,391 million



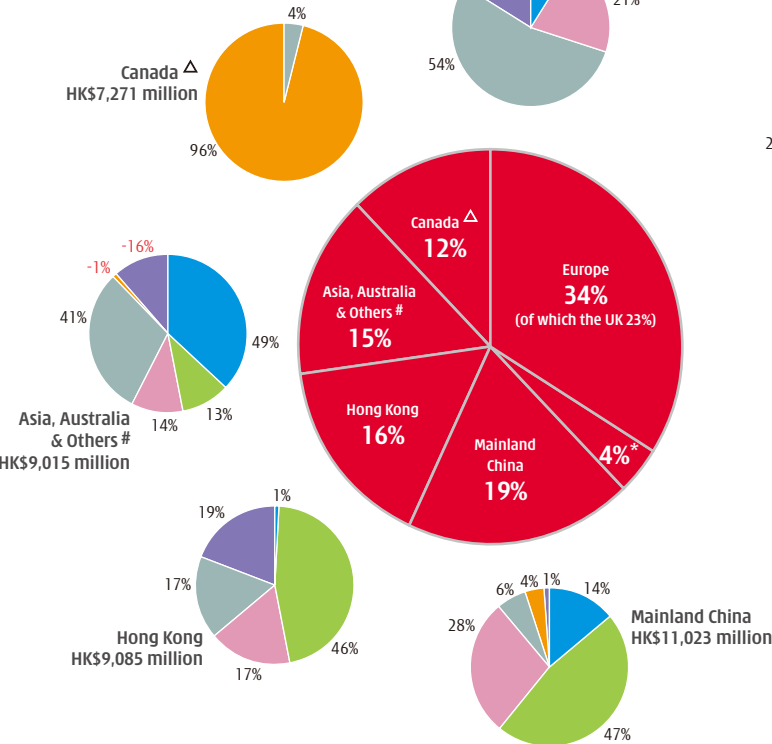
2012 EBITDA

HK\$87,607 million



2012 EBIT

HK\$58,290 million



* Represents contributions from Finance & Investments and Others
Includes Panama, Mexico and the Middle East
△ Includes contribution from the USA for Husky Energy

Analyses by Core Business Segments

	2012 HK\$ millions	%	2011 (Restated) HK\$ millions	%	Change
Total Revenue ⁽¹⁾					
Ports and related services	32,941	8%	31,829	8%	+3%
<i>Hutchison Ports Group other than HPH Trust operations</i>	30,208	7%	29,194	7%	+3%
<i>HPH Trust / HPH Trust operations ⁽³⁾</i>	2,733	1%	2,635	1%	+4%
Property and hotels	19,970	5%	17,226	4%	+16%
Retail	148,626	37%	143,564	37%	+4%
Cheung Kong Infrastructure	39,693	10%	30,427	8%	+30%
Husky Energy ⁽²⁾	59,224	15%	59,103	15%	—
Hutchison Telecommunications Hong Kong Holdings	15,536	4%	13,407	4%	+16%
Hutchison Asia Telecommunications	4,452	1%	2,332	1%	+91%
3 Group Europe	58,708	15%	56,877	15%	+3%
Finance & Investments and Others	11,593	3%	10,928	3%	+6%
Total Comparable Revenue ⁽³⁾	390,743	98%	365,693	95%	+7%
Reconciliation item ⁽⁴⁾	7,648	2%	18,100	5%	-58%
Total Reported Revenue	398,391	100%	383,793	100%	+4%
EBITDA ⁽¹⁾					
Ports and related services	11,453	13%	11,360	14%	+1%
<i>Hutchison Ports Group other than HPH Trust operations</i>	9,989	11%	9,874	12%	+1%
<i>HPH Trust / HPH Trust operations ⁽³⁾</i>	1,464	2%	1,486	2%	-1%
Property and hotels	10,919	13%	9,903	12%	+10%
Retail	12,725	15%	11,724	15%	+9%
Cheung Kong Infrastructure	21,405	24%	17,242	21%	+24%
Husky Energy	14,889	17%	16,053	20%	-7%
Hutchison Telecommunications Hong Kong Holdings	3,062	3%	2,616	3%	+17%
Hutchison Asia Telecommunications	423	—	(142)	—	+398%
3 Group Europe	9,213	11%	8,031	10%	+15%
Finance & Investments and Others	2,650	3%	687	1%	+286%
Comparable EBITDA before profits on disposal of investments & others and property revaluation ⁽³⁾	86,739	99%	77,474	96%	+12%
Reconciliation item ⁽⁴⁾	868	1%	2,878	4%	-70%
Reported EBITDA before profits on disposal of investments & others and property revaluation	87,607	100%	80,352	100%	+9%
EBIT ⁽¹⁾					
Ports and related services	7,791	13%	7,848	15%	-1%
<i>Hutchison Ports Group other than HPH Trust operations</i>	6,902	12%	6,937	13%	-1%
<i>HPH Trust / HPH Trust operations ⁽³⁾</i>	889	1%	911	2%	-2%
Property and hotels	10,553	18%	9,517	18%	+11%
Retail	10,048	17%	9,330	18%	+8%
Cheung Kong Infrastructure	16,643	29%	13,478	26%	+23%
Husky Energy	7,427	13%	8,614	17%	-14%
Hutchison Telecommunications Hong Kong Holdings	1,756	3%	1,435	3%	+22%
Hutchison Asia Telecommunications	(846)	-1%	(1,181)	-2%	+28%
3 Group Europe	3,145	5%	1,567	3%	+101%
Finance & Investments and Others	2,340	4%	470	1%	+398%
Comparable EBIT before profits on disposal of investments & others and property revaluation ⁽³⁾	58,857	101%	51,078	99%	+15%
Reconciliation item ⁽⁴⁾	(567)	-1%	292	1%	-294%
Reported EBIT before profits on disposal of investments & others and property revaluation	58,290	100%	51,370	100%	+13%
Interest expenses and finance costs ⁽¹⁾	(16,359)		(14,804)		-11%
Profit before tax	41,931		36,566		+15%
Tax ⁽¹⁾					
Current tax	(8,661)		(7,284)		-19%
Deferred tax	(1)		234		-100%
Profit after tax	33,269		29,516		+13%
Non-controlling interests and perpetual capital securities holders' interests	(6,451)		(6,955)		+7%
Profit attributable to ordinary shareholders before profits on disposal of investments & others and property revaluation	26,818		22,561		+19%
Property revaluation, after tax	1,113		590		+89%
Profits on disposal of investments & others, after tax	(1,803)		32,868		-105%
Profit attributable to ordinary shareholders	26,128		56,019		-53%

Note 1: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA"), earnings before interest expenses and other finance costs and tax ("EBIT"), interest expenses and other finance costs and tax include the Group's share of associated companies' and jointly controlled entities' respective items. Total revenue, EBITDA and EBIT were adjusted to reflect the Group's effective interest in HPH Trust in the two years. See Note 5 of the accounts on the details of the adjustments.

Note 2: Revenue reduced by HK\$3,924 million for the year ended 31 December 2011 due to reclassification adjustments made by Husky Energy to its 2011 reported revenue and cost of sales following a change in presentation adopted by Husky Energy in 2012.

Note 3: To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust during 2012 and exclude Hutchison Telecommunications Australia's ("HTAL") share of Vodafone Hutchison Australia's ("VHA") results for the first half of 2012 and full year 2011. 2011 EBIT includes the depreciation in 2012 on marking HPH Trust's assets to fair value on Initial Public Offering ("IPO") so that the year-on-year changes can be calculated on a like-for-like basis.

Note 4: The reconciliation items comprise revenue, EBITDA and EBIT adjustments as summarised below.

HTAL - The reconciliation items represent the results of HTAL and its share of results of VHA for the first half of 2012 and full year 2011. VHA's operating losses and certain network closure cost and restructuring costs in the second half of 2012 are included as a charge under "profits on disposal of investments & others, after tax".

2012 revenue: HK\$7,648 million (2011: HK\$17,411 million); 2012 EBITDA: HK\$868 million (2011: HK\$2,493 million); and 2012 EBIT: HK\$(567) million (2011: HK\$(86) million).

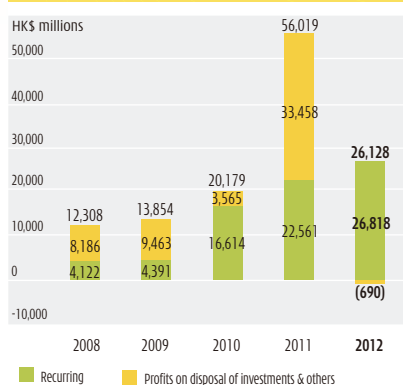
HPH Trust/HPH Trust operations: The reconciliation items in 2011 represents the Group's actual effective share in excess of the Group's share of the revenue, EBITDA and EBIT based on the effective shareholding in HPH Trust in 2012. In addition, the reconciliation item in 2011 EBIT includes the additional depreciation of 2012 on marking HPH Trust's assets to fair value on IPO.

2011 revenue: HK\$689 million; 2011 EBITDA: HK\$385 million; and 2011 EBIT: HK\$378 million.

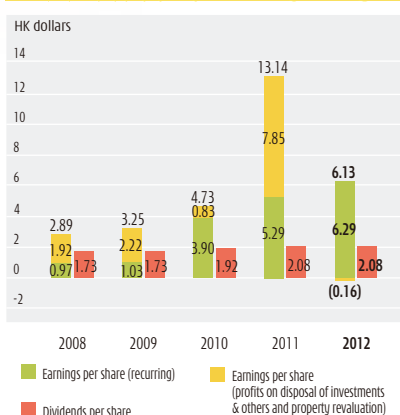
Key Financial Information

	2012 HK\$ millions	2011 HK\$ millions	Change
Reported profit attributable to ordinary shareholders of the Company	26,128	56,019	-53%
Reported earnings per share (HK\$)	6.13	13.14	-53%
Recurring profit attributable to ordinary shareholders of the Company	26,818	22,561	+19%
Recurring earnings per share (HK\$) ⁽⁵⁾	6.29	5.29	+19%
Dividends per share (HK\$)	2.08	2.08	-
Total assets	803,881	720,544	+12%
Net assets	438,592	398,783	+10%
Net assets attributable to shareholders of the Company per ordinary share (HK\$)	86.3	80.7	+7%
Funds from operations before capital expenditures and working capital changes ("FFO")	36,344	29,112	+25%
Proceeds on disposal / de-recognition of subsidiary companies	691	35,609	-98%
Capital expenditures - Fixed assets, investment properties and others	26,685	25,231	+6%
Capital expenditures - Telecommunications licences	2,422	5,693	-57%
Total cash, liquid funds and other listed investments	131,447	86,778	+51%
Total principal amount of bank and other debts	256,152	213,854	+20%
Net debt ⁽⁶⁾	124,705	127,076	-2%
Net debt to net total capital ratio ⁽⁶⁾	21.9%	23.8%	-1.9%
Credit rating:			
Moody's	A3	A3	
Standard & Poor's	A-	A-	
Fitch	A-	A-	

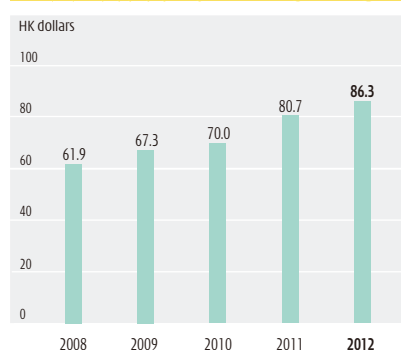
Profit Attributable to Ordinary Shareholders



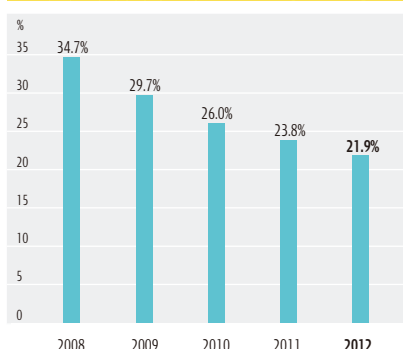
Earnings and Dividends per Ordinary Share



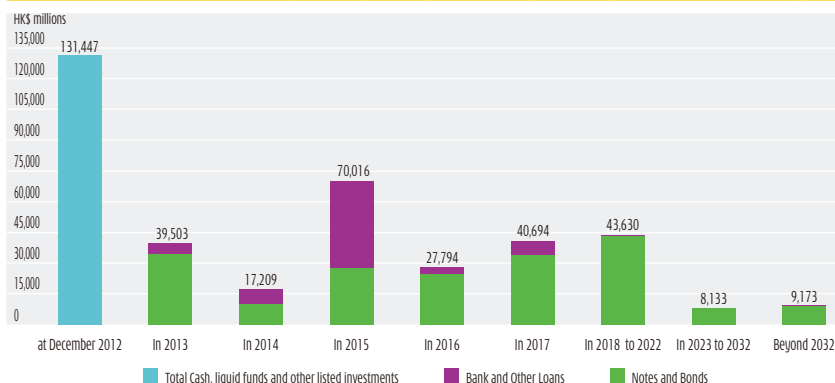
Net Assets Attributable to Shareholders of the Company per Ordinary Share



Net Debt to Net Total Capital Ratio



Debt Maturity Profile at 31 December 2012



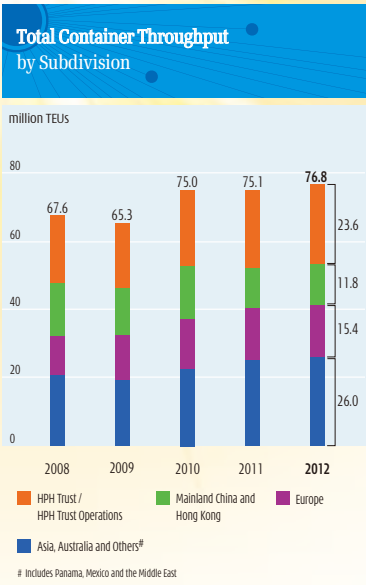
Note 5: Recurring earnings per share is calculated based on profits attributable to ordinary shareholders before property revaluation after tax and profits on disposal of investments and others after tax.

Note 6: Net debt is defined in the Consolidated Statement of Cash Flows. Net total capital is defined as total principal amount of bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments as shown in the Consolidated Statement of Cash Flows.

Note 7: Attributable landbank includes interests held directly by the Group and its share of interests held by joint ventures, associates and jointly controlled entities.

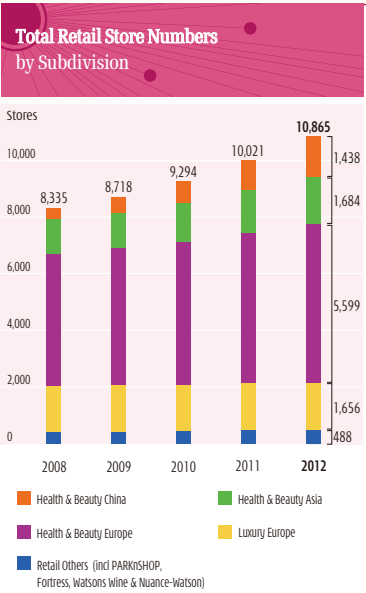
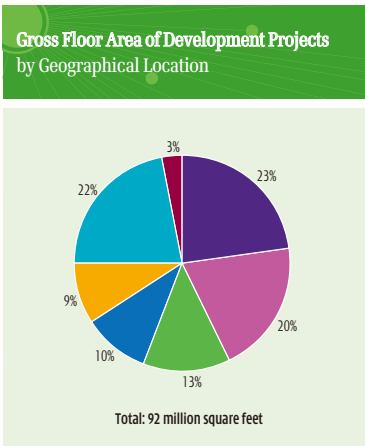
Note 8: Oil and gas reserves disclosures for 2010 to 2012 have been prepared in accordance with Canadian Securities Administrators' National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" ("NI 51-101") effective 31 December 2010 ("Canadian method"). In prior years, Husky Energy applied for and was granted an exemption from certain of the provisions of NI 51-101, which permitted Husky Energy to present oil and gas reserves disclosures in accordance with the rules of the United States Securities and Exchange Commission guidelines and the United States Financial Accounting Standards Board ("SEC method"). Accordingly, the 2010 to 2012 figures are shown under the Canadian method, while 2008 and 2009 are shown under the SEC method.

Key Business Indicators



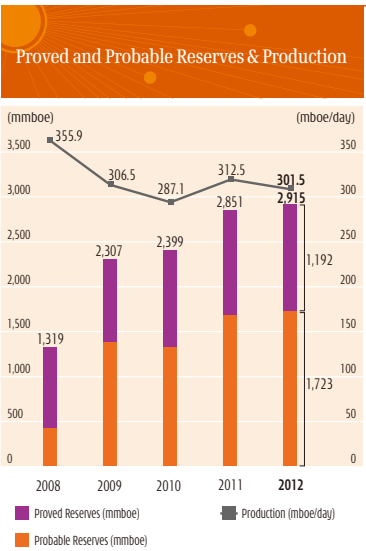
Ports and Related Services:
"Annual throughput totalled 76.8 million twenty-foot equivalent units."

Property and Hotels:
"Current attributable landbank is approximately 92 million square feet. Mainland China land cost is approximately RMB220 per square foot." ⁽⁷⁾



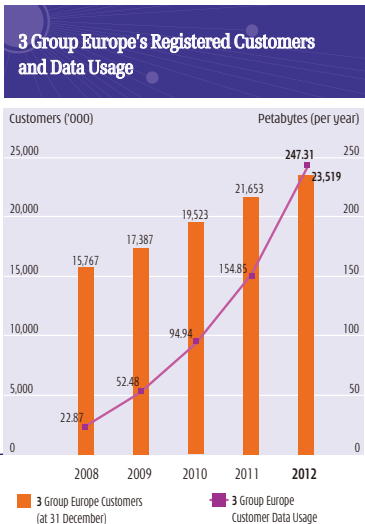
Retail:
"Over 10,800 retail stores worldwide in 33 markets."

Infrastructure:
"Stable profit contribution and announced total dividend for the year of HK\$1.660 per share."



Energy:
"Proved and probable reserves of 2,915 mmboe and strong production in 2012 at an average of 301.5 mboe/day." ⁽⁸⁾

Telecommunications:
"Registered customer base totals 23.5 million with data consumption exceeding 247 petabytes in 2012."



Business Highlights



January to June

- Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") launches a strategic partnership with Vodafone in Hong Kong as part of a wider agreement with the Conexus Mobile Alliance.
- HTHKH acquires a block of 30MHz spectrum in the auction of radio spectrum in the 2.3GHz band held by the Office of the Telecommunications Authority in Hong Kong.
- Hutchison Port Holdings ("HPH") unveils StellarTrak platform – an enhanced web-based, on-demand cargo security that provides its customers with next generation cargo security, monitoring and asset tracking services.
- Port of Felixstowe holds a ground-breaking ceremony to mark the commencement of the new North Rail Terminal project.
- Hutchison Global Communications Limited and Amsterdam Internet Exchange ("AMS-IX") announce the launch of AMS-IX Hong Kong service to boost regional Internet traffic and develop Hong Kong into a major Internet exchange hub in the region.

- 3 Austria announces the acquisition of Orange Austria, combining the third and fourth players in the Austrian mobile telephony market. The acquisition is completed in January 2013.
- HTHKH launches 4G (LTE) service in Hong Kong in May, offering data speeds up to 100Mbps and currently covers more than 90 per cent of all major areas in the territory.
- 3 Sweden launches 4G (LTE) service in April.
- Hutchison Telecommunications Lanka launches 3G service in April.
- Husky Energy unveils its carbon dioxide capture and liquefaction project in Lloydminster, allowing more oil to be recovered in existing fields while reducing emissions at its ethanol plant.
- Husky Energy continues to advance the transformation of its Heavy Oil and Western Canada foundation with a growing focus on heavy oil thermal projects and resource plays.
- Construction progresses on a 20,000 barrels per day kerosene hydrotreater at Husky Energy's Lima Refinery to increase jet fuel production and enhance product flexibility.

July to December

- PARKnSHOP launches SU-PA-DE-PA, the newest retailing concept store in Hong Kong, combining both a state-of-the-art supermarket with the variety of a department store to bring a true one-stop shopping experience to customers.
- 3 Ireland and Vodafone Ireland create a 50/50 joint venture company to share physical network and site infrastructure at over 2,000 locations across the country.
- 3 UK acquires two lots of 15MHz of 1800MHz spectrum from Everything Everywhere.
- CKI and Power Assets expand into renewable energy power transmission in Australia. The high voltage network, to be completed in late 2013, will link the Mt Mercer Wind Farm to Victoria's power grid.
- HPH celebrates the grand opening of its deep-water container terminal-Barcelona Europe South Terminal, the first semi-automated terminal in HPH's network.
- Two new thermal heavy oil projects of Husky Energy at Pikes Peak South and Paradise Hill in Saskatchewan come online and quickly surpass their production design rates.



- The SeaRose Floating Production Storage and Offloading vessel completes a successful offstation more than three weeks ahead of schedule, allowing production in the Atlantic Region to resume earlier than planned.
- The world's largest container vessel capable of carrying up to 16,020 TEUs, CMA CGM Marco Polo, makes its maiden call in Hong Kong at Hongkong International Terminals, showcasing the terminal's world-class efficiency and its industry leader's status. The vessel berths at the Group's port in Yantian after departing Hong Kong.
- Watsons China launches its mCommerce service in December.
- Husky Energy prepares for its 2013 winter programme at the Slater River shale oil project in the Northwest Territories, which includes an all-season road and further evaluation of two vertical wells.
- 3 Italia and 3 Denmark launch 4G (LTE) service in November.
- Kruidvat Benelux celebrates the opening of its 1,000th store.
- Husky Energy's Liwan Gas Project in the Asia Pacific Region is officially approved, with first gas anticipated in late 2013 or early 2014.
- ICI PARIS XL opens its first-ever retail store in Oberhausen, Germany to strengthen its footprint in the European luxury perfumeries and cosmetics market.
- Chi-Med and Nestlé Health Science announce an agreement to form Nutrition Science Partners Limited, a 50/50 joint venture, to research, develop, manufacture and market worldwide novel medicines and nutritional products derived from botanical plant origins.
- Husky Energy sanctions a 10,000 barrel per day heavy oil thermal project at Rush Lake, which is expected to begin production in 2015.
- A consortium led by CKI completes the acquisition of Wales & West Utilities, one of the eight major gas distribution networks in the United Kingdom.
- 3 Ireland wins four blocks of 1800MHz in the multi-band spectrum auction that improve its high speed network coverage nationwide and enable speeds of up to 180Mbps.
- Husky Energy discovers four new gas discoveries offshore Indonesia.
- Hutchison Water announces the acquisition of Kinrot Ventures, a worldwide leading seed investor in water and Cleantech technologies.
- Hutchison Whampoa Properties completes the disposal of its attributable interest in the Marina Bay Financial Centre Tower 3 in Singapore.

Chairman's Statement

2012 was a year of continuing growth for the Group. Despite weak economic conditions and continuing uncertainty affecting several of the markets in which the Group operates, our businesses overall still achieved solid performances and demonstrated strong resilience. With the exception of our joint venture Vodafone Hutchison Australia ("VHA"), all major operating divisions reported steady or increased recurring earnings ⁽¹⁾.

Results

The Group's recurring profit attributable to ordinary shareholders for the year, before property revaluation gains and profits on disposal of investments and others, was HK\$26,818 million, a 19% increase compared to last year's profit of HK\$22,561 million. Recurring earnings per share were HK\$6.29 as compared to HK\$5.29 in 2011.

Profits on disposal of investments and others after tax in 2012 were a charge of HK\$1,803 million and represent Hutchison Telecommunications (Australia)'s 50% share of VHA's operating losses and its share of certain network closure cost and restructuring costs in the second half. Profits on disposal of investments and others in 2011 were HK\$32,868 million, primarily due to the Initial Public Offering of HPH Trust partly offset by certain impairment charges.

Profit attributable to ordinary shareholders reported for the year was HK\$26,128 million as compared to HK\$56,019 million for 2011 as a result of the one-time items mentioned above.

Dividends

The Board recommends the payment of a final dividend of HK\$1.53 per share (2011: HK\$1.53 per share) payable on Wednesday, 5 June 2013 to those persons registered as shareholders of the Company on Monday, 27 May 2013, being the record date for determining the shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK\$0.55 per share, the full year dividend amounts to HK\$2.08 per share (2011: HK\$2.08 per share).

Ports and Related Services

The ports and related services division's throughput grew 2% to 76.8 million twenty-foot equivalent units in 2012. Total revenue of HK\$32,941 million and EBITDA of HK\$11,453 million were 3% and 1% higher respectively than last year when compared on a like-for-like basis ⁽²⁾. Although underlying earnings performance was strong in most regions, EBIT of HK\$7,791 million was 1% lower when compared to 2011 on a like-for-like basis ⁽²⁾ mainly due to the unfavourable impact of foreign currency translation. In local currency, revenue, EBITDA and EBIT increased by 7%, 3% and 2% respectively.

During the year, the division acquired a 100% interest in Hutchison Ajman International Terminals in the United Arab Emirates. In the third quarter of 2012, the division commenced operation of a three-berth container terminal at Shanghai Waigaoqiao Port Zone Phase 6 and opened the first three of five berths in the first phase of Barcelona Europe South Terminal ("BEST") located at the Port of Barcelona. BEST is the first semi-automated deep-water container terminal in the Group's network of 52 ports in 26 countries. The division also brought into service the first berth at the new Huizhou International Container Terminals in the Mainland and a new berth in Brisbane, Australia in 2012.

In 2013, the division will open an additional berth each at Huizhou in the Mainland, Westports Malaysia and Lazaro Cardenas in Mexico. Two new berths in Sydney, Australia are also expected to come into operation in 2013. The division is expected to maintain a steady performance in 2013 and will grow in subsequent years as the new berths and ports become fully operational, which is typically around two to three years from launch of commercial operation.

Note 1 : Husky Energy's net earnings was 9% below last year mainly due to a one-off gain on the sale of non-core assets recorded in 2011.

Note 2 : To enable a better comparison of underlying performance, revenue, EBITDA and EBIT only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012. 2011 EBIT includes the depreciation in 2012 on marking HPH Trust's assets to fair value on IPO so that the year-on-year changes can be calculated on a like-for-like basis.

Property and Hotels

The property and hotels division reported total revenue of HK\$19,970 million, a 16% increase compared to 2011. EBITDA and EBIT increased 10% and 11% to HK\$10,919 million and HK\$10,553 million respectively.

The division's 12.0 million square foot portfolio of rental properties in Hong Kong, together with our attributable share of 2.1 million square foot portfolio in the Mainland and overseas, reported solid occupancy and steady rental growth. However, reported rental income declined 1% to HK\$3,805 million from last year due to the sale of certain investment properties during 2011, mostly offset by higher rental renewal rates. Our portfolio is of a high quality and is well located. It is expected to continue performing well in 2013.

The division's hotel portfolio, comprising 11 hotels of over 8,500 rooms in which the Group has an average effective interest of approximately 62%, reported revenue and earnings growth. This reflects both high occupancy rates in Hong Kong as well as a strong focus on productivity and cost efficiency.

Our current property development activities are principally focused on the Mainland and Singapore. In the Mainland, Government initiatives aimed at preventing residential property price inflation continued to adversely impact market sentiment throughout 2012. During the year, we recognised sales on an attributable interest of approximately 6.8 million square feet of developed properties, primarily in the Mainland. The division's current attributable interest in landbank is approximately 92 million developable square feet, largely held through jointly controlled entities with Cheung Kong (Holdings) Ltd. Market conditions permitting, we expect to complete an attributable share of approximately 10.4 million square feet gross floor area of residential and commercial properties during 2013.

Retail

The retail division, with over 10,800 stores in 33 markets, delivered another year of strong revenue, earnings and cashflow growth in 2012. Total revenue of HK\$148,626 million, EBITDA of HK\$12,725 million and EBIT of HK\$10,048 million, were 4%, 9% and 8% higher respectively than last year.

The division's major units in both Asia and Europe reported like-for-like sales and operating margin growth during the year. Despite the uncertain economic conditions in Europe, the operations in the region overall were resilient and able to increase earnings contribution through effective cost control measures and increasing operating efficiencies.

In 2013, the A S Watson Group will continue to expand its store base in regions with high growth potential, including the Mainland and certain Asian countries.

Cheung Kong Infrastructure

Cheung Kong Infrastructure Holdings Limited ("CKI"), our Hong Kong listed subsidiary, announced profit attributable to shareholders of HK\$9,427 million, a growth of 22% over last year.

CKI's investment in Northumbrian Water Group Limited, which was acquired in the last quarter of 2011, together with earnings growth in UK Power Networks and Power Assets, provided positive profit contributions to the Group in the year. Looking forward, I expect CKI to benefit from its investment in Wales & West Utilities Limited, which was acquired in the last quarter of 2012. CKI will continue to look for opportunities to expand its portfolio by acquiring businesses with strong recurrent returns whilst maintaining a strong balance sheet, steady cashflow and low gearing ratios.

Chairman's Statement

Husky Energy

Husky Energy, our associated company listed in Canada, announced revenues, net of royalties, of C\$22,435 million, 2% higher than 2011. Average production in 2012 was 301,500 barrels of oil equivalent per day ("BOEs per day") compared to 312,500 BOEs per day in 2011. Production in 2012 was lower in the Atlantic Region due to planned off-station maintenance of the SeaRose and Terra Nova Floating, Production, Storage and Offloading vessels. Natural gas production was also lower as investment prioritised higher netback crude oil and liquids rich natural gas developments. Declines were partially offset by the start-up of two new heavy oil thermal projects at Pikes Peak South and Paradise Hill. Net earnings of C\$2,022 million in 2012 were 9% lower than last year mainly due to the inclusion of one-off gains on the sale of non-core assets in 2011.

Husky Energy is currently undertaking two very substantial capital projects, the Liwan deep-water natural gas development ("Liwan project") located in the South China Sea and the Sunrise Energy oil sands development ("Sunrise Project") in Canada. The Liwan project is expected to begin production in late 2013 / early 2014. The Sunrise Project will begin production in 2014. Both projects are presently expected to complete on schedule and on budget. Production from the Liwan 3-1 and Liuhua 34-2 fields of Block 29/26 of the Liwan project is planned to ramp up through 2014 towards approximately 300 million cubic feet per day. The first phase of the Sunrise Project is expected to produce approximately 60,000 barrels per day (30,000 barrels per day net to Husky Energy).

Hutchison Telecommunications Hong Kong

Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), our Hong Kong listed telecommunications subsidiary operating in Hong Kong and in Macau announced revenue of HK\$15,536 million, an increase of 16% over last year. EBITDA of HK\$3,062 million and EBIT of HK\$1,756 million, increased 17% and 22% respectively over last year. The announced net profit attributable to shareholders was HK\$1,227 million and earnings per share was 25.46 HK cents, an increase of 20% compared to last year.

As of 31 December 2012, active mobile customers were over 3.7 million in Hong Kong and Macau. Fixed line operations have also continued to grow with increasing data traffic across all networks in Hong Kong.

HTHKH has established its leading market position in the mobile businesses, particularly in the smartphone segment. With the launch of Long Term Evolution services during 2012, HTHKH's mobile operation in Hong Kong will continue to lead in providing ultra high speed data services in mobility.

Hutchison Asia Telecommunications

As of 31 December 2012, Hutchison Asia Telecommunications ("HAT") had a customer base of over 40.3 million and reported total revenue of HK\$4,452 million, EBITDA of HK\$423 million and LBIT of HK\$846 million, an improvement of 91%, 398% and 28% respectively compared to last year.

In 2013, HAT expects to continue the growth momentum in its customer base, which has increased noticeably from the second half of 2012, and expand its network speed and coverage to meet increasing demand, particularly in Indonesia.

3 Group Europe

The Group's registered 3G customer base in Europe increased 9% during the year and currently totals over 23.5 million customers. 3 Group Europe reported total revenue of HK\$58,708 million, a 3% increase over last year, while EBITDA and EBIT grew by 15% and 101% to HK\$9,213 million and HK\$3,145 million respectively. The significant improvement in 3 Group Europe's underlying operating results reflects the success in gaining leading positions in the smartphone and mobile data segments, which are continuing to drive increased demand for data services at unprecedented rates.

In January 2013, 3 Austria completed its acquisition of a 100% interest in Orange Austria and a subsequent onward sale of the Yesss! brand and certain other assets to Telekom Austria Group. The combined operations will generate incremental revenues that, together with operational synergies and efficiencies, should result in substantial increases in 3 Austria's contribution in 2013.

Despite Europe being affected by continued economic and financial uncertainties, 3 Group Europe has built up strong fundamentals and maintained its good growth momentum during the year. All 3 Group Europe operations seek to further increase market share in the smartphone and data segment, which is expected to be one of the key growth drivers in 2013. Commercially, the operations remain focused on the acquisition of high margin customers and also the upsell of the existing customer base to higher margin service offerings. Operationally, strict cost and spending disciplines with a view to achieving maximum operational leverage remains a priority. Further progress in the transition to a non-subsidised handset model in its customer base, together with gradual stabilisation of European mobile termination regimes, are expected to further improve the division's contributions to the Group's overall results going forward.

Finance & Investments and Others

Contribution from this division represents returns earned on the Group's holdings of cash and liquid investments as well as results of other small operating units. The increase in contribution in 2012 was mainly due to higher realised foreign exchange gains and higher overall interest income.

During 2012, the Group raised HK\$101,065 million from the debt and capital markets and issues of shares by a subsidiary and repaid debts as they matured and repaid early certain long-term borrowings and notes totalling HK\$47,022 million. At 31 December 2012, the Group's consolidated cash and liquid investments totalled HK\$131,447 million and consolidated debt amounted to HK\$256,152 million, resulting in consolidated net debt of HK\$124,705 million and net debt to net total capital ratio of 21.9%. The Group's consolidated cash and liquid investments as at 31 December 2012 were sufficient to repay all outstanding consolidated Group debt maturing through 2015 and approximately 17% of the maturities in 2016.

The Group will continue to closely monitor its liquidity and debt profile and expects its net debt to net total capital ratio to remain less than 25%.

Outlook

In 2012, continued economic and financial uncertainty affected markets and geographies in which the Group operates to varying degrees. Our core businesses and operations, which are spread over 52 countries, demonstrated resilience and maintained operating growth in the year. Whilst uncertainty still remains a challenge for 2013, major economies are showing signs of stabilisation and gradual recovery. The Group will continue to pursue a strategy of "Growth with Stability", with equal emphasis on achieving sustainable recurring earnings growth and maintaining the Group's strong financial profile. Each of our major operating divisions will continue to invest and expand its core business operations. I expect, barring unforeseen material adverse developments in major markets, the Group will continue to meet these objectives in 2013. I have confidence in the Group's prospects.

I would like to thank the Board of Directors and all our dedicated employees around the world for their continued loyalty, diligence, professionalism and contributions to the Group.

Li Ka-shing

Chairman

Hong Kong, 26 March 2013

Operations Review

Consolidated Operating Results

The Group's operations comprise six core business divisions – ports and related services, property and hotels, retail, infrastructure, energy, and telecommunications.

Audited Results for the year ended 31 December 2012 Highlights

	2012 HK\$ millions	2011 (Restated) HK\$ millions	Change
Total Revenue ⁽¹⁾⁽²⁾	398,391	383,793	+4%
EBITDA ⁽¹⁾	87,607	80,352	+9%
EBIT ⁽¹⁾	58,290	51,370	+13%
Profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others	26,818	22,561	+19%
Property revaluation, after tax	1,113	590	+89%
Profit attributable to ordinary shareholders, before profits on disposal of investments and others	27,931	23,151	+21%
Profits on disposal of investments and others, after tax ⁽³⁾	(1,803)	32,868	
Profit attributable to ordinary shareholders	26,128	56,019	-53%
Earnings per share	HK\$6.13	HK\$13.14	-53%
Recurring earnings per share ⁽⁴⁾	HK\$6.29	HK\$5.29	+19%
Final dividend per share	HK\$1.53	HK\$1.53	—
Full year dividend per share	HK\$2.08	HK\$2.08	—

The Group reported total revenue, including the Group's share of associated companies' and jointly controlled entities' revenue, of HK\$398,391 million, an increase of 4% compared to 2011. EBITDA and EBIT, before property revaluation and profits on disposal of investments and others, were HK\$87,607 million and HK\$58,290 million respectively, 9% and 13% respectively higher than in 2011.

Total recurring profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others, after tax for the year were HK\$26,818 million, a 19% increase compared to last year's profit of HK\$22,561 million.

The Group also reported profit on investment properties revaluation, after tax of HK\$1,113 million (2011: HK\$590 million). Profits on disposal of investments and others, after tax in 2012 were a charge of HK\$1,803 million and represent Hutchison Telecommunications (Australia)'s ("HTAL") 50% share of Vodafone Hutchison Australia's ("VHA") operating losses and its share of certain network closure cost and restructuring costs in the second half. Profits on disposal of investments and others, after tax in 2011 were HK\$32,868 million, primarily due to the initial public offering ("IPO") of HPH Trust partly offset by certain impairment charges.

Profit attributable to ordinary shareholders reported for the year was HK\$26,128 million as compared to HK\$56,019 million in 2011.

Note 1: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA"), earnings before interest expenses and other finance costs and tax ("EBIT"), interest expenses and other finance costs and tax include the Group's share of associated companies' and jointly controlled entities' respective items. Total revenue, EBITDA and EBIT were adjusted to reflect the Group's effective interest in HPH Trust in the two years. See Note 5 of the accounts on the details of the adjustments.

Note 2: Revenue reduced by HK\$3,924 million for the year ended 31 December 2011 due to reclassification adjustments made by Husky Energy to its 2011 reported revenue and cost of sales following a change in presentation adopted by Husky Energy in 2012.

Note 3: The profits on disposal of investments and others, after tax in 2012 reflect the Group's share of operating losses of VHA and its share of certain network closure cost and restructuring costs from July to December 2012. From the second half of 2012, VHA is undergoing a shareholder-sponsored restructuring under the leadership of Vodafone under the applicable terms of our shareholders' agreement, therefore the Group believes that it is more appropriate to reclassify its share of VHA's operating losses from the Group's recurring earnings profile during this phase. 2011 comparatives comprise a gain on IPO of HPH Trust of HK\$44,290 million, partially offset by impairment charges on certain port assets of HK\$7,110 million and on Vietnam telecommunications assets of HK\$2,997 million, and a write-off of fixed assets of HK\$1,315 million by 3 UK.

Note 4: Recurring earnings per share is calculated based on profits attributable to ordinary shareholders before property revaluation, after tax and profits on disposal of investments and others, after tax.

Note 5: To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust during 2012 and exclude HTAL's share of VHA's results for the first half of 2012 and full year 2011. 2011 EBIT includes the depreciation in 2012 on marking HPH Trust's assets to fair value on IPO so that the year-on-year changes can be calculated on a like-for-like basis.

Financial Performance Summary

	2012 HK\$ millions	%	2011 (Restated) HK\$ millions	%	Change
Total Revenue⁽¹⁾					
Ports and related services	32,941	8%	31,829	8%	+3%
Hutchison Ports Group other than HPH Trust operations	30,208	7%	29,194	7%	+3%
HPH Trust / HPH Trust operations ⁽⁵⁾	2,733	1%	2,635	1%	+4%
Property and hotels	19,970	5%	17,226	4%	+16%
Retail	148,626	37%	143,564	37%	+4%
Cheung Kong Infrastructure	39,693	10%	30,427	8%	+30%
Husky Energy ⁽²⁾	59,224	15%	59,103	15%	—
Hutchison Telecommunications Hong Kong Holdings	15,536	4%	13,407	4%	+16%
Hutchison Asia Telecommunications	4,452	1%	2,332	1%	+91%
3 Group Europe	58,708	15%	56,877	15%	+3%
Finance & Investments and Others	11,593	3%	10,928	3%	+6%
Total Comparable Revenue⁽⁵⁾	390,743	98%	365,693	95%	+7%
Reconciliation item ⁽⁶⁾	7,648	2%	18,100	5%	-58%
Total Reported Revenue	398,391	100%	383,793	100%	+4%
EBITDA⁽¹⁾					
Ports and related services	11,453	13%	11,360	14%	+1%
Hutchison Ports Group other than HPH Trust operations	9,989	11%	9,874	12%	+1%
HPH Trust / HPH Trust operations ⁽⁵⁾	1,464	2%	1,486	2%	-1%
Property and hotels	10,919	13%	9,903	12%	+10%
Retail	12,725	15%	11,724	15%	+9%
Cheung Kong Infrastructure	21,405	24%	17,242	21%	+24%
Husky Energy	14,889	17%	16,053	20%	-7%
Hutchison Telecommunications Hong Kong Holdings	3,062	3%	2,616	3%	+17%
Hutchison Asia Telecommunications	423	—	(142)	—	+398%
3 Group Europe	9,213	11%	8,031	10%	+15%
Finance & Investments and Others	2,650	3%	687	1%	+286%
Comparable EBITDA before profits on disposal of investments & others and property revaluation⁽⁵⁾	86,739	99%	77,474	96%	+12%
Reconciliation item ⁽⁶⁾	868	1%	2,878	4%	-70%
Reported EBITDA before profits on disposal of investments & others and property revaluation	87,607	100%	80,352	100%	+9%
EBIT⁽¹⁾					
Ports and related services	7,791	13%	7,848	15%	-1%
Hutchison Ports Group other than HPH Trust operations	6,902	12%	6,937	13%	-1%
HPH Trust / HPH Trust operations ⁽⁵⁾	889	1%	911	2%	-2%
Property and hotels	10,553	18%	9,517	18%	+11%
Retail	10,048	17%	9,330	18%	+8%
Cheung Kong Infrastructure	16,643	29%	13,478	26%	+23%
Husky Energy	7,427	13%	8,614	17%	-14%
Hutchison Telecommunications Hong Kong Holdings	1,756	3%	1,435	3%	+22%
Hutchison Asia Telecommunications	(846)	-1%	(1,181)	-2%	+28%
3 Group Europe	3,145	5%	1,567	3%	+101%
Finance & Investments and Others	2,340	4%	470	1%	+398%
Comparable EBIT before profits on disposal of investments & others and property revaluation⁽⁵⁾	58,857	101%	51,078	99%	+15%
Reconciliation item ⁽⁶⁾	(567)	-1%	292	1%	-294%
Reported EBIT before profits on disposal of investments & others and property revaluation	58,290	100%	51,370	100%	+13%
Interest expenses and finance costs ⁽¹⁾	(16,359)		(14,804)		-11%
Profit before tax	41,931		36,566		+15%
Tax ⁽¹⁾					
Current tax	(8,661)		(7,284)		-19%
Deferred tax	(1)		234		-100%
Profit after tax	33,269		29,516		+13%
Non-controlling interests and perpetual capital securities holders' interests	(6,451)		(6,955)		+7%
Profit attributable to ordinary shareholders before profits on disposal of investments & others and property revaluation	26,818		22,561		+19%
Property revaluation, after tax	1,113		590		+89%
Profits on disposal of investments & others, after tax ⁽³⁾	(1,803)		32,868		-105%
Profit attributable to ordinary shareholders	26,128		56,019		-53%

Note 6: The reconciliation items comprise revenue, EBITDA and EBIT adjustments as summarised below.

HTAL - The reconciliation items represent the results of HTAL and its share of results of VHA for the first half of 2012 and full year 2011. VHA's operating losses and certain network closure cost and restructuring costs in the second half of 2012 are included as a charge under "profits on disposal of investments & others, after tax".

2012 revenue: HK\$7,648 million (2011: HK\$17,411 million); 2012 EBITDA: HK\$868 million (2011: HK\$2,493 million); and 2012 EBIT: HK\$(567) million (2011: HK\$(86) million).

HPH Trust/HPH Trust operations: The reconciliation items in 2011 represent the Group's actual effective share in excess of the Group's share of the revenue, EBITDA and EBIT based on the effective shareholding in HPH Trust in 2012. In addition, the reconciliation item in 2011 EBIT includes the additional depreciation of 2012 on marking HPH Trust's assets to fair value on IPO.

2011 revenue: HK\$689 million; 2011 EBITDA: HK\$385 million; and 2011 EBIT: HK\$378 million.

Operations Review



- Total revenue increased 3% to HK\$32,941 million.
- EBITDA increased 1% to HK\$11,453 million.
- EBIT decreased 1% to HK\$7,791 million.
- Annual throughput increased 2% to 76.8 million twenty-foot equivalent units.

Ports and Related Services

This division is one of the world's leading port investors, developers and operators, and has interests in 52 ports comprising 276 operational berths in 26 countries.



The world's largest container vessel, *CMA CGM Marco Polo*, makes its maiden call at Hongkong International Terminals.

Operations Review – Ports and Related Services

Group Performance

The Group operates container terminals in five of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 27.6% interest in the HPH Trust, which together handled a total of 76.8 million twenty-foot equivalent units ("TEUs") in 2012.

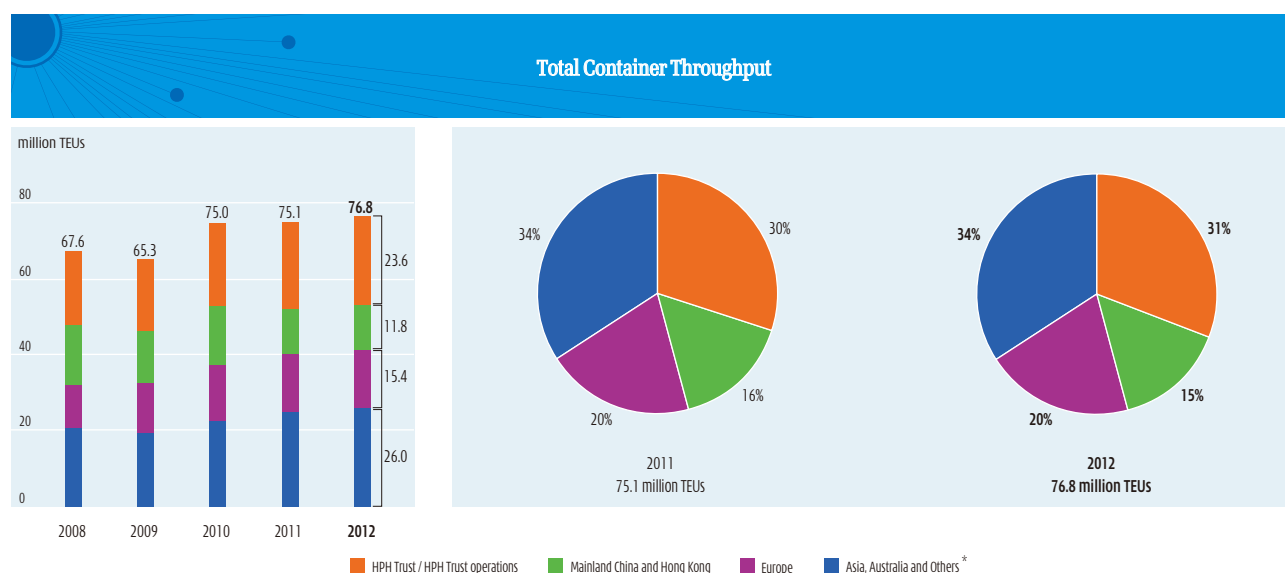
	2012 HK\$ millions	2011 ⁽¹⁾ HK\$ millions	Change
Total Revenue	32,941	31,829	+3%
EBITDA	11,453	11,360	+1%
EBIT	7,791	7,848	-1%

Note 1: To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust during 2012. 2011 EBIT includes the depreciation in 2012 on marking HPH Trust's assets to fair value on IPO so that the year-on-year changes can be calculated on a like-for-like basis.

This division comprises of four segments: HPH Trust / HPH Trust operations; Mainland China and Hong Kong; Europe; and Asia, Australia and others.

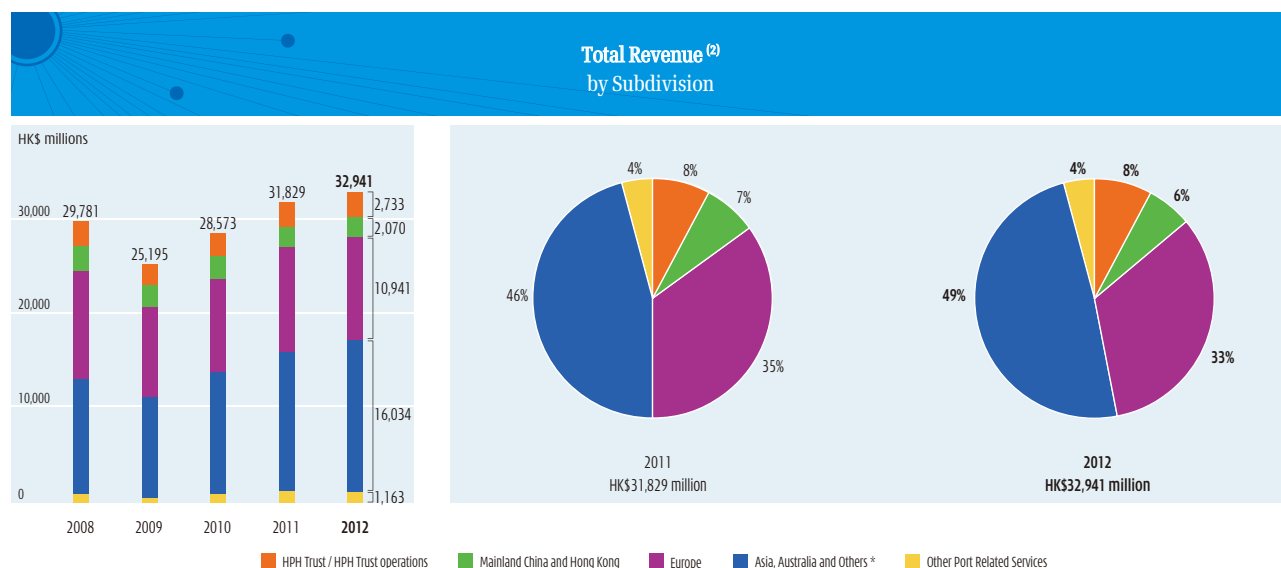
In local currencies, total revenue, EBITDA and EBIT of the division increased 7%, 3% and 2% respectively on a like-for-like basis⁽¹⁾. This lower growth in EBIT reflected higher depreciation charges on new facilities that were introduced for expansion projects of container terminals located in Europe and Asia, Australia and other regions. The division's total revenue and EBITDA in the Group's reporting currency were 3% and 1% higher respectively, but EBIT was 1% lower than last year. This division contributed 8%, 13% and 13% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Overall throughput increased 2% to 76.8 million TEUs in 2012, reflecting a steady market growth in all geographical locations during the year, except Mainland China and Hong Kong segment where the operations faced intense competition within the region.



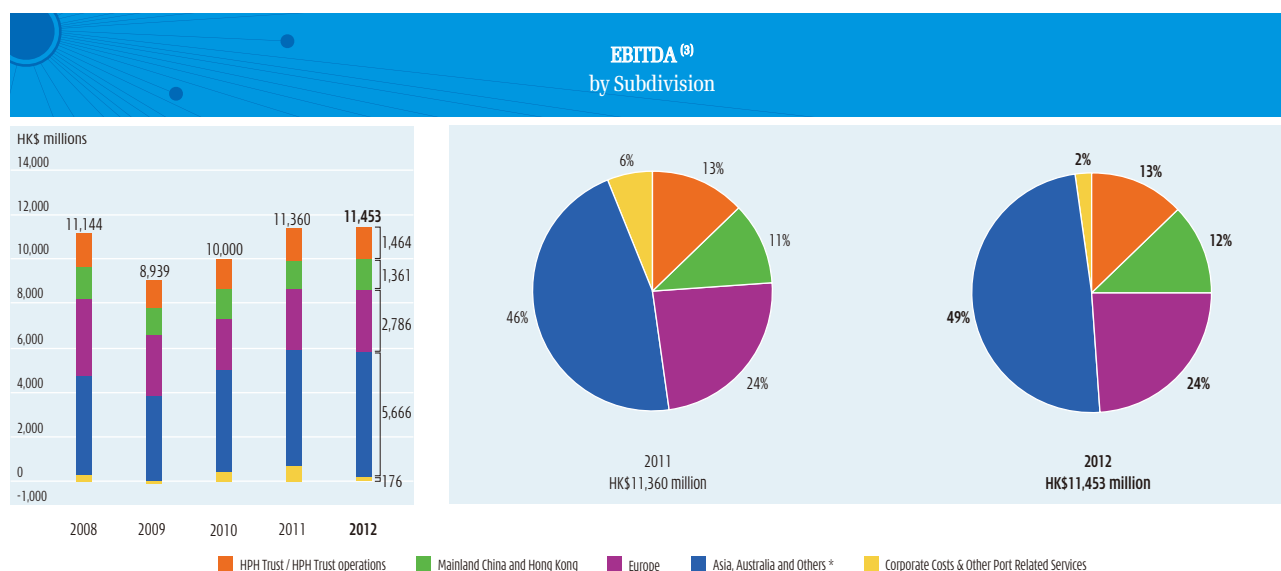
* Includes Panama, Mexico and the Middle East.

Underlying revenue increased in 2012 mainly attributed to the strong throughput growth in the Asia, Australia and Others segment.



Note 2: For better comparable purposes in these charts and on a like-for-like basis, the Group's attributable share of revenue for HPH Trust / HPH Trust operations for 2008 to 2011 has been adjusted to reflect the Group's attributable share of results based on the effective shareholding in HPH Trust during 2012.

All segments reported underlying year-on-year EBITDA and EBIT growth other than the Group's share of HPH Trust, which was adversely affected by the lower contributions from operations in Kwai Tsing and Mainland China and Hong Kong segment which was affected by intense competition. The overall improvement in financial performance has been driven by throughput growth, productivity and efficiency initiatives, as well as cost saving initiatives.



Note 3: For better comparable purposes in these charts and on a like-for-like basis, the Group's attributable share of EBITDA for HPH Trust / HPH Trust operations for 2008 to 2011 has been adjusted to reflect the Group's attributable share of results based on the effective shareholding in HPH Trust during 2012.

Segment Performance

HPH Trust / HPH Trust Operations

	2012 HK\$ millions	2011 ⁽⁴⁾ HK\$ millions	Change
Total Revenue	2,733	2,635	+4%
EBITDA	1,464	1,486	-1%
EBIT	889	911	-2%

Note 4: For better comparable purposes and on a like-for-like basis, comparable revenue, EBITDA and EBIT for 2011 have been adjusted to reflect the Group's attributable share of results based on the effective shareholding in HPH Trust during 2012.

HPH Trust, listed on the Main Board of the Singapore Exchange Securities Trading Limited in March 2011, was established as a publicly-traded entity to hold, operate and develop all of the Group's existing and future deep-water container port businesses in Guangdong Province in Mainland China, Hong Kong and Macau. The principal assets of HPH Trust include the Group's interests in the deep-water container ports in Hong Kong (comprising Hongkong International Terminals ("HIT"), which operates Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing and COSCO-HIT Terminals, a joint-venture company, which operates Terminal 8 East) and Yantian (comprising Yantian International Container Terminals Phases I to III and Shenzhen Yantian West Port Terminals), the midstream and certain other river trade businesses related to the deep-water container businesses. Throughput of the HPH Trust ports increased by 3% in 2012. Although the Group's share of comparable revenue increased 4%, comparable EBITDA and EBIT decreased 1% and 2% respectively during 2012 driven by the higher operating cost for HIT and COSCO-HIT Terminals due to inflationary pressure.

In March 2013, HPH Trust announced the acquisition of Asia Container Terminals Holdings Limited, which owns and operates Asia Container Terminals Limited, also known as Container Terminal 8 West, located at Kwai Chung, Hong Kong, which is adjacent to HPH Trust's existing container terminals.



Yantian International Container Terminals handles its 100 millionth TEU, a record it achieves in a mere 18.5 years.



HIT is in the process of installing remote control stations for its fleet of 24 Rail Mounted Gantry Cranes.

Mainland China and Hong Kong

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	2,070	2,164	-4%
EBITDA	1,361	1,216	+12%
EBIT	1,040	889	+17%

Name	Location	Ports Division's Interest	2012 Throughput (100% basis)
(thousand TEUs)			
Shanghai Container Terminals ("SCT") ⁽⁵⁾ / Shanghai Mingdong Container Terminals ("SMCT") ⁽⁶⁾ / Shanghai Pudong International Container Terminals	Mainland China	40%/50%/30%	5,783
Ningbo Beilun International Container Terminals	Mainland China	49%	2,003
Ports in Southern China ⁽⁷⁾ - Jiuzhou, Nanhai, Gaolan and Jiangmen/ Shantou International Container Terminals/ Zhuhai International Container Terminals (Gaolan)/ Huizhou Port Industrial Corporation/ Huizhou International Container Terminals	Mainland China	50%/70%/50%/33.59%/80%	1,420
Xiamen International Container Terminals/ Xiamen Haicang International Container Terminals	Mainland China	49%	1,001
River Trade Terminal	Hong Kong	50%	1,598

Note 5: SCT ceased its container handling business from January 2011 onwards.

Note 6: On 30 July 2012, SMCT signed an agreement to lease and operate a three-berth container terminal at Shanghai Waigaoqiao Port Zone Phase 6.

Note 7: Although the Group's economic interest in the three River Ports (Jiangmen Terminal, Nanhai Terminal and Zhuhai Jiuzhou Terminal) in Southern China were assigned to HPH Trust prior to its IPO, this division retains the legal interests in these operations.



Ningbo Beilun International Container Terminals is a natural deep-water port with a depth alongside of 18.2 metres.

Recurring EBITDA and EBIT of Mainland China and Hong Kong segment, excluding one-off asset disposal gains was down 8% and 10% respectively.

The division's Shanghai ports comprises 16 container berths, reported a 6% combined throughput growth mainly attributable to volumes from new services acquired during the year as well as the commencement of Waigaoqiao Port Zone Phase 6 container terminal in August 2012. Despite the additional throughput contribution from the newly commenced Waigaoqiao Phase 6 operation, recurring EBIT is flat against last year due to lower average tariffs.

Throughput of Ningbo Beilun International Container Terminals remained broadly in line with 2011, but EBIT decreased by 19% from last year mainly due to higher mix of transshipment, domestic and barge cargoes with lower average tariffs.

Ports in Southern China include six joint-venture river and coastal ports in Jiuzhou, Nanhai, Jiangmen, Shantou, Gaolan and Huizhou. Combined container throughput increased by 8% from last year, combined EBIT decreased by 35% mainly due to higher operating costs on new facilities reported by ports in Gaolan and Huizhou. The first berth of the new container terminal facility at Huizhou International Container Terminals, in which the division has an 80% interest, commenced operation at the end of 2012. Full operation of this new facility is expected by the end of 2013.

In Xiamen, the division's two container terminals reported decrease of 10% in combined throughput in 2012, reflecting the impact of intense competition.

River Trade Terminal, the 50% owned joint venture which principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, reported a 21% decrease in throughput reflecting lower export from Pearl River Delta and tightened control over import commodities to the Mainland.

Europe

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	10,941	11,120	-2%
EBITDA	2,786	2,754	+1%
EBIT	1,817	1,798	+1%

Name	Location	Ports Division's Interest	2012 Throughput (100% basis) (thousand TEUs)
Europe Container Terminals/ Amsterdam Container Terminals	The Netherlands	93.5%/ 70.08%	9,980
Hutchison Ports (UK) - Felixstowe/ Harwich/ London Thamesport	United Kingdom	100%/ 100%/ 80%	3,948
Terminal Catalunya	Spain	100%	882
Taranto Container Terminal	Italy	50%	268
Gdynia Container Terminal	Poland	99.15%	264
Container Terminal Frihamnen	Sweden	100%	36

In local currencies, revenue, EBITDA and EBIT of the Europe segment increased 5%, 7% and 7% respectively.

Operations in the Netherlands, which comprise Europe Container Terminals (including City Terminal, Delta Terminal and Euromax Terminal) in Rotterdam and Amsterdam Container Terminals in Amsterdam, reported a combined throughput growth of 3% from last year. Combined EBIT increased by 1% due to throughput growth, partially offset by the unfavourable impact of foreign currency translation. In local currency, EBIT increased by 11%.



Europe Container Terminals, Europe's largest port, located at the Port of Rotterdam, has expanded its network to inland terminals with the European Gateway Services.



The first phase of Port of Felixstowe's Berths 8 and 9 provides the deepest draft available at any UK container port.

The Group's UK port operations, consisting of Felixstowe, Harwich and London Thamesport, reported a combined throughput growth of 6% compared to last year, reflecting an increase in transshipment traffic. EBIT was 3% higher than last year, mainly due to throughput growth and higher average revenue per TEU, partially offset by the unfavourable impact of foreign currency translation and the impact of full year depreciation from the deep-water shipping terminal at Felixstowe comprising Berths 8 and 9 which commenced commercial operations at the end of September 2011. In local currency, EBIT increased by 4%.

Terminal Catalunya ("TERCAT"), a four-berth container terminal in Barcelona in Spain, reported a 9% decrease in throughput as 2011 included additional transshipment volumes handled by TERCAT during the industrial disruption in neighbouring French terminals. EBIT decreased by 17% from last year, mainly due to lower throughput, higher cost of running both old and new terminals concurrently and the unfavourable impact of foreign currency translation. In local currency, EBIT decreased by 10%. The first phase of TERCAT's new semi-automated, deep-water container terminal - Barcelona Europe South Terminal at the Port of Barcelona comprises five berths, of which three berths were opened in September 2012.

The division's European ports network also includes Taranto Container Terminal ("TCTI") in Italy, Gdynia Container Terminal ("GCT") in Poland and Container Terminal Frihamnen ("CTF") in Sweden. TCTI continued to be adversely affected by lower volumes, whereas both CTF and GCT reported improvements in throughput.

Asia, Australia and Others

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	16,034	14,706	+9%
EBITDA	5,666	5,195	+9%
EBIT	4,185	3,858	+8%

Name	Location	Ports Division's Interest	2012 Throughput (100% basis)
(thousand TEUs)			
Westports Malaysia	Malaysia	31.5%	6,910
Panama Ports Company	Panama	90%	4,101
Jakarta International Container Terminal/ Kerjasama Operasi Terminal Petikemas Koja	Indonesia	51%/ 45.09%	3,168
Internacional de Contenedores Asociados de Veracruz/ L. C. Terminal Portuaria de Contenedores/ Ensenada International Terminal	Mexico	100%	2,565
Hutchison Korea Terminals/Korea International Terminals	South Korea	100%/88.9%	2,066
International Ports Services	Saudi Arabia	51%	1,620
Hutchison Laemchabang Terminal/Thai Laemchabang Terminal	Thailand	80%/87.5%	1,571
Freeport Container Port	The Bahamas	51%	1,202
Karachi International Container Terminal/ South Asia Pakistan Terminals	Pakistan	100%/ 90%	869
Alexandria International Container Terminals	Egypt	50%	622
Tanzania International Container Terminal Services	Tanzania	70%	382
Buenos Aires Container Terminal Services	Argentina	100%	317
Oman International Container Terminal	Oman	65%	187
Hutchison Ajman International Terminals	United Arab Emirates	100%	103
Saigon International Terminals	Vietnam	70%	N/A
Brisbane Container Terminals	Australia	100%	N/A
Sydney International Container Terminals	Australia	100%	N/A

In local currencies, revenue, EBITDA and EBIT of the Asia, Australia and others segment increased 12% respectively.

In Malaysia, Westports in Klang reported a throughput growth of 8% primarily driven by increased volumes from existing customers. EBIT increased by 11% from last year mainly due to the higher throughput and higher average revenue per TEU. To cope with the expansion, an additional berth is expected to commence operation by first quarter of 2013.

In Panama, the division operates the ports of Balboa and Cristobal located near both ends of the Panama Canal. The combined throughput of this transshipment hub decreased 3% from last year mainly due to the diversion of vessels to other terminals in order to reduce yard congestion during the labour slowdown in mid 2012. EBIT was 14% below last year, mainly due to lower throughput and higher operating costs. Further

Operations Review – Ports and Related Services

capacity expansion and facilities upgrade at Balboa and Cristobal are currently underway to improve yard capacity, productivity and efficiency and to support the long-term growth anticipated for the region.

In Indonesia, Jakarta International Container Terminal ("JICT") and the adjacent Kerjasama Operasi Terminal Petikemas Koja ("KOJA") reported a combined throughput growth of 2% mainly due to increased demands from the local region. Combined EBIT was 11% higher than last year due to higher throughput and higher average tariffs. Both JICT and KOJA are continuing to deliver productivity and efficiency improvements in order to handle increases in domestic demand.

The division's ports operations in Mexico are largely dependent on the economy of the US due to their close proximity. These ports reported a combined throughput and EBIT growth of 22% and 18% respectively from last year, mainly driven by continued strong cargoes growth between the Far East and the west coast of Latin America.

In South Korea, the Group's operations in Busan and Gwangyang continued to face strong competition, in particular, from new container terminals developed by shipping lines. Combined throughput decreased by 11% and there continued to be competitive pressure on average tariffs.

In Saudi Arabia, International Ports Services which operates at the Port of Damman, reported growth in throughput and EBIT of 1% and 5% respectively, mainly driven by higher volume from existing shipping lines' customers.

In Thailand, the Laemchabang container terminals reported a combined throughput growth of 5% due to continuing trade volume recovery and volume growth from existing customers. EBIT increased 19% compared to last year primarily due to increased throughput, partially offset by lower average tariffs.

Freeport Container Port, on Grand Bahama Island, reported a throughput and EBIT growth of 8% and 137% respectively, mainly due to additional services for transshipment operation and higher average tariff in 2012.



The semi-automated Barcelona Europe South Terminal is the most technologically advanced port facility in Southern Europe.



Panama Port Company's Balboa Port takes delivery of its first batch of 13 electric Rubber-Tyred Gantry Cranes in September 2012, part of a green initiative.

In Pakistan, Karachi International Container Terminal's throughput remained flat against last year, but reported a 5% decline in EBIT largely due to lower average tariffs and increases in direct costs. The development of the new South Asia Pakistan Terminals continues and on completion will provide the operation with increased flexibility in terms of operational and cost efficiencies.

In Egypt, the container handling operations at Alexandria and El Dekheila terminals reported increases of 7% and 16% in combined throughput and EBIT respectively. These results reflect the higher volumes from new customers and also from existing shipping lines who have realigned their European services connected to Egypt.

The division's operation in Asia, Australia and other regions also includes Tanzania International Container Terminal Services ("TICT") at the port of Dar es Salaam in Tanzania, Buenos Aires Container Terminal Services ("BACTSSA") in Argentina, Oman International Container Terminal ("OICT") at the Port of Sohar in Oman, Saigon International Terminals ("SITV") in Vietnam and Hutchison Ajman International Terminals ("HAJT") in the United Arab Emirates. TICT reported a throughput increase of 4% as new equipment increased productivity. BACTSSA reported a throughput decrease of 12% reflecting the import restrictions imposed by the local government to maintain balance of payments. OICT reported a significant throughput increase of 68% driven by both local cargoes and new transshipment services commenced during the year. SITV continued to be adversely affected by the market environment, but reported a reduction in start-up operating losses compared to last year mainly due to cost saving initiatives. HAJT handled 103,000 TEUs during the year and reported a positive EBIT contribution.

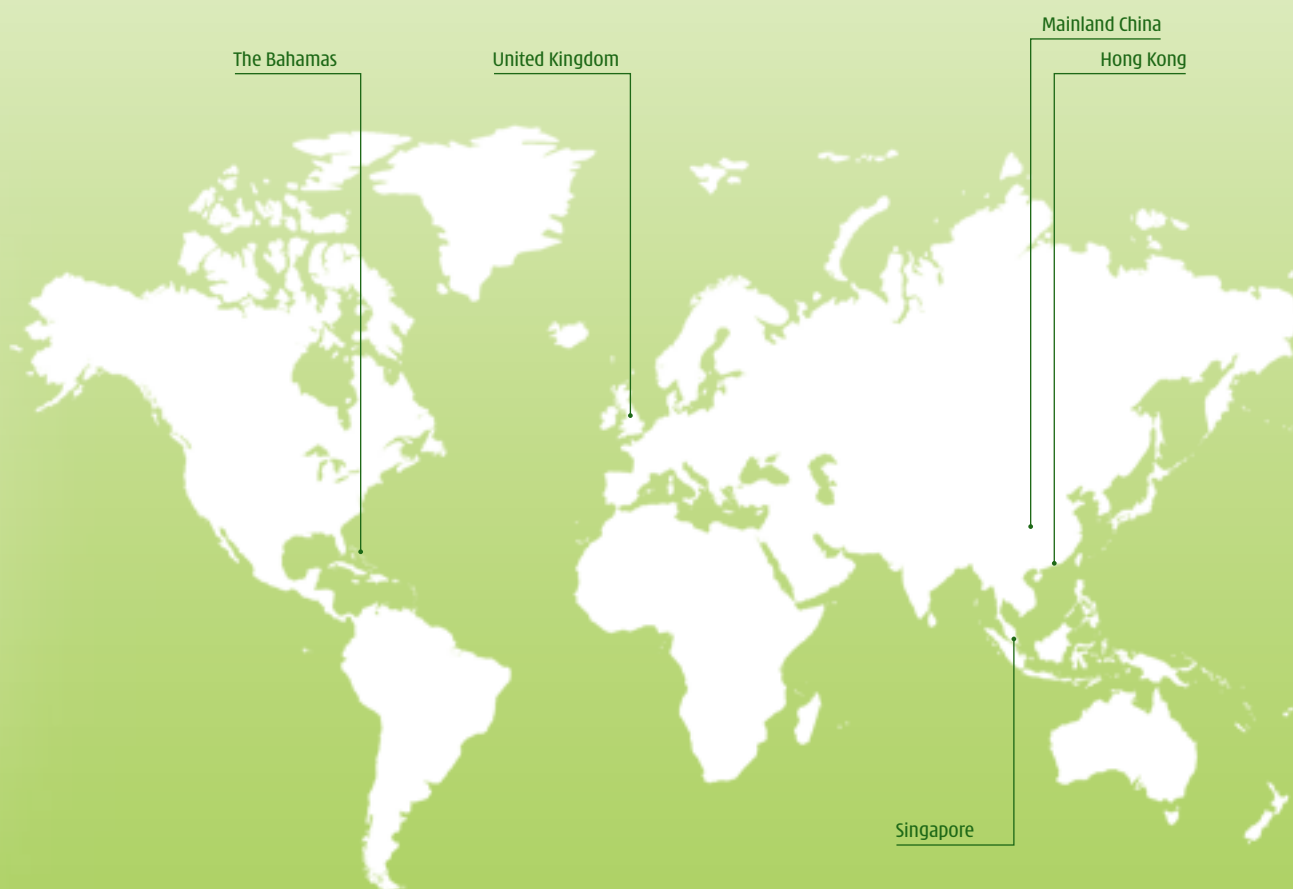
The development of new terminals in Brisbane and Sydney in Australia are progressing in accordance with plans and timetables which reflect expected demand and market conditions. The first berth at the greenfield port at Brisbane commenced operation in the fourth quarter of 2012 and the first two berths at Sydney are expected to come into operation in 2013. These ports are expected to contribute to the division's growth when become fully operational, which is typically around two to three years from the launch of commercial operation.



The Harbourfront, a large-scale urban redevelopment project in Qingdao.

Property and Hotels

The Group's property activities comprise an investment portfolio of approximately 14.1 million square feet of office, commercial, industrial and residential premises, developments of mainly residential projects in the Mainland and overseas, and ownership interests in a portfolio of 11 premium quality hotels.



- Total revenue increased 16% to HK\$19,970 million.
- EBITDA improved 10% to HK\$10,919 million.
- EBIT improved 11% to HK\$10,553 million.
- The division contributed 5%, 13% and 18% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Operations Review – Property and Hotels

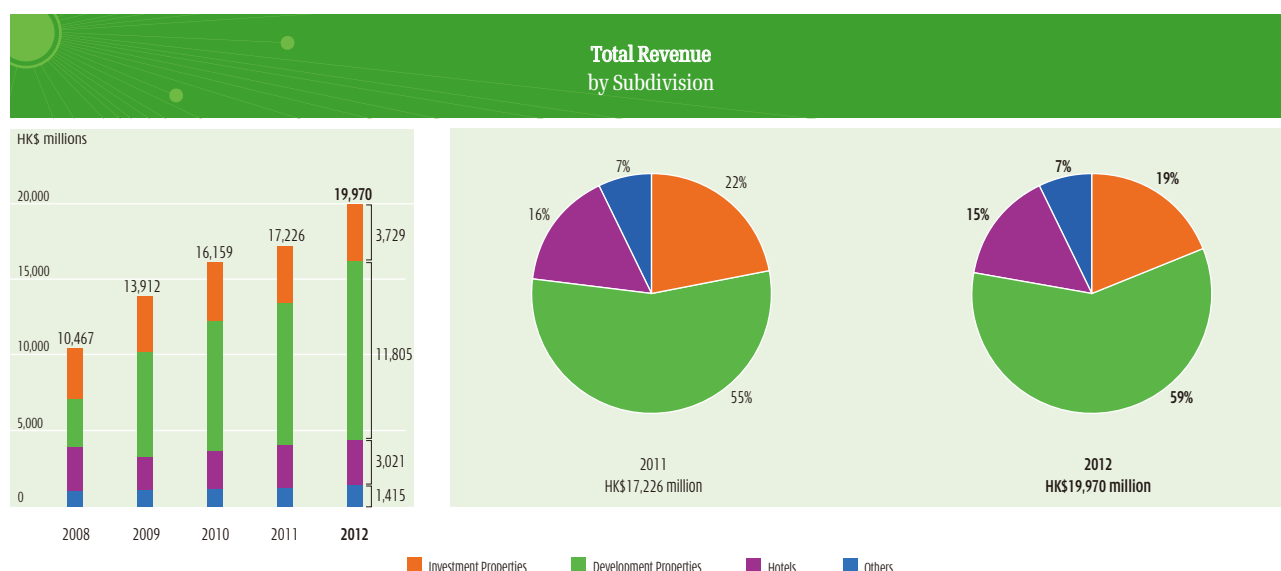
Group Performance

This division holds a diversified investment property portfolio of approximately 14.1 million square feet of office, commercial, industrial and residential premises, of which approximately 12.0 million square feet are located in Hong Kong. It includes interests in joint ventures for the development of high quality, mainly residential projects with an attributable interest in a landbank of approximately 92 million developable square feet, primarily in the Mainland. In addition, the Group has ownership interests in a portfolio of 11 premium quality hotels with a total inventory of 8,504 rooms, of which the Group's average effective interest is approximately 62% based on rooms.

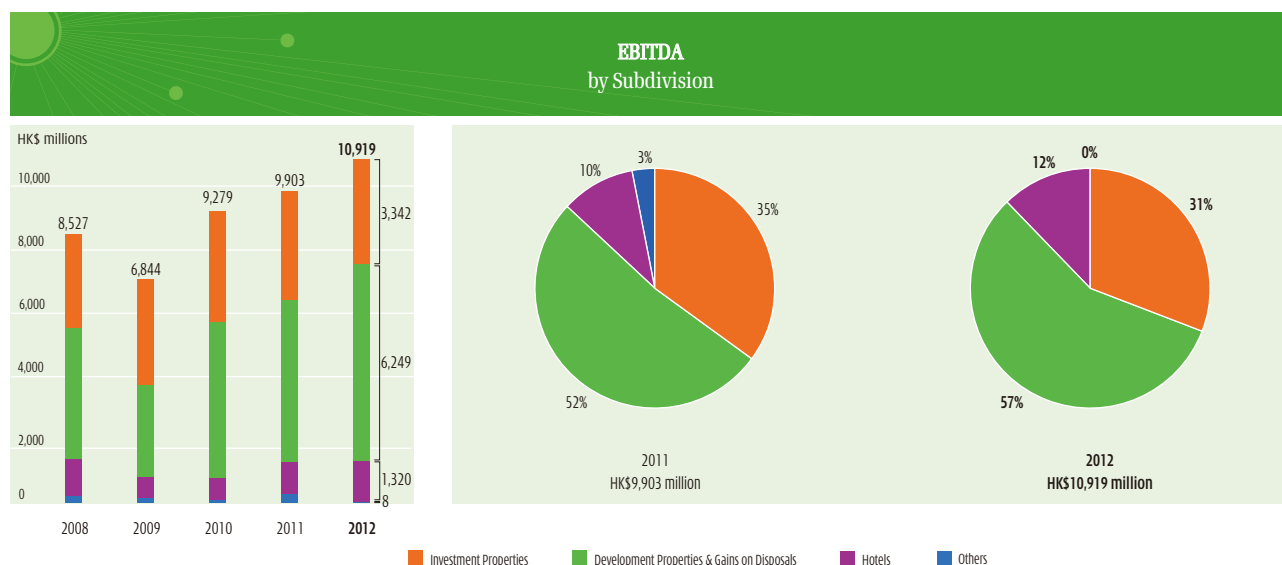
	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	19,970	17,226	+16%
EBITDA	10,919	9,903	+10%
EBIT	10,553	9,517	+11%

In local currencies, the division reported growth in total revenue, EBITDA and EBIT, excluding property revaluation, of 15%, 8% and 9% respectively. This division contributed 5%, 13% and 18% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Significant sales growth was reported in all subdivisions other than Investment Properties. Reported rental income declined 1% compared with last year due to the disposal of certain investment properties during 2011, mostly offset by the solid occupancy and higher rental renewal rates in the Group's rental properties portfolio.



EBITDA and EBIT increased 10% and 11% respectively, primarily due to the completion and sale of various residential projects in the Mainland, strong earnings growth in the hotel operations, as well as higher gains on disposal of investment properties during the year.

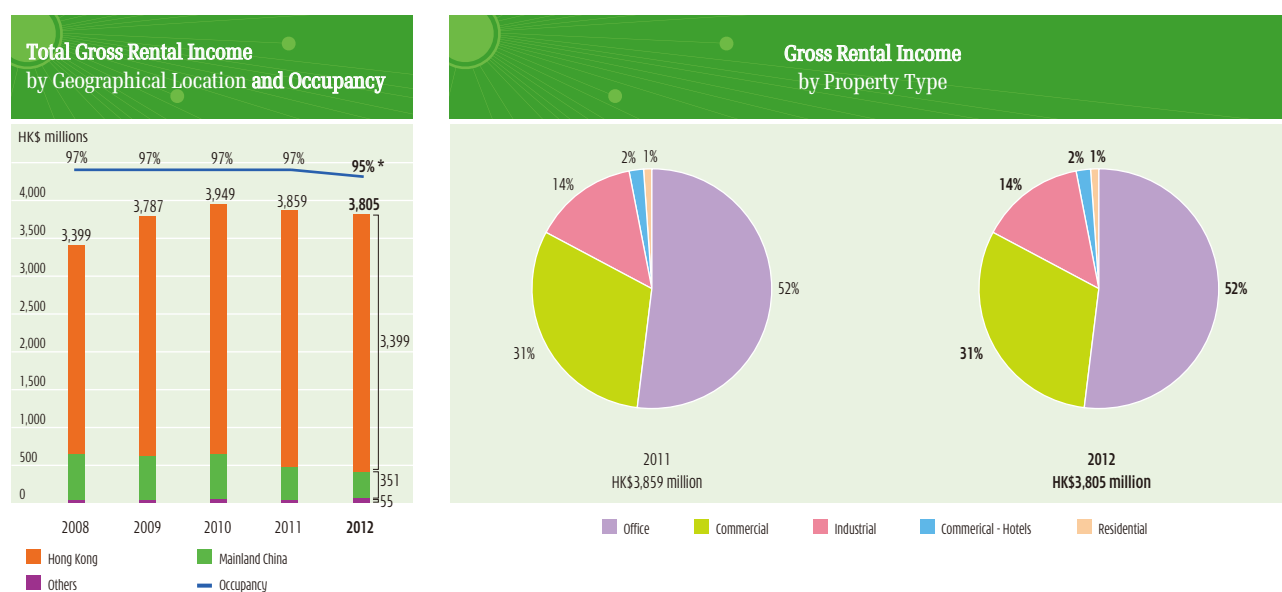


In addition to the EBITDA and EBIT above, the Group recorded an increase in fair value, after deferred tax expense and non-controlling interests, of HK\$1,113 million in 2012 (2011: HK\$590 million) in relation to its investment properties and investment properties under construction.

Segment Performance

Investment Properties

As mentioned previously, gross rental income, including the share of rental income from the commercial properties of our hotels division declined 1% compared with last year. The Group's rental properties portfolio generated a 7.4% yield on its carrying value of approximately HK\$50,700 million, including its attributable share from property joint ventures and commercial properties of our hotels division.



* Occupancy of 97% if committed leases that commence during 2013 are included.

Operations Review – Property and Hotels

Hong Kong

Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent	Economic Net Interest	Leased
(thousand sq ft)				
Cheung Kong Center	Office	1,263	100%	83%*
Harbourfront Office Towers I and II	Office	863	100%	100%
Hutchison House	Office	504	100%	87%
Aon China Building	Office	259	100%	98%
Whampoa Garden	Commercial	1,714	100%	99%
Aberdeen Centre	Commercial	345	100%	100%
Hutchison Logistics Centre	Industrial	4,705	100%	99%

* Occupancy of 96% if committed leases that commence during 2013 are included.

The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.0 million square feet (2011: 12.0 million square feet) of office (27%), commercial (28%), industrial (44%) and residential (1%) properties, continues to provide a steady flow of recurrent income. Gross rental income of HK\$3,399 million (2011: HK\$3,391 million), including the Group's share of associated companies' and jointly controlled entities' rental income, was broadly in-line with last year, reflecting higher lease renewal rates in 2011 and 2012, offset by the disposal of the Group's interests in the Belvedere Garden and Provident Centre investment properties at the end of 2011. All of the Group's premises remain substantially let.

The Mainland and Overseas

Major rental properties in the Mainland

Name	Location	Property Type	Total Gross Floor Area for Rent	Economic Net Interest	Leased
(thousand sq ft)					
Metropolitan Plaza	Chongqing	Office & Commercial	1,512	50%	98%
Westgate Mall & Tower	Shanghai	Office & Commercial	1,099	30%	98%
Metropolitan Plaza	Guangzhou	Commercial	957	50%	66%

The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 4.5 million square feet, of which the Group's share is 2.1 million square feet (2011: 1.8 million square feet). The Group's share of gross rental income of HK\$406 million (2011: HK\$468 million) was 13% below last year, mainly as a result of the Group's interest in the Beijing Oriental Plaza investment property being accounted for as an investment following its separate listing on The Hong Kong Stock Exchange Limited ("SEHK") in April 2011, partly offset by part-year contributions from investment properties that were completed in 2012 including the Metropolitan Plaza in Guangzhou and the Phase 2 Marina Bay commercial properties in Singapore. The Group disposed of its entire interest in the Phase 2 Marina Bay commercial properties in Singapore at the end of the year.

Property Development and Sales

During the year, profits were recorded primarily from the sale of units in joint venture residential development projects in the Mainland and Hong Kong. The Group's recognised sales from development properties, including the Group's attributable share of revenue from associated companies and jointly controlled entities, increased by 26% to HK\$11,805 million in 2012, reflecting the increased volume of sales and completion activities. The Group's corresponding share of gross floor area sold amounted to 6.8 million square feet, an increase of 19% compared to 2011.

The Group's current attributable landbank (including interests held directly and its share of interests held by joint ventures, associates and jointly controlled entities) is approximately 92 million square feet, of which 97% is in the Mainland (representing an average land cost of RMB220 per sq ft) and 3% in the UK, Singapore and Hong Kong. This landbank comprises 49 projects in 24 cities and is planned to be developed in a phased manner over several years.

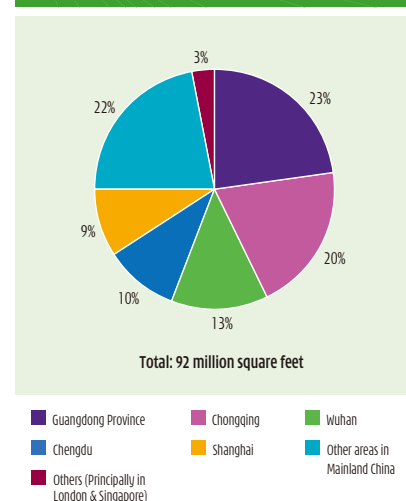
During the year, the division completed residential and commercial properties with an attributable gross floor area of approximately 8.5 million square feet. In 2013, the division will continue to focus on the orderly development and sale of its existing landbank projects and expects to complete an attributable share of gross floor area of approximately 10.4 million square feet of residential and commercial properties, primarily in 12 cities in the Mainland, and in Singapore and Hong Kong.

The Group is targeting contracted sales of over 11,400 residential units as well as the disposal of a number of commercial properties in the Mainland. A total attributable share of over 10.2 million square feet of gross floor area (which includes an attributable share of 0.8 million square feet of commercial properties) is expected to be sold, on a contracted sales basis, in 16 cities in the Mainland, Singapore and Hong Kong.

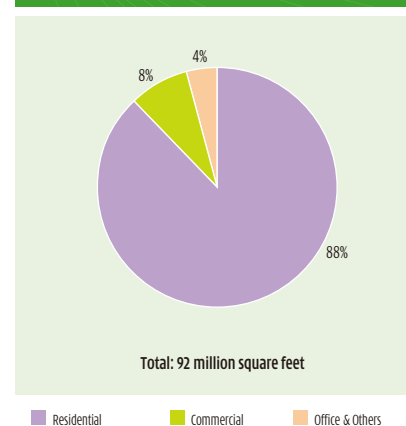


Changsha Noble Hills Phase 3 - Luxe Manor's flourishing greenery and impressive environment are well received by the residents.

Gross Floor Area of Development Projects by Geographical Location



Gross Floor Area of Development Projects by Property Type



Operations Review – Property and Hotels

Hong Kong

Major property completed in Hong Kong

Fifty-three of the remaining residential units in Uptown, Yuen Long, were sold during the year. The Group's share of revenue for development sales of associated companies and jointly controlled entities decreased by 87% to HK\$221 million with the Group's corresponding share of gross floor area completed and sold amounting to 30,000 square feet (2011 share of gross floor area completed and sold: 0.3 million square feet).

Major property under development in Hong Kong for rental

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest
(thousand sq ft)				
28 Barker Road	The Peak	Residential	29	100%

This high-end, low-density property development is located on The Peak, one of the most prestigious addresses in Hong Kong. The luxury residential units will be completed during 2013.

The Mainland

Major properties completed in the Mainland

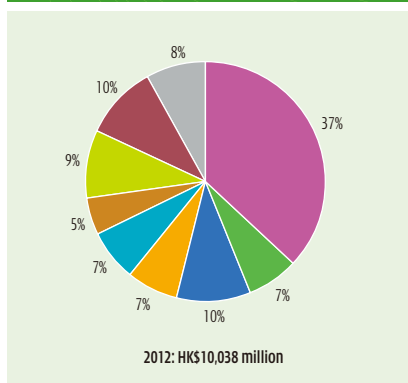
During 2012, an attributable share of approximately 8.3 million square feet in residential and commercial properties was completed in the Mainland as detailed in the table below.

Developments completed during 2012

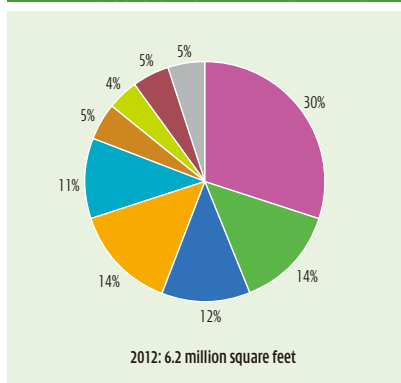
Name			Location	Property Type	Total Gross Floor Area	Economic Net Interest
(thousand sq ft)						
The Greenwich	Phases 2A, 2B & 3A	Xian Hi-Tech Industries Development Zone, Xian	Residential & Commercial	3,043	50%	
Regency Oasis	Phases 1B & 2	Wenjiang District, Chengdu	Residential	2,450	50%	
The Harbourfront	Land Plot No. 1	Shibei District, Qingdao	Residential & Commercial	2,313	45%	
Century Place	Phases 1 & 2	Futian District, Shenzhen	Residential & Commercial	1,931	40%	
Laguna Verona	Phases D1a, D1b1 & G1a	Hwang Gang Lake, Dongguan	Residential	1,768	49.9%	
Noble Hills	Phases 2A(2) & 2B	Douxi, Chongqing	Residential & Commercial	1,549	50%	
Cape Coral	Phase 3A	Panyu District, Guangzhou	Residential	905	50%	
Cape Coral	Phase 2A	Nanan District, Chongqing	Residential & Commercial	741	47.5%	
Noble Hills	Phase 1A	Zengcheng, Guangzhou	Residential	668	50%	
Le Sommet	Phases 1B, 2 & 4A	Longgang District, Shenzhen	Residential	645	50%	
Regency Garden	Phase 1	Pudong New District, Shanghai	Residential	367	42.5%	
The Metropolitan Tianjin	Phase 2	Yingkoudao, Heping District, Tianjin	Residential	341	40%	
Regency Park	Phases 1 & 2	Tianning District, Changzhou	Residential	339	50%	
Regency Park	Phase 2C	Jingyue Economic Development Zone, Changchun	Residential	190	50%	
Le Parc	Phase 6A	Chengdu High-Tech Zone, Chengdu	Commercial	138	50%	

The Group's share of recognised revenue from development sales, net of business tax, of associated companies and jointly controlled entities increased by 52% to HK\$11,562 million in the Mainland during 2012. The Group's corresponding share of gross floor area sold increased by 24% to over 6.7 million square feet, of which 6.2 million square feet related to residential properties and generated HK\$10,038 million in revenue. In addition, the Group's share of contracted sales revenue, net of business tax, of associated companies and jointly controlled entities increased by 113% to HK\$12,761 million in 2012. The Group's corresponding share of gross floor area related to contracted sales increased by 145% to 8.3 million square feet, of which 7.8 million square feet related to residential properties contracted sales and generated HK\$11,120 million in contracted sales revenue. Whilst these development projects generated profits to the Group, both the volume of sales activities and prices have somewhat been affected by the continued implementation of the Mainland Government's economic policies aimed at preventing residential property price inflation. Development profits from recognised sales in the Mainland contributed HK\$4,566 million to the Group's EBITDA during the year, 54% higher than 2011. Development profits together with the gains recognised on disposal of investment properties and others in the Mainland contributed HK\$4,911 million to the Group's EBITDA during 2012, an increase of 14% compared to 2011.

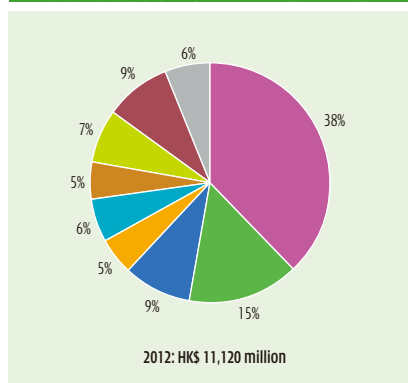
Residential Recognised Sales
by Geographical Location



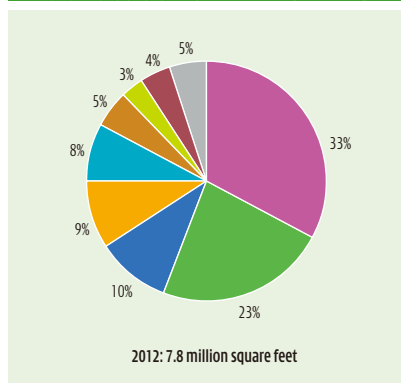
Residential Recognised Sales GFA
by Geographical Location



Residential Contracted Sales
by Geographical Location



Residential Contracted Sales GFA
by Geographical Location



■ Guangdong Province ■ Chengdu ■ Qingdao ■ Xian ■ Chongqing
■ Changchun ■ Shanghai ■ Beijing ■ Others

Operations Review – Property and Hotels

Major properties under development in the Mainland for rental or sales

The following table summarises the projects scheduled to be completed in 2013.

Name		Location	Property Type	Total Gross Floor Area	Economic Net Interest
(thousand sq ft)					
Le Parc	Phases 4A, 4B & 6B	Chengdu High-Tech Zone, Chengdu	Residential & Commercial	5,106	50%
The Metropolitan Tianjin	Phases 1 & 2	Yingkoudao, Heping District, Tianjin	Commercial	1,786	40%
Noble Hills	–	Baoan District, Shenzhen	Residential & Commercial	1,582	50%
Le Sommet	Phases 4B & 4C	Longgang District, Shenzhen	Residential & Commercial	1,286	50%
Regency Oasis	Phase 1B	Wenjiang District, Chengdu	Residential	1,220	50%
Noble Hills	Phase 3	Wangcheng County, Changsha	Residential	1,171	50%
Laguna Verona	Phases D1b2, D1c & G1a	Hwang Gang Lake, Dongguan	Residential & Commercial	1,029	49.9%
Regency Cove	Phase 1	Caidian District, Wuhan	Residential	962	50%
Cape Coral	Phase 3B	Panyu District, Guangzhou	Residential	904	50%
The Harbourfront	Land Plots No. 2 & 8	Shibei District, Qingdao	Residential & Commercial	897	45%
Cape Coral	Phase 2B	Nanan District, Chongqing	Residential	838	47.5%
Zhaomushan Land	No. G19	Liangjiang New Area, Chongqing	Residential	791	50%
Guangzhou Guoji Wanjucheng	Phase 2A	Huang Pu District, Guangzhou	Commercial	674	30%
Regency Park	Phase 3	Jingyue Economic Development Zone, Changchun	Residential	559	50%
Noble Hills	Phases 1A & 1B	Zengcheng, Guangzhou	Residential & Commercial	520	50%
Yuhu Mingdi	Phase 1	Luogang District, Guangzhou	Residential & Commercial	473	40%
Regency Garden	Phase 3	Pudong New District, Shanghai	Residential	269	42.5%
Regency Park	Phase 3A	Tianning District, Changzhou	Residential	179	50%
Regency Residence	Phases 1 & 2B	Nanguan District, Changchun	Residential & Commercial	112	50%

Overseas

Major overseas property under development for sales

The following project is scheduled to be completed in 2013.

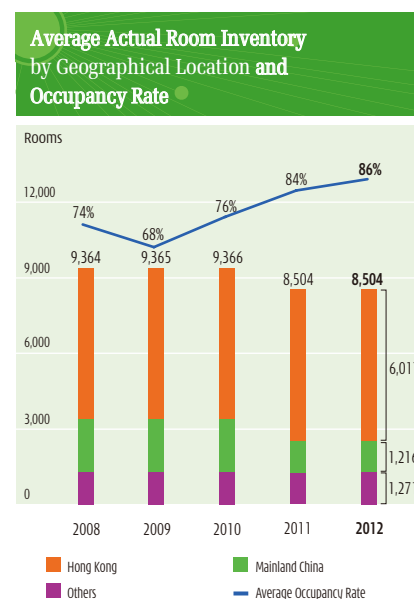
Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest
(thousand sq ft)				
Marina Bay Phase 2	Singapore	Residential	469	17%

Hotels

The Group has ownership interests in 11 hotels in Hong Kong, the Mainland and the Bahamas, of which seven are managed through its 50% owned hotel management joint venture. In 2012, the hotels division recorded an increase in total revenue of 7% to HK\$3,021 million. EBITDA and EBIT increased by 29% and 42% to HK\$1,320 million and HK\$1,044 million respectively compared to 2011, primarily due to an increase in occupancy rate from 84% in 2011 to 86% in 2012 and higher average room rates in most of the hotels in Hong Kong, which have benefitted from an increase in Mainland visitors, as well as an improvement in the results from operations in the Bahamas.

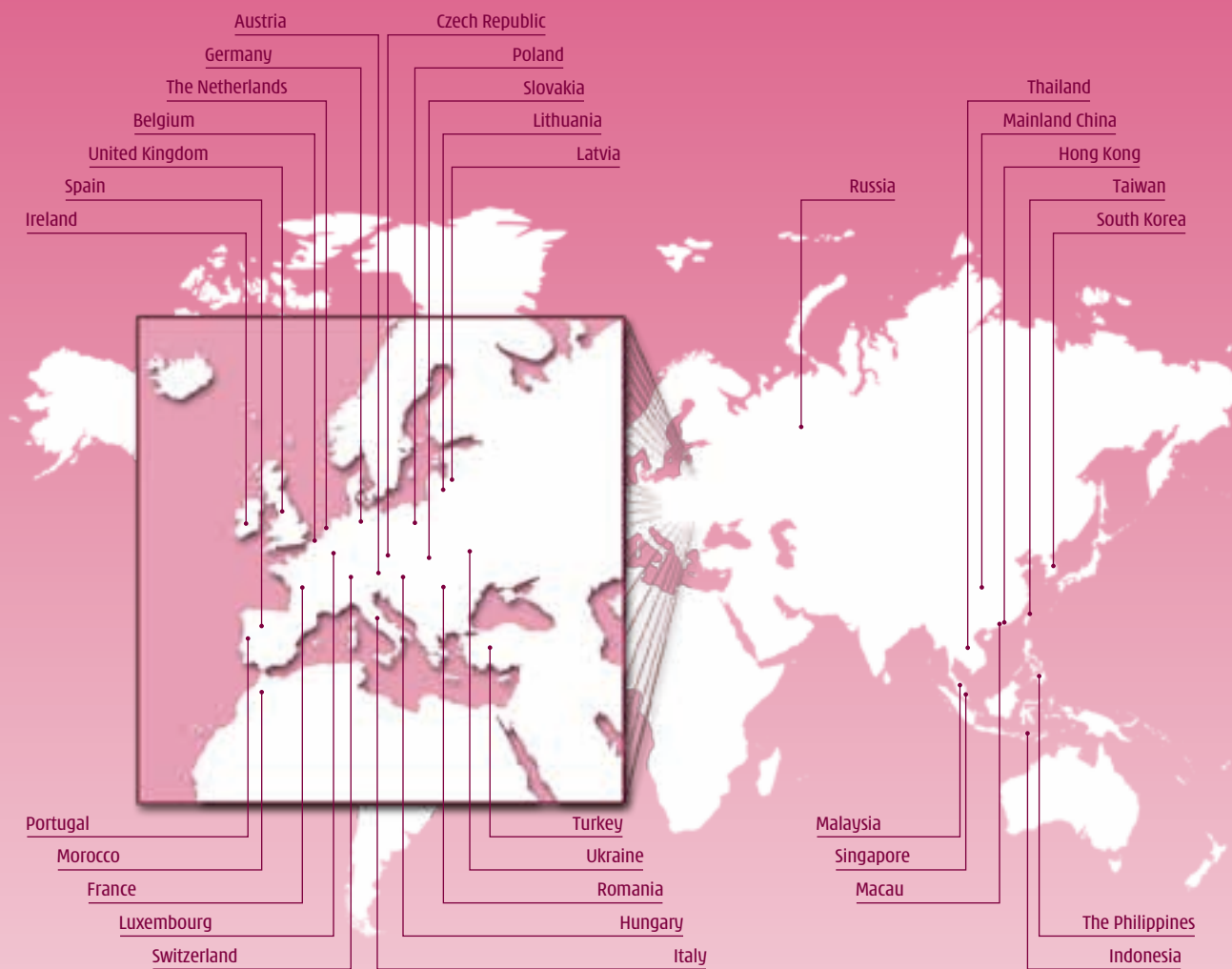
The Group's attributable share of gross floor area of 1.9 million square feet in the eight hotels in Hong Kong, generated an average attributable hotel operating profit ("HOP") ⁽¹⁾ of HK\$38 per sq ft per month (ranging from HK\$12 per sq ft per month to HK\$78 per sq ft per month), and a 19.7% EBIT yield on its attributable carrying value of these hotels of approximately HK\$3,846 million.

Note 1: HOP represents EBITDA after depreciation of furniture, fixtures and equipment.



The newly renovated shopping arcade on the ground floor of The Kowloon Hotel is well situated in the heart of Tsim Sha Tsui tourist district.

Operations Review



- Total revenue increased 4% to HK\$148,626 million.
- EBITDA increased 9% to HK\$12,725 million.
- EBIT increased 8% to HK\$10,048 million.
- The retail division contributed 37%, 15% and 17% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Retail

The retail division consists of the A S Watson group of companies, the world's largest health and beauty retailer in terms of store number.

PARKnSHOP introduces a new lifestyle supermarket, TREAT, to Chengdu, China.



Operations Review – Retail

Group Performance

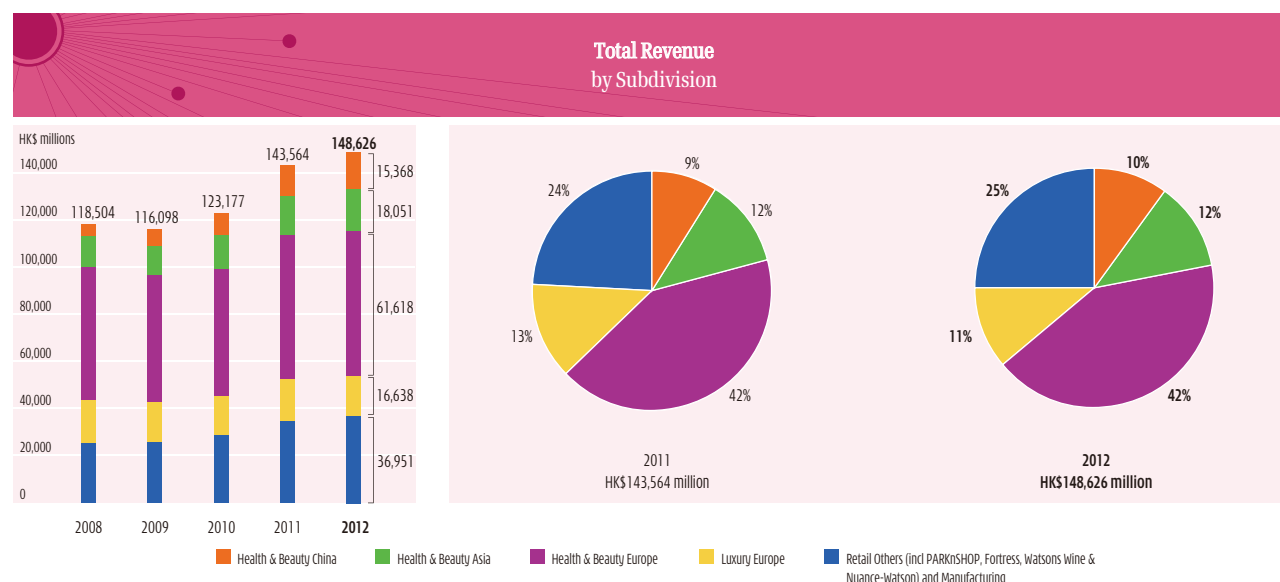
A S Watson currently operates 11 retail brands in Europe and nine retail brands in Asia, with over 10,800 stores in 33 markets worldwide, providing high quality personal care, health and beauty products; luxury perfumery and cosmetic products; food and fine wines; as well as consumer electronics and electrical appliances. A S Watson also manufactures and distributes various bottled waters and other beverages in Hong Kong and the Mainland.

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	148,626	143,564	+4%
EBITDA	12,725	11,724	+9%
EBIT	10,048	9,330	+8%

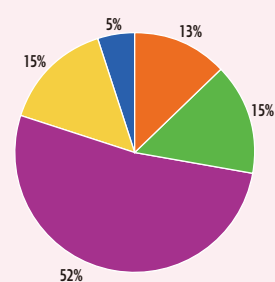
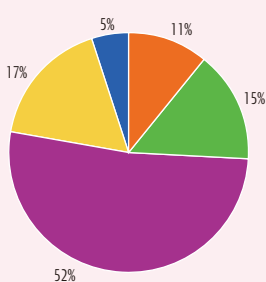
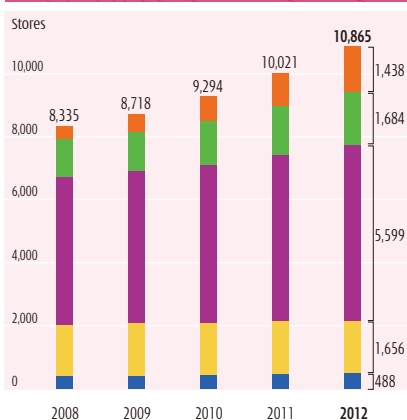
In local currencies, growth in total revenue, EBITDA and EBIT for the year were 7%, 10% and 9% respectively. The retail division contributed 37%, 15% and 17% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

The Group's retail businesses are managed under five principal operating subdivisions: Health and Beauty China; Health and Beauty Asia (excluding the Mainland); Health and Beauty Europe; Luxury Europe; and Retail Others and Manufacturing.

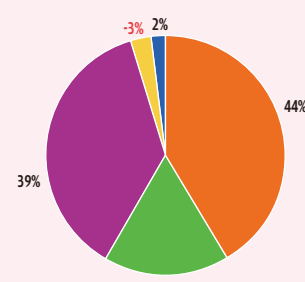
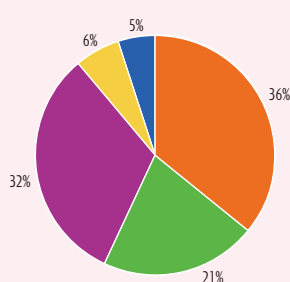
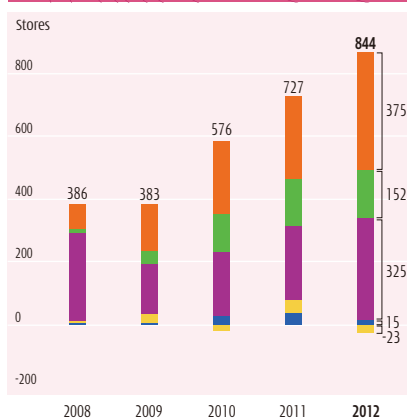
Revenue growth was strong across all subdivisions other than Luxury Europe, which was supported both by increased store numbers and year-on-year comparable store sales growth. The division reported a 9% growth in total revenue in Asia compared to last year. Reported revenue in Europe decreased by 1%, which was adversely affected by the weaker European currencies. In local currencies, revenue grew by 5% compared to last year.



Total Retail Store Numbers by Subdivision



Total Retail Store Number Growth by Subdivision



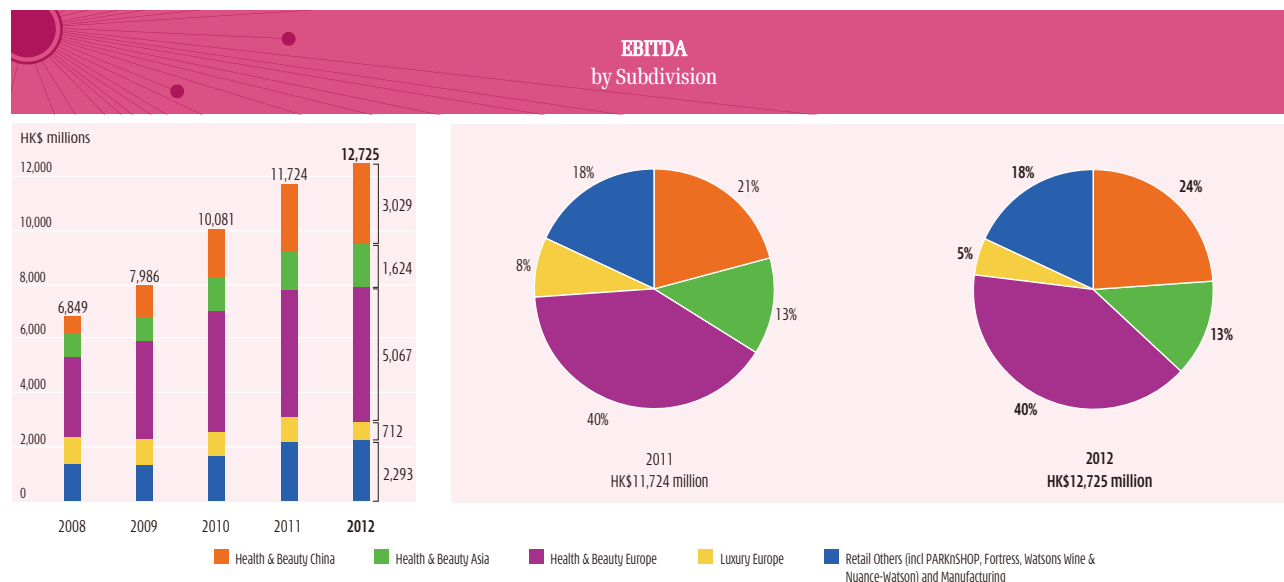
Health & Beauty China Health & Beauty Asia Health & Beauty Europe Luxury Europe Retail Others (incl PARKnSHOP, Fortress, Watsons Wine & Nuance-Watson)

Comparable Store Sales Growth (%)	2012	2011
Health & Beauty China	0.6%	7.8%
Health & Beauty Asia	5.8%	6.2%
Health & Beauty Europe	5.1%	2.9%
Luxury Europe	-0.7%	-0.2%
Retail Others (includes PARKnShop, Fortress, Watsons Wine & Nuance-Watson)	5.6%	11.6%
Total Retail	4.2%	5.1%
- Asia	4.8%	9.5%
- Europe	3.8%	2.2%

Note: Comparable store sales growth represents the % change in the net sales from comparable stores from the same period last year.

Operations Review – Retail

EBITDA and EBIT growth were likewise solid across all subdivisions, other than Luxury Europe where consumer sentiment remains weak. The Group recorded a 14% increase both in EBITDA and EBIT respectively in Asia against a revenue growth of 9%. EBITDA in Europe increased by 3% and EBIT remained largely in-line compared to last year, against a negative revenue growth of 1%, as the reported numbers were adversely affected by the weaker European currencies. In local currencies, EBITDA and EBIT improved by 7% and 4% respectively in Europe, against a revenue growth of 5%. The division's overall growth in Asia and in Europe reflects a competitive product offering, improving margin management, operating efficiencies and the continuing focus on own-brand and exclusives sales.



Superdrug brings new energy to customers' shopping experience by refreshing its store design in the UK.

Segment Performance

Health and Beauty China

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	15,368	13,111	+17%
EBITDA	3,029	2,453	+23%
EBIT	2,767	2,262	+22%



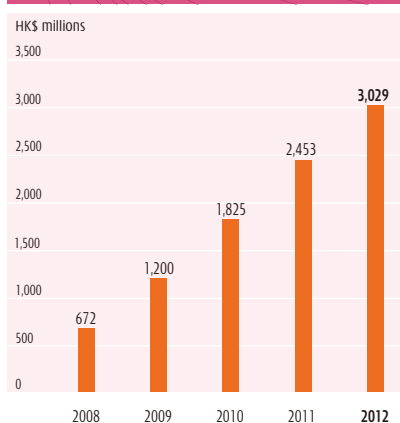
Watsons expands its network in Mainland China with over 1,400 stores in more than 200 cities.

Watsons, currently a market leader in health and beauty in the Mainland, will continue to further expand its store portfolio. Total revenue grew by 17% compared to last year, while EBITDA and EBIT grew by 23% and 22% respectively. Comparable store sales growth for 2012 slowed to 0.6% due to both weaker consumer sentiment and an increased number of new store openings, including locations in proximity to existing stores. However, total revenue growth remained robust at 17% as all store openings continued to perform well with an investment payback period of less than one year. The subdivision increased its total number of stores by 375 during the year and currently has more than 1,400 stores operating in the Mainland.

Health & Beauty China:
Total number of retail stores



Health & Beauty China:
EBITDA



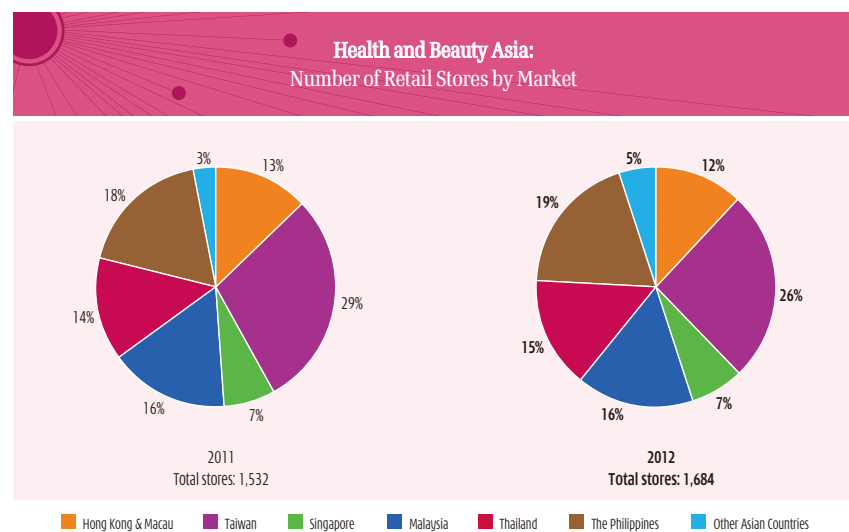


Watsons opens a flagship store in Singapore after the recent brand refresh.

Health and Beauty Asia

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	18,051	16,857	+7%
EBITDA	1,624	1,479	+10%
EBIT	1,313	1,176	+12%

In Asia, the Watsons business is a leading health and beauty retail chain with strong brand name recognition and extensive geographical coverage. Combined total revenue grew by 7% compared to last year and comparable store sales growth was 5.8% (2011: 6.2%). EBITDA and EBIT growth were 10% and 12% respectively, mainly due to increased contributions from the Watsons businesses in Hong Kong, Thailand, Malaysia and the Philippines. The subdivision increased its total number of stores by 152 during the year and currently has more than 1,600 stores operating in nine Asian markets.

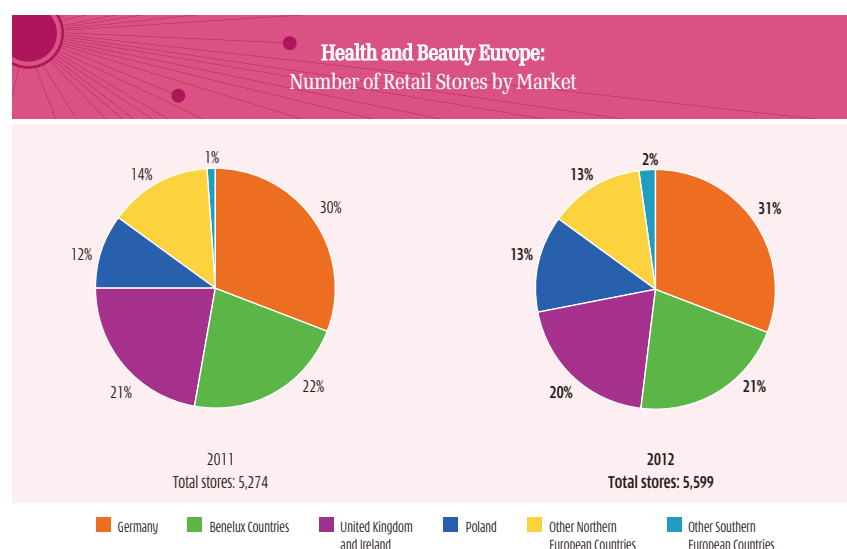


Health and Beauty Europe

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	61,618	60,911	+1%
EBITDA	5,067	4,706	+8%
EBIT	3,770	3,578	+5%

Health and Beauty Europe consists of Watsons in Turkey and Ukraine; Kruidvat and Trekpleister in the Benelux countries; Rossmann joint-venture stores in Germany and Central European countries; Superdrug in the UK and Ireland; Savers in the UK; Drogas in the Baltic States and Spektr in Russia.

The health and beauty businesses in Europe reported, in local currencies, a combined total revenue improvement of 8% over last year, mainly due to the better sales performances of the Rossmann joint-venture and of Kruidvat in the Benelux countries, as well as increased contributions from Savers in the UK and Watsons businesses in Turkey and Ukraine. Comparable store sales growth was 5.1% (2011: 2.9%). Despite the tough economic environment in Europe, EBITDA and EBIT in local currencies increased by 14% and 12% respectively compared to last year. Health and Beauty Europe added 325 stores during 2012, and currently operates more than 5,500 stores in 13 markets.



ICI PARIS XL is recognised as the Best Perfumery store in the Netherlands and Belgium in 2012, and has opened its first-ever store in Germany.

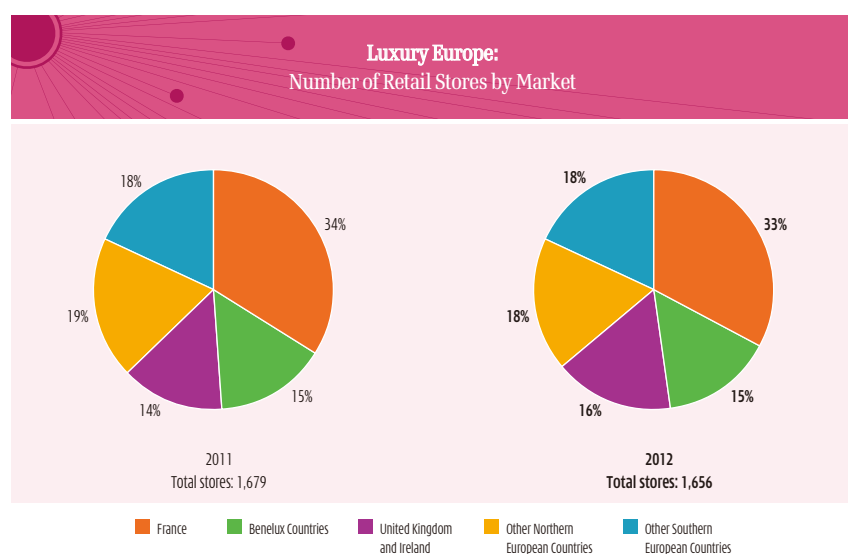
Operations Review – Retail

Luxury Europe

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	16,638	17,942	-7%
EBITDA	712	927	-23%
EBIT	352	550	-36%

The Luxury Europe subdivision comprises the three Europe-based luxury perfumeries and cosmetics retail chains: Marionnaud, The Perfume Shop and ICI PARIS XL. The subdivision's luxury businesses continued to be affected by the difficult economic situation and weak consumer spending on non-essential luxury products in various European countries. In local currencies, total revenue decreased by 2% compared to last year, while EBITDA and EBIT decreased by 27% and 48% respectively, primarily from the weaker performance of the Marionnaud Group.

The Marionnaud Group continued to face a challenging economic environment in various European countries in terms of both intense competition and declining consumer sentiment. In local currencies, combined total revenue declined 5% compared to last year. In the UK and Ireland, The Perfume Shop reported an increase in total revenue of 6% in local currencies, and in the Benelux countries, ICI PARIS XL reported steady growth in total revenue of 2% in local currencies. Luxury Europe currently operates over 1,600 stores in 18 markets.



Retail Others and Manufacturing

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	36,951	34,743	+6%
EBITDA	2,293	2,159	+6%
EBIT	1,846	1,764	+5%

Retail Others and Manufacturing consists of leading retail concepts in Hong Kong, being PARKnSHOP supermarkets and other related concept stores; Fortress consumer electronics and electrical appliances stores; and Watsons Wine stores. The subdivision also includes PARKnSHOP and Watsons Wine stores in the Mainland, Nuance-Watson in the Hong Kong and Singapore international airports, as well as the manufacturing and distribution of well-known brands of bottled water, fruit juices and soft drinks in Hong Kong and the Mainland. This subdivision, which currently operates over 480 retail stores, reported total revenue growth of 6% and comparable store sales growth of 5.6% (2011: 11.6%), while EBITDA and EBIT improved by 6% and 5% respectively.



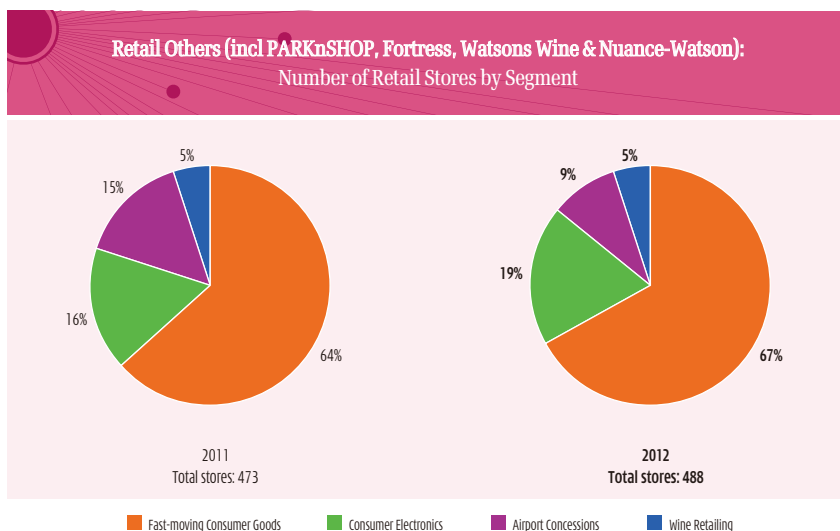
The new lifestyle retail brand SU-PA-DE-PA is the family destination for food, fashion, homeware, gadgets and fun.

PARKnSHOP in Hong Kong delivered good EBITDA and EBIT growth, driven by the continuous efforts in driving store productivity and cost efficiency. PARKnSHOP in Hong Kong currently has over 270 stores. Fortress reported an 11% growth in total revenue, with a corresponding growth in EBITDA and EBIT for the year and currently has 90 stores. Watsons Wine reported growth in total revenue as consumer spending on wine continued to grow, but EBITDA and EBIT declined mainly due to margin pressure as well as rising rental and other costs. Watsons Wine currently has over 20 stores.

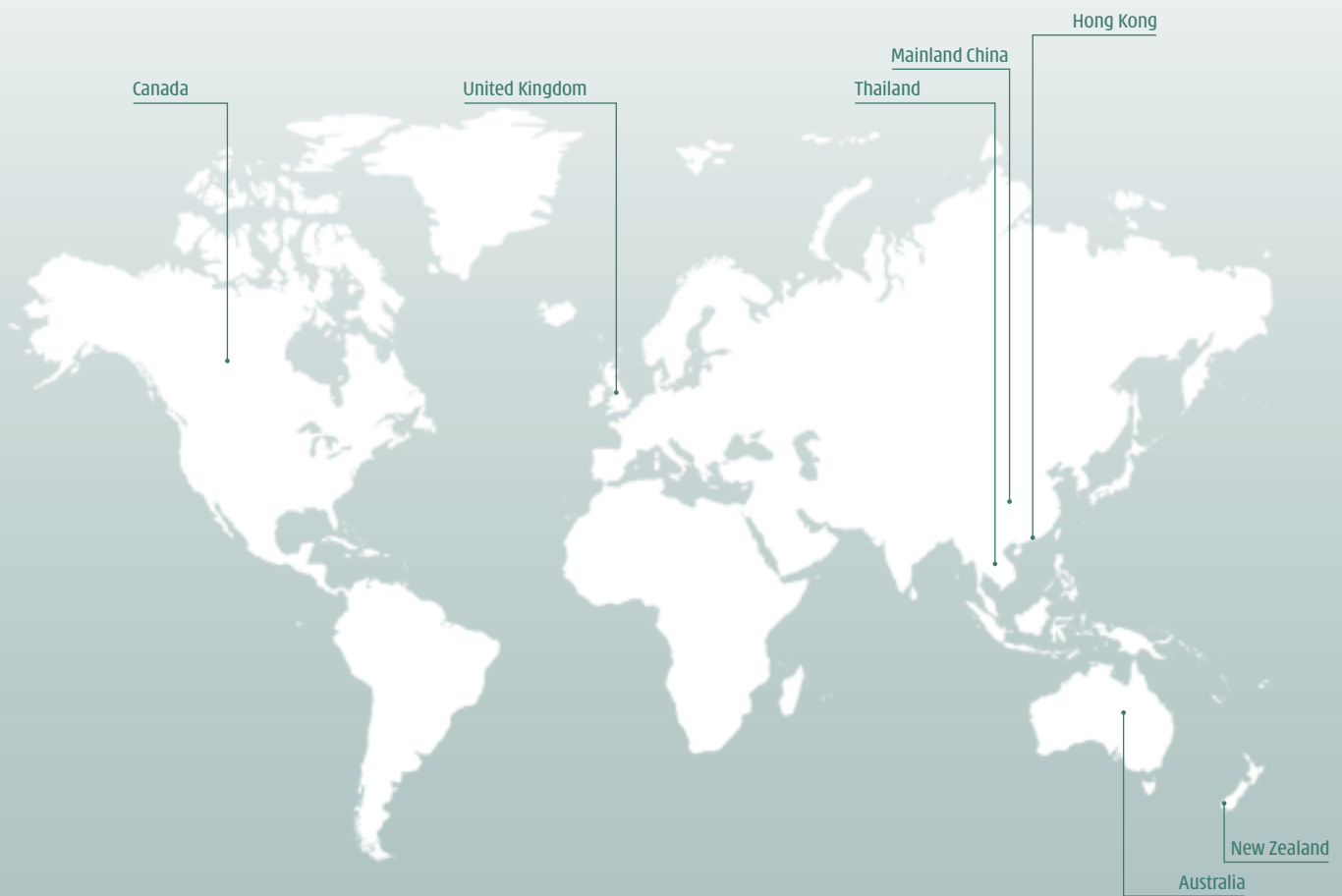
In the Mainland, the PARKnSHOP operations reported declines in total revenue, EBITDA and EBIT in 2012, reflecting lower consumer spending attributable to the slower economic growth in the Mainland.

The Nuance-Watson business reported total revenue, EBITDA and EBIT growth, driven by increased passenger spending and traffic. The expiration of Nuance-Watson's two core licences at the Hong Kong International Airport in late 2012 will reduce its contribution to the overall performance of this subdivision in 2013.

Manufacturing operations reported a 6% increase in total revenue primarily driven by strong results in the Mainland.



Operations Review



- CKI announced profit attributable to shareholders of HK\$9,427 million.
- The division contributed 10%, 24% and 29% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.



CKI-led consortium invests in the UK gas distribution business and renewable energy power transmission in Australia.

Infrastructure

The infrastructure division comprises the Group's interest in Cheung Kong Infrastructure Holdings Limited ("CKI"), a leading investor in the infrastructure sectors in Hong Kong, the UK, the Mainland, Australia, New Zealand and Canada.

Operations Review – Infrastructure

The Group holds 78.2% ⁽¹⁾ of CKI, which contributed 10%, 24% and 29% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	39,693	30,427	+30%
EBITDA	21,405	17,242	+24%
EBIT	16,643	13,478	+23%



HK Electric's solar power system at Lamma Power Station, the largest of its kind in Hong Kong, further expands its installed capacity to 1MW.

CKI is one of the largest publicly listed infrastructure companies on SEHK, with diversified investments in energy infrastructure, transportation infrastructure, water infrastructure and infrastructure-related businesses. Operating mainly in six jurisdictions: Hong Kong, the UK, the Mainland, Australia, New Zealand and Canada, it is one of the leading players in the global infrastructure arena.

Note 1: The shareholding percentage excludes the shares issued to and held by the fiduciary in connection with the issue of perpetual capital securities in February 2012. Including these shares, the Group's interest reduces to 76.39%.

CKI announced profit attributable to shareholders of HK\$9,427 million. Total revenue, EBITDA and EBIT increased by 30%, 24% and 23% respectively in 2012. This mainly reflects the full year's profit contribution from Northumbrian Water acquired in October 2011 and higher profit contribution from UK Power Networks and Power Assets Holdings ("Power Assets") in 2012.

CKI holds a 38.87% interest in Power Assets, a company listed on SEHK. Power Assets has interests in power businesses in the UK, the Mainland, Australia, New Zealand, Thailand and Canada. Power Assets is also the sole provider of electricity to Hong Kong Island and Lamma Island through its wholly-owned subsidiary, The Hongkong Electric Company. Power Assets announced profit attributable to shareholders of HK\$9,729 million, an increase of 7% compared to last year of HK\$9,075 million. Earnings from Power Assets' operations outside of Hong Kong were HK\$5,108 million, 12% higher than 2011, mainly attributable to the higher profit contribution from UK Power Networks.

In September 2012, CKI and Power Assets jointly announced that they are expanding into renewable energy power transmission in Australia by investing A\$33.6 million in a power transmission link in Victoria, Australia. Construction of the high voltage network began in October 2012 and is scheduled to be completed in late 2013. In October 2012, a consortium led by CKI, in which CKI has a 30% stake, completed its acquisition of Wales & West Utilities, one of the eight major gas distribution networks in the UK.

In January 2013, CKI announced its expansion into the arena of Waste Management infrastructure in New Zealand through the acquisition of Enviro Waste Services Limited. Completion of the transaction remains subject to regulatory approval and is expected to take place in the second quarter of 2013.



Powercor is the largest electricity distributor in the state of Victoria, Australia. It distributes electricity reliably to customers in central and western Victoria, as well as the western suburbs of Melbourne.

Energy

The energy division comprises of the Group's 34.02% interest in Husky Energy, a Canadian based international integrated energy and energy-related company listed on the Toronto Stock Exchange.



Husky Energy officially opens two technologically advanced and industry-leading thermal heavy oil plants in Saskatchewan to serve Western Canada.



- Husky Energy announced revenues, net of royalties, increased 2% to C\$22,435 million.
- Husky Energy's production averaged approximately 301,500 barrels of oil equivalent per day.

Operations Review – Energy

The energy division contributed 15%, 17% and 13% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	59,224	59,103 ⁽¹⁾	-
EBITDA	14,889	16,053	-7%
EBIT	7,427	8,614	-14%

Note 1: Revenue reduced by HK\$3,924 million for the year ended 31 December 2011 due to reclassification adjustments made by Husky Energy to its 2011 reported revenue and cost of sales following a change in presentation adopted by Husky Energy in 2012.

Husky Energy announced revenues, net of royalties, increased 2% to C\$22,435 million in 2012. Net earnings of C\$2,022 million are 9% below last year, mainly due to a one-off C\$198 million after-tax gain on the sale of non-core assets recorded in 2011, the impact from planned maintenance programs in the Atlantic Region and weak natural gas prices impacting the Upstream operations offset by higher margins in the Downstream operations and higher commodity marketing income. Cashflow from operations of Husky Energy in 2012 was C\$5,010 million, a 4% decrease from last year.

A total dividend of C\$1.20 per share was declared in 2012. During the year, cash received and receivable by the Group from dividends from Husky Energy amounted to HK\$1,540 million, with the remainder in scrip dividends. The Group's interest in Husky Energy increased from 33.78% at the end of 2011 to the current interest of 34.02% mainly due to the scrip dividends received for the first and second quarters in 2012.

In 2012, Husky Energy's production averaged approximately 301,500 barrels of oil equivalent ("BOEs") per day, a 4% decrease when compared to approximately 312,500 BOEs per day in 2011, primarily due to the planned Atlantic Region off-station maintenance programs on the SeaRose and Terra Nova Floating, Production, Storage and Offloading vessels completed during 2012 and a reduction in natural gas production as investment prioritised higher netback crude oil and liquids rich natural gas developments. Declines were partially offset by the start-up of two new heavy oil thermal projects at Pikes Peak South and Paradise Hill. Crude oil and natural gas liquids production was 209,200 barrels per day in 2012 compared with 211,300 barrels per day in 2011. Natural gas production was 554 million cubic feet per day in 2012, compared with 607 million cubic feet per day in 2011.



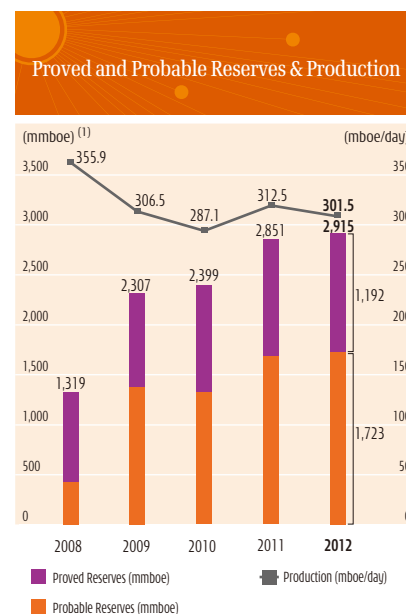
A new drilling rig built by China Oil Field Services Limited is mobilised to support the Liwan Gas Project.



Husky Energy's Lloydminster Upgrader sets an all-time production record to convert 2.53 million barrels of synthetic crude oil from heavy oil, which can be refined into gasoline.

During 2012, Husky Energy focused on exploration and development projects on its extensive oil and liquids rich natural gas resource play portfolio in Western Canada and continued development of heavy oil thermal projects as well as major growth projects in Asia Pacific, the Oil Sands, and the Atlantic Region. First oil was achieved during the second quarter of 2012, ahead of schedule, for the 8,000 barrels per day capacity Pikes Peak South and 3,000 barrels per day capacity Paradise Hill thermal project respectively and production in the fourth quarter reached a combined 17,000 barrels per day. The Liwan Gas Project in the South China Sea is now more than 80% complete and currently planned to be on track to achieve planned first production in late 2013 / early 2014. Four new gas discoveries on the Madura Strait Block, offshore Indonesia, are being evaluated for potential tie-in to existing nearby infrastructure. At the Sunrise Energy Project, substantial cost certainty related to the first phase of the development was achieved in 2012 with the conversion of the lump sum contract for the Central Processing Facility. In the Atlantic Region, work continued in anticipation of sanction of the South White Rose Extension project with first oil expected in 2014 and development concepts, including a wellhead platform, are being evaluated for the West White Rose extension project in anticipation of production in the 2016 timeframe.

Going forward, Husky Energy will continue to maintain and enhance production in its Heavy Oil and Western Canada foundation as it repositions these areas toward thermal developments and resource plays, while advancing its three major growth pillars in the Asia Pacific Region, Oil Sands and in the Atlantic Region. Husky Energy's downstream assets will continue to provide specialised support to the Upstream operations to enhance efficiency and extract additional value from production.



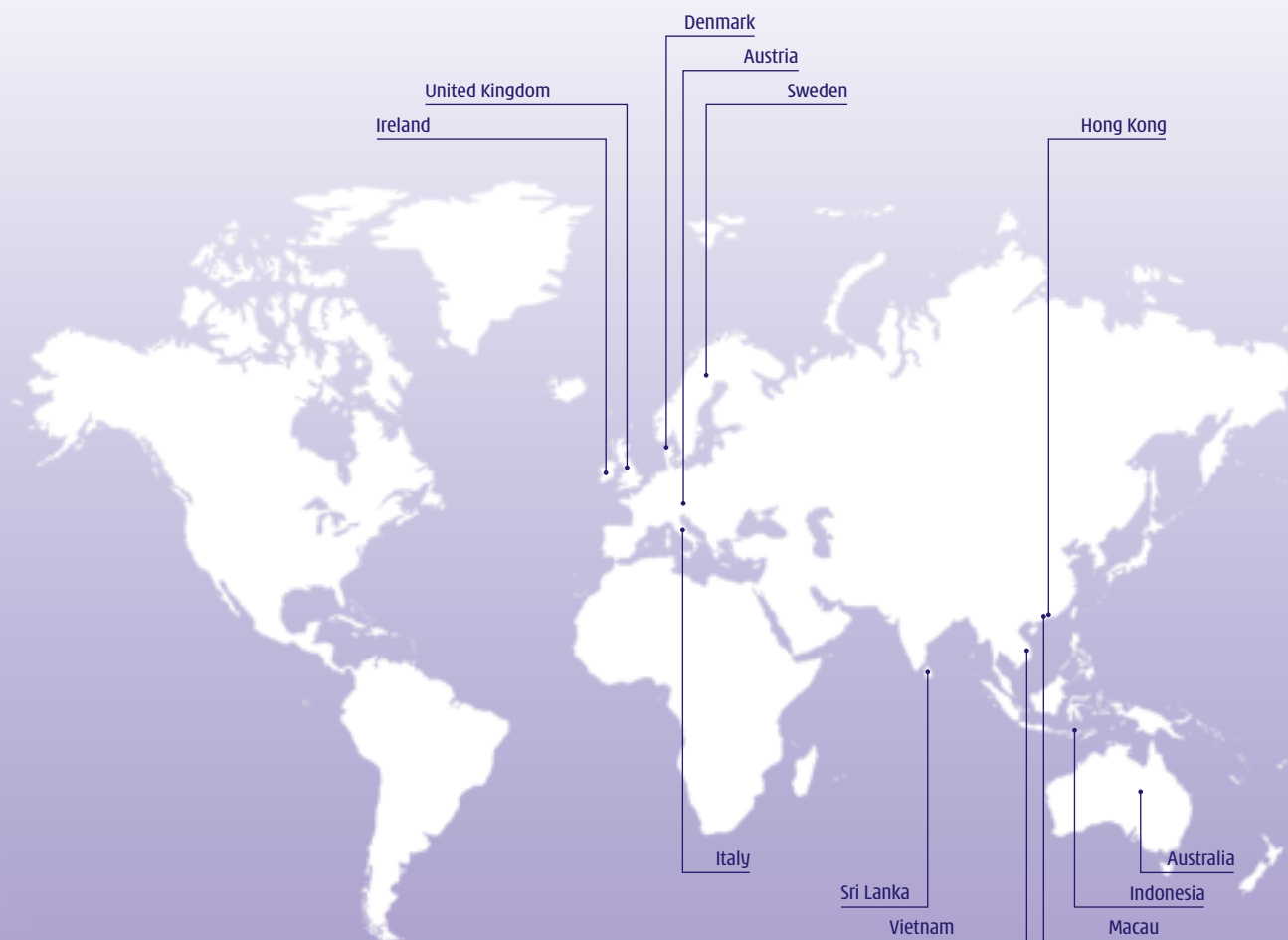
Note 1: Oil and gas reserves disclosures for 2010 to 2012 have been prepared in accordance with Canadian Securities Administrators' National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" ("NI 51-101") effective 31 December 2010 ("Canadian method"). In prior years, Husky Energy applied for and was granted an exemption from certain of the provisions of NI 51-101, which permitted Husky Energy to present oil and gas reserves disclosures in accordance with the rules of the United States Securities and Exchange Commission guidelines and the United States Financial Accounting Standards Board ("SEC method"). The guidance was effective from 31 December 2010. Accordingly, the 2010 to 2012 figures are shown under the Canadian method, while 2008 and 2009 are shown under the SEC method.

Telecommunications

The Group's telecommunications division consists of a 65.01% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on SEHK, Hutchison Asia Telecommunications ("HAT"), an 87.87% interest in the Australian Securities Exchange listed HTAL and 3 Group businesses in Europe ("3 Group Europe"). HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau, as well as fixed-line operations in Hong Kong. HAT holds the Group's interests in the mobile operations in Indonesia, Vietnam and Sri Lanka. HTAL owns a 50% share in VHA. 3 Group Europe is a pioneer of high-speed mobile telecommunications and mobile broadband technologies with businesses in six countries across Europe.



HTHKH sees robust demand for smart devices and data services in Hong Kong.



- HTHKH announced profit attributable to shareholders of HK\$1,227 million, a 20% increase over last year.
- HAT's EBITDA turned around by 398% and LBIT improved by 28%.
- 3 Group Europe's total revenue, EBITDA and EBIT increased 3%, 15% and 101% respectively.
- 3 Group Europe's registered customer base totals over 23.5 million as at 31 December 2012.

Hutchison Telecommunications Hong Kong Holdings

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	15,536	13,407	+16%
EBITDA	3,062	2,616	+17%
EBIT	1,756	1,435	+22%



Hutchison Global Communications' international business segment explores new markets and extends network reach.

HTHKH announced its 2012 turnover of HK\$15,536 million and profit attributable to shareholders of HK\$1,227 million, a 16% and a 20% increase respectively over last year. EBITDA of HK\$3,062 million and EBIT of HK\$1,756 million increased 17% and 22% respectively over last year. HTHKH contributed 4% to the total revenue and 3% to each of the EBITDA and the EBIT of the Group's businesses.

The mobile operations in Hong Kong and Macau achieved a 19% increase in combined turnover to HK\$12,383 million in 2012 compared to HK\$10,406 million in 2011, while EBITDA and EBIT improved by 23% and 25% respectively. The improved results were mainly due to continued customer demand for data services and stronger sales of smartphones. The combined mobile customer base, on an active basis, was over 3.7 million as at 31 December 2012, representing an 8% increase over last year.

The fixed-line telecommunications business in Hong Kong continues to achieve steady growth with increasing data traffic across all market segments in Hong Kong, reporting a 7% increase in turnover to HK\$3,640 million in 2012 compared to HK\$3,403 million in 2011, while EBITDA and EBIT improved by 3% and 5% respectively.

Hutchison Asia Telecommunications

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	4,452	2,332	+91%
EBITDA (LBITDA)	423	(142)	Turnaround of +398%
LBIT	(846)	(1,181)	+28%

HAT consists of the Group's mobile operations in Indonesia, Vietnam and Sri Lanka. HAT contributed 1%, 0.5% and a negative 1% respectively to the total revenue, EBITDA and EBIT of the Group's businesses. Total revenue increased 91% over last year mainly due to the expanded networks and enhanced service offerings across its operations, particularly in Indonesia. EBITDA and LBIT in 2012 include HK\$1,590 million compensation contributions (2011: HK\$1,270 million) and 2011 included a gain of HK\$463 million on the disposal of the Thailand operation. At 31 December 2012, HAT had a mobile customer base of over 40.3 million, representing an 18% increase over last year.

In Indonesia, the business continues to grow and now serves Java, Bali, Lombok, Sumatra, Kalimantan and Sulawesi, covering 84% of the population of the country. The customer base at the end of 2012 increased 34% from last year and the underlying LBITDA and LBIT, improved by 28% and 8% respectively, reflecting a higher contribution from the increased customer base.

In Vietnam, the customer base decreased by 9% over last year due to a clean-up of inactive customers, however underlying EBITDA represents a 142% turnaround from a corresponding LBITDA last year, while underlying LBIT improved by 84% as a result of the retention of higher quality customers and cost control.

In Sri Lanka, although the customer base increased 21% compared to last year, underlying LBITDA and LBIT increased by 42% and 27% respectively as a result of regulatory changes in the operating environment that restricts offerings of competitive pricing in the market.



Hutch Telecom Lanka launches its 3G service in April 2012.

Operations Review – Telecommunications

HTAL, share of VHA

	2012 AUD millions	2011 AUD millions	Change
Announced Total Revenue	2,049	2,297	-11%
Announced EBITDA	177	313	-43%
Announced Loss Attributable to Shareholders	(394)	(168)	-135%

HTAL announced total revenue and EBITDA attributable from its share of 50% owned associated company, VHA, of A\$2,049 million and A\$177 million, an 11% and 43% decrease respectively over last year, and a loss for the year attributable to shareholders of A\$394 million, an increase of 135%. HTAL's active customer base declined 6% from 31 December 2011 to total approximately 6.6 million at 31 December 2012. These declines were due to the continued poor brand perception. VHA is undergoing a shareholder-sponsored restructuring under the leadership of Vodafone under the applicable terms of our shareholders' agreement. The Group's share of VHA's operating losses and its share of certain network closure cost and restructuring costs in the second half are reflected as a charge in 2012 within profits on disposal of investments and others.

Significant investment in building and upgrading VHA's network was made in 2012 to enhance its network stability, with particular focus on voice and data performance, resiliency and coverage. Although continuing losses are anticipated in 2013, the restructuring plan currently being executed by VHA's management is expected to stabilise the declining customer base and streamline its operating cost structure. Improvements in both operating and financial performance are expected throughout 2013 and into 2014. VHA will continue to improve and upgrade its network and plans to roll-out an LTE network in 2013.

Group Performance

3 Group Europe

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	58,708	56,877	+3%
EBITDA ⁽¹⁾	9,213	8,031	+15%
EBIT ⁽¹⁾	3,145	1,567	+101%
Capex ⁽²⁾	11,346	8,170	-39%
EBITDA less Capex ⁽³⁾	(2,133)	(139)	-1,435%

Note 1: EBITDA represents the operational results excluding one-time items and is stated after all customer acquisition costs and retention costs ("CACs"). One-time items included in EBIT in 2012 represents a HK\$447 million one-time net gain from a network sharing arrangement in Ireland. 2011 includes a one-time net gain of HK\$457 million in relation to 3 Italia's licence spectrum benefit, net of certain provisions.

Note 2: In addition to the capital expenditure shown above, the Group has recognised spectrum licences totalling HK\$2,253 million in 2012 (2011: HK\$2,810 million).

Note 3: 3 UK, 3 Sweden, 3 Denmark and 3 Austria each achieved positive EBITDA after capex.

In local currencies, growth in total revenue, EBITDA and EBIT for the year were 8%, 19% and 105% respectively. 3 Group Europe contributed 15%, 11% and 5% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

	2012 HK\$ millions	2011 HK\$ millions	Change
Net Customer Service Revenue	41,962	44,295	-5%
Handset Revenue	14,750	11,464	+29%
Other Revenue	1,996	1,118	+79%
Total Revenue	58,708	56,877	+3%

In 2012, 3 Group Europe continued to grow its customer and revenue bases. 3 Group Europe's ARPU, including the monthly contribution for a handset / device in postpaid contract bundled plans, on a 12-month trailing average active customer basis, decreased by 1% to €23.90 compared to 2011, primarily due to further regulated interconnection rate reductions in the UK and Italy. Net customer service revenue, excluding the contribution for a handset / device in postpaid contract bundled plans, decreased by 5% mainly due to the higher number of customers in the Group's 2012 customer base for whom revenue is recognised on the basis of a non-subsidised handset model and the rate reductions mentioned above. Despite the decrease in net customer service revenue, 3 Group Europe's total revenue continued to increase resulting from the increased sales of smartphone products.

3 Group Europe's registered customer base grew 9% during the year to total over 23.5 million at 31 December 2012, reflecting continued customer growth across all operations in Europe. The proportion of active customers in the 3 Group Europe customer base was approximately 79%, up three percentage points from the end of 2011, while the active contract customer base remained stable at 97%. The revenue generated by contract customers accounted for approximately 86% of overall net customer services revenue, 1% higher than last year. The proportion of contract customers as a percentage of the registered customer base has increased from 51% last year to 56% at the end of 2012. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base was 1.7% in 2012, an improvement from 1.9% in 2011.

3 Group Europe (continued)

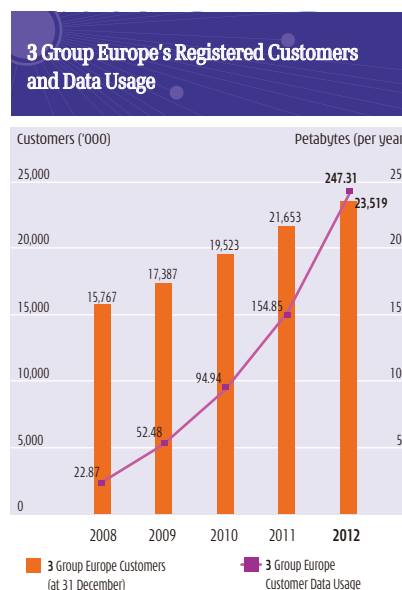
With the increasing penetration and popularity of smartphones, demand for data usage and transmission speed continues. The majority of the 3 Group Europe operations achieved a leading position in increasing market share in their respective countries' smartphone and mobile broadband access segments during the year, through continuing to deliver good customer usage experience supported by enhanced networks and providing competitively priced services. Various awards in network excellence were received during the year, such as 3 UK currently being rated the number one network for smartphones, iPhones and 3G tablets as well as the best network for mobile broadband for nine consecutive quarters by "YouGov". 3 UK also won "uSwitch"'s best network award in 2012 for the second year running and 3 Austria was also the winner of "Connect" magazine's network tests for two consecutive years, coming out best in 13 out of 17 test categories including data on smartphones and mobile broadband.

The spectrum awarded in the recent auctions in the UK and Ireland, together with network roll-out plans in Italy, Austria and the Scandinavian operations, will enable 3 Group Europe to continue upgrading its existing network to ultra fast speeds and enhance its network capacity to cater for the data usage demand from its enlarged smartphone and mobile broadband customer base.

Growth of higher margin non-voice revenues continued to be a key focus for 3 Group Europe in 2012. Average non-voice revenue per active user as a percentage of ARPU for 2012 increased to 47%, compared to 45% in 2011. At 31 December 2012, approximately 6.1 million customers, representing 26% of the total 3 Group Europe customer base, have mobile broadband access, an increase of 8% from last year. Total data usage reached 247petabytes in 2012, an increase of 60% compared to last year. In addition, the growth in non-voice revenues is also supported by the popularity of smartphones across the markets in which 3 Group Europe operates, resulting in an 18% increase in total contract smartphone customers acquired in 2012 compared to 2011. Total contract smartphone customers added during 2012 represents around 61% of the total contract customers acquired in the year.

CACs, before accounting for handset revenue in postpaid contract bundled plans, totalled HK\$22,427 million in 2012, 14% higher than 2011 mainly due to the increased proportion of smartphone customers acquired and retained during the year. CACs, after accounting for handset revenue in postpaid contract bundled plans, totalled HK\$7,677 million in 2012, 6% lower than in 2011. Unit cost to acquire⁽¹⁾ averaged €48 per customer, 4% lower than in 2011.

EBITDA and EBIT growth reflected the increased contributions from the enlarged customer base, benefitting from the lowering of mobile termination rates on outgoing calls in the UK and Italy during the second half of 2012, cost savings from outsourcing activities and network sharing arrangements, stringent cost controls and effective working capital management.



Note 1: This is stated after revenue contributions for a handset / device in postpaid contract bundled plans. The Group does not provide any subsidy on handsets / devices to non-contract prepaid customers.

Segment Performance

Key Business Indicators

	Customer Base					
	Registered Customers at 31 December 2012 ('000)			Registered Customer Growth (%) from 31 December 2011 to 31 December 2012		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
United Kingdom	3,789	5,263	9,052	+2%	+18%	+11%
Italy	5,178	4,352	9,530	-10%	+26%	+4%
Sweden	169	1,384	1,553	+5%	+15%	+13%
Denmark	217	637	854	+42%	+1%	+9%
Austria	555	1,156	1,711	+53%	+17%	+27%
Ireland ⁽¹⁾	448	371	819	-6%	+14%	+2%
3 Group Europe Total	10,356	13,163	23,519	-2%	+19%	+9%

	12-month Trailing Average Revenue per Active User ("ARPU") ⁽²⁾ to 31 December 2012					
	Total			% Variance compared to 31 December 2011	Non-voice	
	Prepaid	Postpaid	Blended Total		ARPU	% of total ARPU
United Kingdom	£6.89	£27.75	£21.19	-3%	£10.10	48%
Italy	€7.31	€27.49	€18.44	-7%	€8.14	44%
Sweden	SEK101.41	SEK313.40	SEK298.90	-3%	SEK125.34	42%
Denmark	DKK142.47	DKK236.40	DKK216.08	-18%	DKK115.64	54%
Austria	€9.98	€24.19	€22.57	+1%	€10.57	47%
Ireland	€16.96	€39.67	€32.22	+4%	€18.12	56%
3 Group Europe Average	€8.50	€31.41	€23.90	-1%	€11.12	47%

Note 1: 3 Ireland's number of prepaid customer reduced by 6% due to the removal of inactive customers from its registered customer base. This has resulted in the percentage of active customers increasing from 50% as at 31 December 2011 to 58% as at 31 December 2012.

Note 2: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset / device in postpaid contract bundled plans, divided by the average number of active customers during the period, where an active customer is one that has generated revenue from an outgoing call, incoming call or 3G service in the preceding three months.

Operations Review – Telecommunications

United Kingdom

	2012 GBP millions	2011 GBP millions	Change
Total Revenue	1,948	1,787	+9%
- Net customer service revenue	1,347	1,311	+3%
- Handset revenue	586	463	+27%
- Other revenue	15	13	+15%
EBITDA	281	191	+47%
EBIT	101	30	+237%
Capex	250	253	+1%
EBITDA less Capex	31	(62)	+150%

	2012	2011
Total registered customer base (millions)	9.1	8.1
Contract customers as a % of the total registered customer base	58%	55%
Contract customers' contribution to the net customer services revenue base (%)	87%	86%
Average monthly churn rate of the total contract registered customer base (%)	1.5%	1.7%
Active contract customers as a % of the total contract registered customer base	97%	97%
Active customers as a % of the total registered customer base	81%	79%

Included in the total registered customer base was over 2.5 million mobile broadband customers, a 4% increase from 2011. Despite a decline in ARPU from the adverse impact of the regulated interconnection rate reductions, 3 UK's total revenue increased 9% during the year to £1,948 million, reflecting the higher customer base and higher smartphone sales. EBITDA of £281 million and EBIT of £101 million increased 47% and 237% respectively from last year mainly due to the growth in the customer base as well as improved gross margins and lower customer acquisition and retention costs.

3 UK successfully acquired 2x5 MHz of 800 MHz spectrum in the recent auction held in the UK at a cost of £225 million to build an LTE network with services expected to be launched later in 2013.



3 UK, which has just acquired 4G (LTE) spectrum, is the fastest growing mobile operator in the UK.

Italy

	2012 EUR millions	2011 EUR millions	Change
Total Revenue	1,965	1,782	+10%
- Net customer service revenue	1,457	1,512	-4%
- Handset revenue	406	204	+99%
- Other revenue	102	66	+55%
EBITDA	264	257	+3%
EBIT	0.5	6	-92%
Capex ⁽¹⁾	562	320	-76%
EBITDA less Capex	(298)	(63)	-373%

Note 1: In addition to the capital expenditure shown above, 3 Italia has recognised spectrum licences totalling €169 million in 2012 (2011: €186 million).

	2012	2011
Total registered customer base (millions)	9.5	9.1
Contract customers as a % of the total registered customer base	46%	38%
Contract customers' contribution to the net customer services revenue base (%)	82%	79%
Average monthly churn rate of the total contract registered customer base (%)	2.3%	2.6%
Active contract customers as a % of the total contract registered customer base	95%	96%
Active customers as a % of the total registered customer base	74%	70%

The Group had a 97.4% interest in 3 Italia at 31 December 2012. Included in the total registered customer base was approximately 2.0 million mobile broadband customers, an 18% increase over 2011. Despite the adverse economic environment, 3 Italia's total revenue increased 10% to €1,965 million in 2012 mainly due to the higher smartphone sales. EBITDA of €264 million represents a 3% increase from last year resulting from stringent cost controls, benefitting from the renegotiation of certain network service contracts and from the mobile termination rate reduction on outgoing calls in the second half of 2012. EBIT of €0.5 million was a €5.5 million reduction from last year mainly due to the inclusion of a one-off net gain of €41 million recognised in 2011, partially offset by savings in depreciation and amortisation.

Operations Review – Telecommunications

Sweden

	2012 SEK millions	2011 SEK millions	Change
Total Revenue	5,981	5,641	+6%
- Net customer service revenue	3,941	4,190	-6%
- Handset revenue	1,663	1,320	+26%
- Other revenue	377	131	+188%
EBITDA	1,648	1,766	-7%
EBIT	1,065	1,171	-9%
Capex ⁽¹⁾	1,103	651	-69%
EBITDA less Capex	545	1,115	-51%

Note 1: In addition to the capital expenditure shown above, 3 Sweden has acquired spectrum licences totalling SEK759 million in 2011.

	2012	2011
Total registered customer base (millions)	1.6	1.3
Contract customers as a % of the total registered customer base	89%	88%
Contract customers' contribution to the net customer services revenue base (%)	97%	97%
Average monthly churn rate of the total contract registered customer base (%)	1.4%	1.7%
Active contract customers as a % of the total contract registered customer base	100%	100%
Active customers as a % of the total registered customer base	95%	95%

In Sweden, where the Group has a 60% interest in its 3 Group Europe operations, mobile broadband customers grew 11% to approximately 435,000. Total revenue increased 6% to SEK5,981 million in 2012 primarily due to the growth in customer base and higher demand for smartphone products. EBITDA and EBIT in 2012 were SEK1,648 million and SEK1,065 million, a decrease of 7% and 9% respectively from last year due to the pending completion of the transition to a non-subsidised handset model in its customer base.



3 Denmark launches 4G (LTE) technology in its capital.

Denmark

	2012 DKK millions	2011 DKK millions	Change
Total Revenue	2,098	2,355	-11%
- Net customer service revenue	1,837	1,964	-6%
- Handset revenue	190	375	-49%
- Other revenue	71	16	+344%
EBITDA	663	595	+11%
EBIT	398	360	+11%
Capex	349	222	-57%
EBITDA less Capex	314	373	-16%

	2012	2011
Total registered customer base	854,000	782,000
Contract customers as a % of the total registered customer base	75%	80%
Contract customers' contribution to the net customer services revenue base (%)	84%	90%
Average monthly churn rate of the total contract registered customer base (%)	3.4%	3.0%
Active contract customers as a % of the total contract registered customer base	100%	100%
Active customers as a % of the total registered customer base	99%	99%

In Denmark, where the Group also has a 60% interest in its 3 Group Europe operations, mobile broadband customers grew 9% to approximately 319,000 at 31 December 2012. Due to a decline in the incoming mobile termination rates and intense price competition, total revenue decreased 11% to DKK2,098 million in 2012 despite the enlarged customer base. Both EBITDA of DKK663 million and EBIT of DKK398 million increased 11% from last year mainly due to improved service margins and cost controls.



3 Austria completes its acquisition of Orange Austria in January 2013.

Austria

	2012 EUR millions	2011 EUR millions	Change
Total Revenue	361	321	+12%
- Net customer service revenue	242	222	+9%
- Handset revenue	100	92	+9%
- Other revenue	19	7	+171%
EBITDA	50	36	+39%
EBIT	16	2	+700%
Capex	26	25	-4%
EBITDA less Capex	24	11	+118%

	2012	2011
Total registered customer base (millions)	1.7	1.3
Contract customers as a % of the total registered customer base	68%	73%
Contract customers' contribution to the net customer services revenue base (%)	93%	95%
Average monthly churn rate of the total contract registered customer base (%)	0.2%	0.3%
Active contract customers as a % of the total contract registered customer base	99%	99%
Active customers as a % of the total registered customer base	78%	80%

Included in the total registered customer base was approximately 519,000 mobile broadband customers, in line with 2011. Total revenue increased 12% to €361 million mainly due to the enlarged customer base and an increase in demand for smartphone products. EBITDA of €50 million and EBIT of €16 million increased 39% and 700% respectively from last year mainly due to the revenue growth.

In January 2013, 3 Austria completed its acquisition of a 100% interest in Orange Austria and a subsequent onward sale of the Yesss! brand and certain other assets to Telekom Austria Group. The combined operations will generate incremental revenues, which together with operational synergies and efficiencies, should result in substantial increases in 3 Austria's contribution in 2013.

Ireland

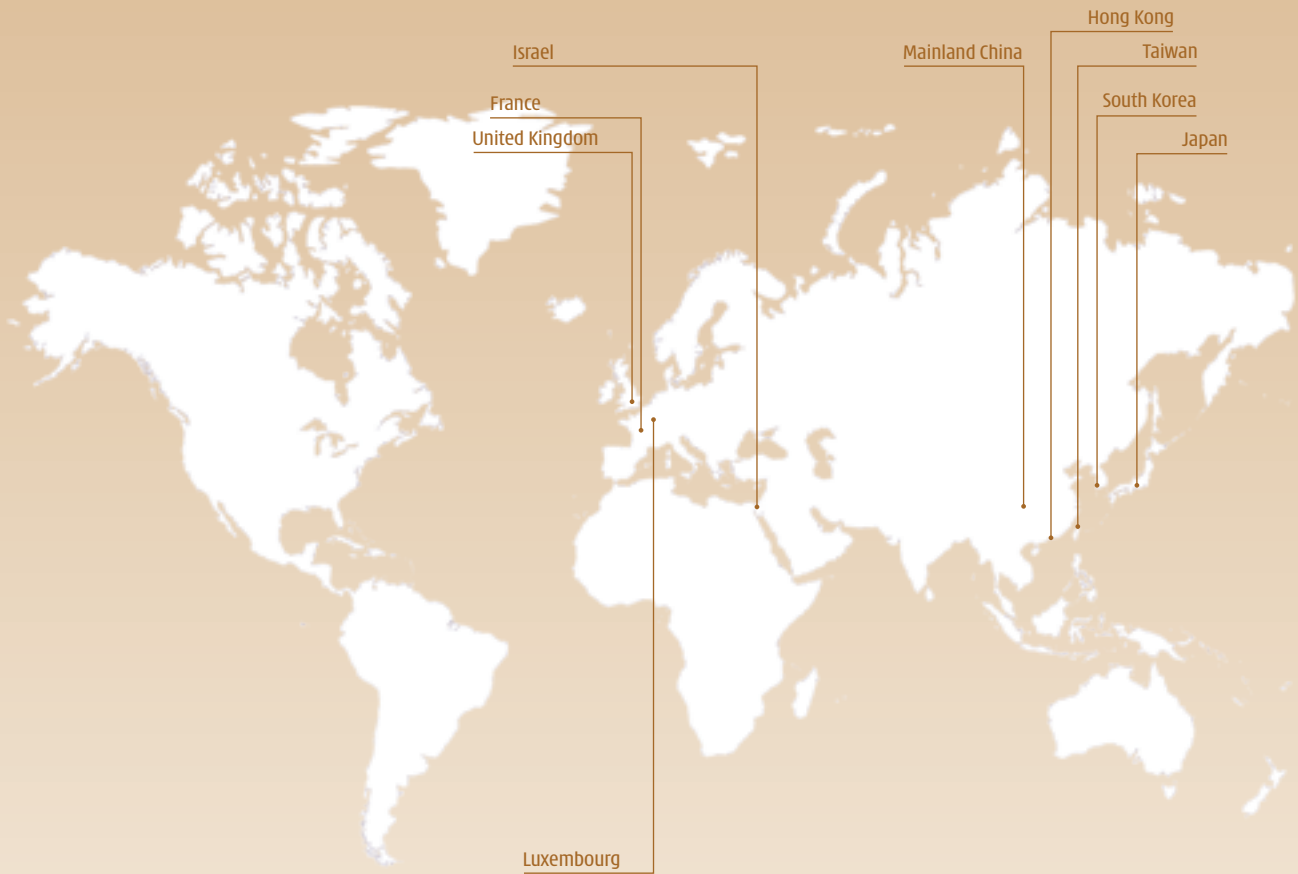
	2012 EUR millions	2011 EUR millions	Change
Total Revenue	174	150	+16%
- Net customer service revenue	141	114	+24%
- Handset revenue	30	35	-14%
- Other revenue	3	1	+200%
LBITDA	(19)	(28)	+32%
LBIT	-	(54)	+100%
Capex ⁽¹⁾	39	47	+17%
LBITDA less Capex	(58)	(75)	+23%

Note 1: In addition to the capital expenditure shown above, 3 Ireland has acquired spectrum licences totalling €51 million in 2012.

	2012	2011
Total registered customer base	819,000	804,000
Contract customers as a % of the total registered customer base	45%	41%
Contract customers' contribution to the net customer services revenue base (%)	79%	82%
Average monthly churn rate of the total contract registered customer base (%)	1.2%	1.3%
Active contract customers as a % of the total contract registered customer base	82%	85%
Active customers as a % of the total registered customer base	58%	50%

Included in the total registered customer base was over 288,000 mobile broadband customers, a 1% increase from 2011. 3 Ireland's total revenue increased 16% to €174 million in 2012 reflecting the higher customer base and higher smartphone sales. LBITDA of €19 million represented a 32% improvement mainly due to an increase in revenue and lower customer acquisition and retention costs. Breakeven EBIT was a 100% improvement over last year mainly due to a one-time net gain of €45 million from a network sharing arrangement, which included a benefit of €206 million arising from a right to share another Irish operator's mobile network, partially offset by €161 million mainly related to the restructuring of 3 Ireland's network infrastructure.

Operations Review



- Liquid assets amounted to HK\$131,447 million as at 31 December 2012.
- Net debt to net total capital ratio reduced to 21.9%.

Finance & Investments and Others

The finance & investments and others division includes returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited ("HWCL"), listed subsidiary Hutchison Harbour Ring Limited ("HHR"), listed associate TOM Group ("TOM") and Hutchison Water.



Shanghai Hutchison Pharmaceuticals aims at modernising Chinese medicine.

Operations Review – Finance & Investments and Others

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	11,593	10,928	+6%
EBITDA	2,650	687	+286%
EBIT	2,340	470	+398%

This division contributed 3%, 3% and 4% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK\$131,447 million at 31 December 2012 compared to HK\$86,778 million at the end of last year. EBITDA and EBIT reported by this operation increased in 2012, primarily due to higher foreign exchange gains realised and higher overall interest income. Further information on the treasury function of this operation can be found in the "Group Capital Resources and Liquidity" section of the annual report.

Interest Expense, Finance Costs and Tax

The Group's interest expense and finance costs for the year, including its share of associated companies' and jointly controlled entities' interest expense, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK\$16,359 million, an increase of 11% when compared to 2011. Further information on these expenses can be found in the "Group Capital Resources and Liquidity" section of the annual report.

The Group recorded current and deferred tax charges totalling HK\$8,662 million for the year, an increase of 23%, mainly due to the impact on the lower recognition of deferred tax assets in the telecommunications operations during the year. A deferred tax asset in the Austrian telecommunications operation of HK\$2,139 million was recognised during the year, whilst 2011 includes a deferred tax asset recognition, before non-controlling interest of HK\$3,665 million and after non-controlling interest of HK\$2,199 million, for the Scandinavian operations in 2011.

Other Operations

The Group's share of the results of HWCL, listed subsidiary HHR, listed associate TOM and Hutchison Water are reported under this division.

Hutchison Whampoa (China) Limited

HWCL operates various manufacturing, service and distribution joint ventures in the Mainland and Hong Kong, and also has an investment in Hutchison China MediTech Limited ("Chi-Med"), currently a 70.4% owned subsidiary listed on the Alternative Investment Market of the London Stock Exchange in the UK. Chi-Med focuses on researching, developing, manufacturing and selling pharmaceutical and health oriented consumer products.

Hutchison Harbour Ring Limited

HHR, a 71.4% owned subsidiary, is listed on SEHK and holds certain investment properties in the Mainland. HHR announced revenue from continuing operations of HK\$88 million, a 2% increase compared to last year. Profit attributable to shareholders of HHR increased by 100% to HK\$182 million, mainly due to the write-back of provisions in 2012 relating to exposures associated with disposed subsidiaries in prior years.

TOM Group

TOM, a 24.5% associate, is listed on SEHK and its businesses include Mobile Internet, e-commerce, publishing, outdoor media as well as television and entertainment. TOM announced turnover of HK\$2,206 million, a 5% decrease from last year. Loss attributable to shareholders decreased from HK\$498 million in 2011 to HK\$337 million in 2012.

Hutchison Water

The Group has a 49% interest in a water desalination project in Israel which was granted a 26.5-year concession by the Israeli government to build and operate a water desalination plant in Sorek, Israel. The plant is expected to commence commercial operation in 2013 and will be one of the largest in the world in terms of capacity.

Summary

Economic conditions remained volatile in the second half of 2012 with recovery sluggish in the US, slower growth in the Mainland, increasing sovereign debt and recessionary risks in the Euro zone, all of which added challenges to our core businesses worldwide. Despite facing various challenges, the Group achieved a solid growth in recurring earnings in 2012, strengthened its already strong balance sheet position and continued to enhance the healthy and conservative liquidity.

The Group remains committed to its dual objectives of maintaining a healthy rate of growth in recurring earnings and a strong financial profile. This will be achieved through cautious and selective expansion, executing stringent cost controls across all core businesses, maintaining a prudent financial profile, including a net debt to net total capital ratio of less than 25% and strong liquidity. Barring adverse external developments in the sectors and geographies in which we operate, I have full confidence these objectives will be achieved in 2013.

Fok Kin Ning, Canning

Group Managing Director

Hong Kong, 26 March 2013

Group Capital Resources and Liquidity

Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. The Group uses interest rate and foreign currency swaps and forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

Cash Management and Funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, which will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

Interest Rate Exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British Pound, Euro and HK dollar borrowings.

At 31 December 2012, approximately 25% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 75% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$74,966 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$7,900 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 51% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 49% were at fixed rates at 31 December 2012. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are expected to be highly effective.

Foreign Currency Exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinancing these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in overseas subsidiaries and associates. During the year, the currencies of certain countries where the Group has overseas operations, including Euro, British Pound, the Canadian and Australian dollars as well as Renminbi in the Mainland, fluctuated against the Hong Kong dollar. This gave rise to an unrealised gain of approximately HK\$5,077 million (2011: HK\$2,478 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associated companies and jointly controlled entities. This unrealised gain is reflected as a movement in the Consolidated Statement of Changes in Equity under the heading of exchange reserve.

At 31 December 2012, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$28,593 million to Hong Kong dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 32% in Euro, 36% in US dollars, 20% in HK dollars, 6% in British Pounds and 6% in other currencies.

Treasury Management (continued)

Credit Exposure

The Group's holdings of cash, managed funds and other liquid investments, and interest rate and foreign currency swaps and forward currency contracts with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements, credit ratings and setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, which is continuously monitored by the local operational management.

Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A3 on the Moody's Investor Service scale, A- on the Standard & Poor's Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. At 31 December 2012, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch.

Market Price Risk

The Group's main market price risk exposures relate to listed / traded debt and equity securities described in "Liquid Assets" below and the interest rate swaps as described in "Interest Rate Exposure" above. The Group's holding of listed / traded debt and equity securities represented approximately 18% (2011: approximately 23%) of the cash, liquid funds and other listed investments ("liquid assets"). The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

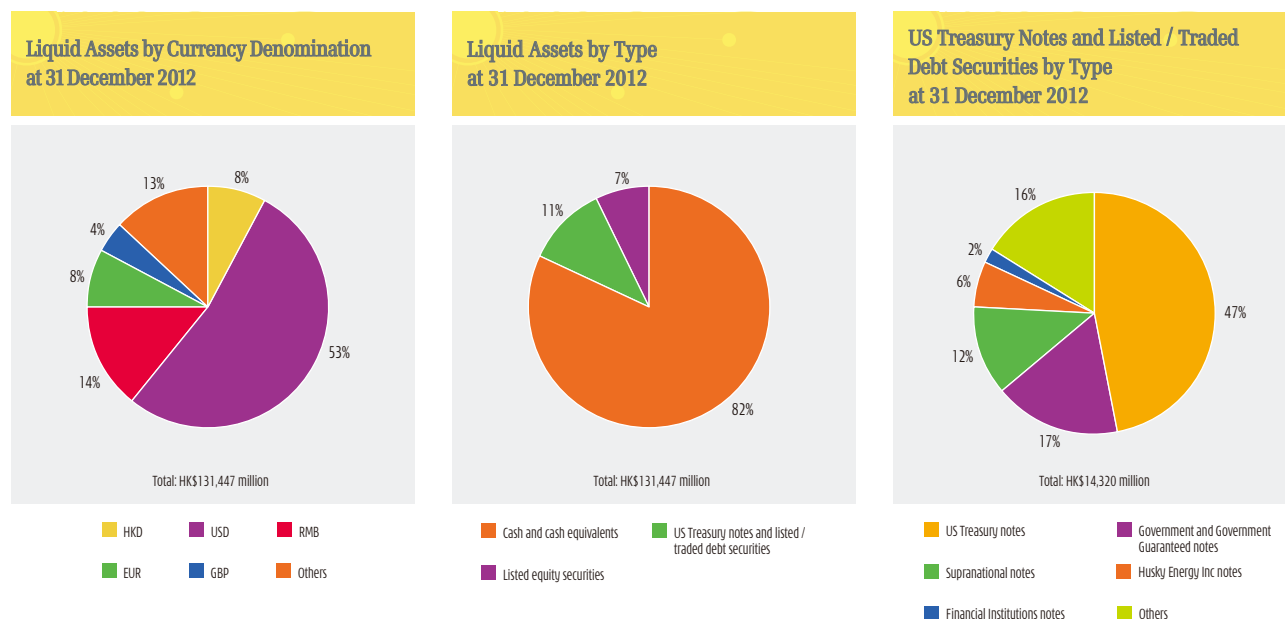
Liquid Assets

The Group continues to maintain a healthy and sound financial position. Liquid assets amounted to HK\$131,447 million at 31 December 2012, an increase of 51% from the balance of HK\$86,778 million at 31 December 2011, mainly reflecting positive funds from operations from the Group's businesses, cash from new borrowings, proceeds from the issue of perpetual capital securities, as well as from issues of perpetual capital securities and new shares by the Group's listed subsidiary, Cheung Kong Infrastructure ("CKI"), net of the utilisation of cash for the repayment and early repayment of certain borrowings, dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, and acquisition of fixed assets and investments. Liquid assets were denominated as to 8% in HK dollars, 53% in US dollars, 14% in Renminbi, 8% in Euro, 4% in British Pounds and 13% in other currencies.

Cash and cash equivalents represented 82% (2011: 76%) of the liquid assets, US Treasury notes and listed / traded debt securities 11% (2011: 16%), listed equity securities 7% (2011: 7%) and long-term deposits and others 0% (2011: 1%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of US Treasury notes of 47%, government and government guaranteed notes of 17%, supranational notes of 12%, notes issued by the Group's associated company, Husky Energy Inc of 6%, notes issued by financial institutions of 2%, and others of 16%. Of these US Treasury notes and listed / traded debt securities, 72% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 1.3 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Group Capital Resources and Liquidity



Cash Flow

Consolidated EBITDA⁽¹⁾ amounted to HK\$88,218 million, a decrease of 36% compared to HK\$137,183 million reported last year mainly due to the inclusion of the gain on initial public offering of HPH Trust of HK\$55,644 million in last year's reported numbers. Consolidated funds from operations ("FFO") before cash profits from disposals, capital expenditures and changes in working capital amounts to HK\$36,344 million, a 25% increase compared to last year.

The Group's capital expenditures decreased 6% to total HK\$29,107 million during 2012 (2011: HK\$30,924 million), primarily due to lower capital expenditures for the acquisition of telecommunications licences in Hong Kong, Europe and Asia, which totalled HK\$2,422 million (2011: HK\$5,693 million) partially offset by higher capital expenditures on fixed assets. Capital expenditures on fixed assets for the ports and related services division amounted to HK\$7,556 million (2011: HK\$5,928 million); for the property and hotels division HK\$271 million (2011: HK\$274 million); for the retail division HK\$3,055 million (2011: HK\$2,622 million); for CKI HK\$680 million (2011: HK\$353 million); for HTHKH HK\$1,600 million (2011: HK\$1,143 million); for HAT HK\$2,017 million (2011: HK\$6,543 million); for 3 Group Europe HK\$11,323 million (2011: HK\$8,158 million); and for the finance and investments and others HK\$43 million (2011: HK\$128 million). Capital expenditures for telecommunications licences, brand names and other rights for HTHKH amounted to HK\$172 million (2011: HK\$1,602 million); for HAT HK\$114 million (2011: HK\$1,351 million) and for 3 Group Europe HK\$2,276 million (2011: HK\$2,822 million).

Purchases of and advances to (including deposits from) associated companies and jointly controlled entities totalled HK\$4,484 million (2011: HK\$25,768 million), mainly due to lower advances to property joint ventures in 2012 and 2011 included the acquisition of Northumbrian Water in the UK by CKI and the investment by the Group to take up approximately C\$100 million of a private share placement by Husky Energy.

The capital expenditures and investments of the Group are primarily funded by cash generated from operations, cash on hand and to the extent appropriate, by external borrowings.

Note 1: EBITDA includes the non-controlling interests' share of HPH Trust / HPH Trust operations' EBITDA.

Debt Maturity and Currency Profile

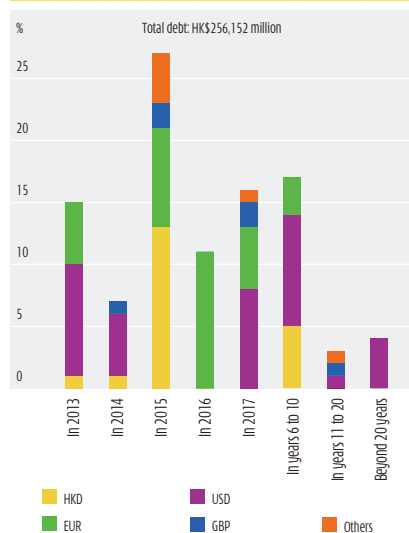
The Group's total principal amount of bank and other debts at 31 December 2012 increased 20% to total HK\$256,152 million (2011: HK\$213,854 million), of which 74% (2011: 65%) are notes and bonds and 26% (2011: 35%) are bank and other loans. The net increase in principal amount of bank and other debts was primarily due to new borrowings of HK\$86,617 million and the unfavourable impact of HK\$2,272 million upon translation of foreign currency-denominated loans to Hong Kong dollars, partly offset by the repayment of debts as they matured as well as early repayment of certain debts totalling HK\$47,022 million. The Group's weighted average cost of debt at 31 December 2012 increased by 0.1%-points to 3.4% (2011: 3.3%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK\$6,307 million at 31 December 2012 (2011: HK\$6,502 million).

The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2012 is set out below:

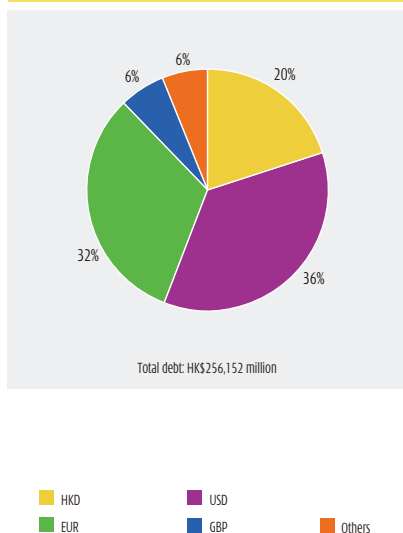
	HK\$	US\$	Euro	GBP	Others	Total
In 2013	1%	9%	5%	-	-	15%
In 2014	1%	5%	-	1%	-	7%
In 2015	13%	-	8%	2%	4%	27%
In 2016	-	-	11%	-	-	11%
In 2017	-	8%	5%	2%	1%	16%
In years 6 to 10	5%	9%	3%	-	-	17%
In years 11 to 20	-	1%	-	1%	1%	3%
Beyond 20 years	-	4%	-	-	-	4%
Total	20%	36%	32%	6%	6%	100%

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's consolidated borrowings, as a matter of policy, have credit rating triggers that would accelerate the maturity dates of the debt outstanding.

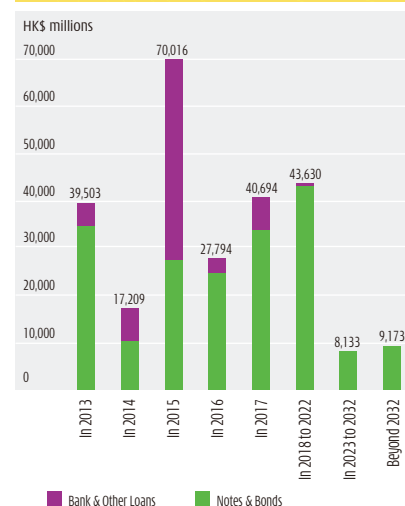
Debt Maturity Profile by Year and Currency Denomination at 31 December 2012



Debt Profile by Currency Denomination at 31 December 2012



Debt Maturity Profile by Notes & Bonds and Bank & Other Loans at 31 December 2012



Group Capital Resources and Liquidity

Changes in Financing

The significant financing activities in 2012 were as follows:

- In January and February, issued five-year, fixed rate US\$1,000 million (approximately HK\$7,800 million) and ten-year, fixed rate US\$1,500 million (approximately HK\$11,700 million) guaranteed notes to refinance existing indebtedness and for general corporate purposes;
- In January, prepaid a floating rate loan facility of Euro1,000 million (approximately HK\$10,070 million) maturing in December 2013;
- In March, listed subsidiary CKI issued 15-year, fixed rate notes of JPY15,000 million (approximately HK\$1,408 million) and early repaid JPY30,000 million (approximately HK\$2,817 million) fixed rate notes maturing in March 2032;
- In June, issued five-year, fixed rate Euro1,250 million (approximately HK\$12,300 million) and ten-year, fixed rate Euro750 million (approximately HK\$7,380 million) guaranteed notes to refinance existing indebtedness and for general corporate purposes;
- In June, obtained a three-year floating rate syndicated loan facility of HK\$5,500 million to refinance existing indebtedness and repaid on maturity a floating rate loan facility of HK\$4,860 million;
- In July, obtained a three-year floating rate loan facility of Euro240 million (approximately HK\$2,246 million) and repaid on maturity a floating rate loan facility of the same amount;
- In July, obtained a three-year floating rate loan facility of SEK10,500 million (approximately HK\$11,655 million) and early repaid a floating rate loan facility of the same amount maturing in December 2012;
- In July and August respectively, listed subsidiary CKI obtained a three-year syndicated loan facility of A\$260 million (approximately HK\$2,119 million) and a five year syndicated loan facility of A\$250 million (approximately HK\$2,038 million) to refinance a syndicated loan facility of A\$510 million (approximately HK\$4,158 million);
- In September, repaid on maturity a syndicated loan facility of US\$280 million (approximately HK\$2,184 million);
- In September, obtained a three-year floating rate syndicated loan facility of US\$280 million (approximately HK\$2,184 million);
- In September, obtained a ten-year floating rate term loan facility of RMB1,273 million (approximately HK\$1,565 million);
- In October, listed subsidiary CKI repaid an equity bridge facility of GBP600 million (approximately HK\$7,554 million) upon maturity and obtained a five-year loan facility of GBP300 million (approximately HK\$3,777 million);
- In November, issued five-year, fixed rate US\$1,000 million (approximately HK\$7,800 million) and ten year, fixed rate US\$500 million (approximately HK\$3,900 million) guaranteed notes to refinance existing indebtedness and for general corporate purposes;
- In December, listed subsidiary CKI obtained a five-year floating rate syndicated loan facility of JPY12,000 million (approximately HK\$1,146 million); and
- In December, listed subsidiary CKI issued seven-year fixed rate notes of JPY3,000 million (approximately HK\$286 million).

Subsequent to the year end:

- In January this year, obtained a short term floating rate loan facility of Euro1,450 million (approximately HK\$15,037 million);
- In February this year, repaid on maturity US\$3,110 million principal amount of fixed rate notes (approximately HK\$24,257 million); and
- In February this year, obtained a short term floating rate revolving loan facility of GBP550 million (approximately HK\$6,523 million).

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities increased 9% to HK\$391,559 million at 31 December 2012, compared to HK\$359,612 million, at 31 December 2011, reflecting the profits for 2012 as well as the issuance of US\$1,000 million perpetual capital securities in May 2012, net exchange gains on translation of the Group's overseas operations' net assets to the Group's Hong Kong dollar reporting currency including the Group's share of the translation gains and losses of associated companies and jointly controlled entities, partly offset by dividends and distributions paid and other items recognised directly in reserves. At 31 December 2012, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, unamortised loan facilities fees and premiums or discounts on issue and fair value changes of interest rate swap contracts, was HK\$124,705 million (2011: HK\$127,076 million), a reduction of 2% compared to the net debt at the beginning of the year. The Group's net debt to net total capital ratio at 31 December 2012 reduced to 21.9% (2011: 23.8%).

The following table shows the net debt to net total capital ratio calculated on the basis of including interest bearing loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at 31 December 2012. The net debt to net total capital ratio can be significantly affected by foreign currency translation effects on total ordinary shareholders' funds and perpetual capital securities and on debt balances. The ratios as at 31 December 2012 before and after the effect of foreign currency transaction and other non-cash movements for the year are shown below:

Net debt / Net total capital ratios at 31 December 2012:		Before the effect of foreign currency translation and other non-cash movements	After the effect of foreign currency translation and other non-cash movements
A1:	excluding interest bearing loans from non-controlling shareholders from debt	22.0%	21.9%
A2:	as in A1 above and investments in listed subsidiaries and associated companies marked to market value	19.4%	19.3%
B1:	including interest bearing loans from non-controlling shareholders as debt	23.1%	23.0%
B2:	as in B1 above and investments in listed subsidiaries and associated companies marked to market value	20.4%	20.3%

The Group's consolidated gross interest expense and other finance costs of subsidiaries, before capitalisation, increased 9% in 2012 to total HK\$9,348 million, compared to HK\$8,546 million in 2011, mainly due to higher effective market interest rates and higher average borrowings during the year.

Consolidated EBITDA and FFO for the year covered consolidated net interest expense and other finance costs 14.7 times and 7.2 times respectively (31 December 2011: 24.2 times and 6.1 times).

Secured Financing

At 31 December 2012, assets of the Group totalling HK\$824 million (2011: HK\$524 million) were pledged as security for bank and other debts.

Group Capital Resources and Liquidity

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 31 December 2012 amounted to the equivalent of HK\$5,807 million (2011: HK\$7,242 million).

Contingent Liabilities

At 31 December 2012, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and jointly controlled entities totalling HK\$11,920 million (2011: HK\$10,932 million), of which HK\$10,139 million (2011: HK\$8,587 million) has been drawn down as at 31 December 2012, and also provided performance and other guarantees of HK\$4,411 million (2011: HK\$4,838 million).



Risk Factors

The Group's business, financial condition and results of operations are subject to various business risks and uncertainties. The factors set out below are those that the Group believes could result in the Group's financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Global Economy

As a global business, the Group is exposed to the development of the global economy as well as the industries and geographical markets in which it operates. As a result, the Group's financial condition and results of operations may be influenced by the general state of the global economy or the general state of a specific market or economy. Any significant decrease in the level of economic growth in the global or regional or a specific economy could adversely affect the Group's financial condition or results of operations.

Industry Trends, Interest Rates and Currency Markets

The Group's results are affected by trends in the industries in which it operates, including the ports and related services, property and hotels, retail, infrastructure, energy and telecommunications industries. While the Group believes that its diverse operations, geographical spread and extensive customer base reduce its exposure to particular industry cycles, its results have in the past been adversely affected by industry trends, for example, declining property values in Hong Kong, lower oil and gas prices, cyclical downturn in the business of shipping lines, decline in the value of securities investments, and also volatility in interest rates and currency markets. There can be no assurance that the combination of industry trends, and currency and interest rates experienced by the Group in the future will not adversely affect its financial condition and results of operations.

In particular, income from the Group's finance and treasury operations is dependent upon the interest rate, the currency environment and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial condition and results of operations.

Cashflow and Liquidity

From time to time, the Group accesses short-term and long-term bank and debt capital markets to obtain financing. The availability of financing with acceptable terms and conditions may be impacted by many factors which include, among others, liquidity in the global and regional banking and debt capital markets and the Group's credit ratings. Although the Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings, the Group's actual credit ratings may depart from these levels due to economic circumstances. If the liquidity in the capital markets declines and/or credit ratings of the Group decline, the availability and cost of borrowings could be affected and thereby impact the Group's financial condition and results of operations.

Currency Fluctuations

The Group reports its results in Hong Kong dollars but its subsidiaries and associated companies in various countries around the world receive revenue and incur expenses in approximately 46 different local currencies. The Group's subsidiaries and associated companies may also incur debt in these local currencies. The Group is thereby exposed to the potentially adverse impact of currency fluctuations on translation of the accounts and debts of these subsidiaries and associated companies and also on the repatriation of earnings, equity investments and loans. Although the Group actively manages its currency exposures, depreciation or fluctuation of the currencies in which the Group conducts its operations relative to the Hong Kong dollar could adversely affect the Group's financial condition and results of operations.

Risk Factors

Crude Oil and Natural Gas Markets

Husky Energy's results of operations and financial condition are dependent on the prices received for its crude oil and natural gas production. Lower prices for crude oil and natural gas could adversely affect the value and quantity of Husky's oil and gas reserves. Prices for crude oil are based on world supply and demand. Supply and demand can be affected by a number of factors including, but not limited to, actions taken by Organisation of Petroleum Exporting Countries ("OPEC"), non-OPEC crude oil supply, social conditions in oil producing countries, the occurrence of natural disasters, general and specific economic conditions, prevailing weather patterns and the availability of alternate sources of energy. Husky's natural gas production is located entirely in Western Canada and is, therefore, subject to North American market forces. North American natural gas supply and demand is affected by a number of factors including, but not limited to, the amount of natural gas available to specific market areas either from the well head or from storage facilities, prevailing weather patterns, the price of crude oil, the U.S. and Canadian economies, the occurrence of natural disasters and pipeline restrictions. Volatility in crude oil and natural gas prices could adversely affect the Group's financial condition and results of operations.

Highly Competitive Markets

The Group's principal business operations face significant competition across the diverse markets in which they operate. New market entrants, the intensification of price competition by existing competitors, product innovation or technological advancement could adversely affect the Group's financial condition and results of operations. Competitive risks faced by the Group include:

- vertical integration of international shipping lines, who are major clients of the Group's port operations. Shipping lines are increasingly investing in seaports and in their own dedicated terminal facilities and, going forward, may not require the use of the Group's terminal facilities;
- aggressive tariff plans and customer acquisition strategies by telecommunications competitors may impact the Group's pricing plans, customer acquisition and retention costs, rate of customer growth and retention prospects and hence the revenue it receives as a major provider of telecommunications services;
- risk of competition from disruptive alternate telecommunications or energy technologies and potential competition in the future from substitute telecommunications or energy technologies being developed or to be developed;
- increasing competition in property investment and development in the Mainland, which may result in lower returns achieved on the Group's property businesses; and
- expected continuous significant competition and pricing pressure from retail competitors, which may adversely affect the financial performance of the Group's retail operations.

Retail Product Liability

The Group's retail operations may be subject to product liability claims if people are harmed by the products our retail operations sell. Our customers count on us to provide them with safe products. Concerns regarding the safety of food and non-food products that we source from our wide variety of suppliers could cause shoppers to avoid purchasing certain products from us, even if the basis for the concern is outside of our control. Claims, recalls or actions could be based on allegations that, among other things, the products sold by our retail operations are misbranded, contain contaminants or impermissible ingredients, provide inadequate instructions regarding their use or misuse, include inadequate warnings concerning flammability or interactions with other substances or in the case of any handset and other electrical devices that we sell, are not fit for purpose or pose a safety hazard. While we have maintained product liability insurance coverage in amounts and with deductibles that we believe is prudent, there can be no assurance that the coverage will be applicable and adequate to cover all possible adverse outcomes of claims and legal proceedings against us. Any material shortfall in coverage may have an adverse impact on our retail operations' results of operations. Further, any lost confidence on the part of our customers would be difficult and costly to re-establish. As such, any material issue regarding the safety of any food and non-food items we sell, regardless of the cause, could adversely affect our retail operations' results of operations.

Strategic Partners

The Group conducts some of its businesses through non-wholly-owned subsidiaries, associated companies and jointly controlled entities in which it shares control (in whole or in part) and has formed strategic alliances with certain leading international companies, government authorities and other strategic partners. There can be no assurance that any of these strategic or business partners will wish to continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non-wholly-owned subsidiaries, associated companies and jointly controlled entities and the markets in which they operate. Furthermore, other investors in the Group's non-wholly-owned subsidiaries, associated companies and jointly controlled entities may undergo a change of control or financial difficulties which may affect the Group's financial condition and results of operations.

Future Growth

The Group continues to cautiously expand the scale and geographical spread of its businesses through investment in organic growth and selective acquisitions. Success of the Group's acquisitions will depend, among other things, on the ability of the Group to realise the expected synergies, cost savings and growth opportunities upon integration of the acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the acquired businesses successfully and thereby not achieve the expected financial benefits, may not adversely affect the Group's financial condition and results of operations.

The Group has made substantial investments in acquiring 3G and 4G (LTE) licences and developing its mobile telecommunications networks in Europe, Australia, Hong Kong and Macau. In order to grow its customer base and increase its market share, the Group has made significant investments in customer acquisition costs in each of these markets. The Group may need to incur more capital expenditure to expand, improve or upgrade its mobile telecommunications networks, acquire additional licence spectrum, and incur more customer acquisition and retention costs to build the customer base and improve operating margins to a sufficient level in order to cover operating costs, customer acquisition and retention costs as well as capital expenditure requirements. If the Group is unable to further increase customer levels and operating margins, the cost of operating its mobile telecommunications businesses could increase the total investment and funding requirement for these businesses and impact the Group's financial condition and results of operations.

As at 31 December 2012, the Group had a total deferred tax asset balance of HK\$18,067 million, of which HK\$16,850 million were attributable to the Group's mobile telecommunications operations in the UK, Austria, Sweden and Denmark. The ultimate realisation of these deferred tax assets depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In the UK, Austria, Sweden and Denmark, taxation losses can be carried forward indefinitely. In addition, in the UK, the Group enjoys the availability of group relief in relation to taxation losses generated by its mobile telecommunications operations to offset taxable profits from its other businesses in the same period. If there is a significant adverse change in the projected performance and resulting cashflow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have an adverse effect on the Group's financial condition and results of operations.

Impact of National and International Regulations

As a global business, the Group is exposed to local business risks in several different countries, which could have an adverse effect on its financial condition or results of operations. The Group operates in many countries around the world, and one of its strategies is to expand outside its traditional market in Hong Kong. The Group is, and may increasingly become, exposed to different and changing political, social, legal and regulatory requirements at the national or international level, such as those required by the European Union ("EU") or the World Trade Organisation. These include:

- changes in tariffs and trade barriers;
- changes in taxation regulations and interpretations;

Risk Factors

Impact of National and International Regulations (continued)

- competition (anti-trust) law applicable to all of the Group's activities, including the regulation of monopolies and conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and law requiring the approval of certain mergers, acquisitions and joint ventures which could restrict the Group's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions;
- delays in the process of obtaining or maintaining licences, permits and governmental approvals necessary to operate certain businesses, particularly certain of the Group's infrastructure businesses and certain of its property development joint ventures in the Mainland;
- telecommunications (including but not limited to spectrum auction) and broadcasting regulations; and
- environmental laws and regulations.

There can be no assurance that the European institutions and/or the regulatory authorities of the EU member states in which the Group operates will not make decisions or interpret and implement the EU or national regulations in a manner that does not adversely affect the Group's financial condition and results of operations in the future.

Ports are often viewed by governments as critical national assets and in many countries are subject to government control and regulations. Regime changes or sentiment changes in less politically stable countries may affect port concessions granted to foreign international port operations, including the Group's port operations.

The Group's joint-venture property development projects in the Mainland are dependent on obtaining the approvals of a variety of governmental authorities at different levels, receipt of which cannot be assured. Changes in the governmental and economic policies may affect, among others, the level of investment and funding requirements from the Group in these joint-venture property development projects and henceforth the overall return attributable to the Group.

Husky Energy's business is subject to environmental laws and regulations similar to other companies in the oil and gas industry. Compliance with such legislation can require significant expenditures and failure to comply may result in imposition of fines and penalties and liability for clean-up costs and damages. There can be no assurance that changes to such regulations (including but not limited to environmental legislation requiring reductions in emissions) will not adversely affect Husky's, and therefore the Group's, financial condition and results of operations.

New policies or measures by governments, whether fiscal, regulatory or other competitive changes, may pose a risk to the overall investment return of the Group's infrastructure and energy businesses and may delay or prevent the commercial operation of a business with a resulting loss of revenue and profit.

The Group is only permitted to provide telecommunications services and operate networks under licences granted by regulatory authorities in individual countries. All of these licences have historically been issued for fixed terms and, in the main, subsequently renewed; however, further renewals may not be guaranteed, or the terms and conditions of these licences may be changed upon renewal. Due to changes in legislation, the Group's mobile telecommunications licences in the UK and Italy effectively provide for perpetual renewal rights. All of these licences contain regulatory requirements and carrier obligations regarding the way the Group must conduct its businesses, as well as regarding network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the licences. Decisions by regulators regarding the granting, amendment or renewal of licences to the Group or other parties (including spectrum allocation to other parties or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band), could result in the Group facing unforeseen competition, and could adversely affect the Group's financial condition and results of operations.

The Group's overall success as a global business depends, in part, upon its ability to succeed in different economic, social and political conditions. There can be no assurance that the Group will continue to succeed in developing and implementing policies and strategies that are effective in each location where it conducts business.

Accounting

The Hong Kong Institute of Certified Public Accountants ("HKICPA") is continuing its policy of issuing Hong Kong Financial Reporting Standards ("HKFRS") and interpretations which fully converge with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). HKICPA has issued and may in the future issue more new and revised standards and interpretations, including those required to conform with standards and interpretations issued from time to time by the IASB. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new HKFRS will not have a significant impact on the Group's financial condition and results of operations.

Impact of Regulatory Reviews

The Group and some of its subsidiaries and associated companies are listed on various stock exchanges around the world and all are subject to regulatory reviews of their various filings by the respective stock exchange's regulatory bodies. While all listed companies endeavour to comply with all regulatory requirements of the various stock exchanges and other authorities in the countries in which they operate, and obtain independent professional advice as appropriate, there can be no assurance that the regulatory bodies' review will not result in a disagreement with the companies' interpretations and judgements and that any required actions mandated by the authorities will not have a significant impact on the Group's reported financial position and results of operations.

Outbreak of Highly Contagious Disease

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS") in the Mainland, Singapore, Hong Kong, other Asian countries and Canada. The SARS outbreak had a significant adverse impact on the economies of the affected countries. Since then, there have been media reports regarding the spread of the H5N1 virus or "Avian Influenza A" among birds, poultry and in some cases, transmission of Avian Influenza A virus from animals to human beings, and also, the recent spread of H1N1 virus or "Swine Flu" among humans. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease. If such an outbreak were to occur, it may have an adverse impact on the Group's financial condition and results of operations.

Natural Disasters

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods and similar events and the occurrence of any of these events could disrupt the Group's business and materially and adversely affect the Group's financial condition and results of operations. For example, the Mainland experienced earthquakes that caused significant property damage and loss of life in 2008 and 2010. Other major natural disasters include severe floods in Pakistan and the Mainland in 2010 and in Australia in 2010 and 2011.

Although the Group has not experienced any major structural damage to property development projects or ports or other facilities from earthquakes to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to the Group's property development projects or ports or other facilities on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's financial condition and results of operations.

Past Performance and Forward Looking Statements

The performance and the results of operations of the Group contained within this Annual Report are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within this Annual Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this Annual Report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Environmental, Social and Governance Report

Hutchison Whampoa has roots dating back to the 1800s and is committed to the long-term sustainability of its global businesses and the local communities in which it does business. HWL has over 250,000 employees in over 50 countries around the globe, many of them, in addition to working diligently to deliver quality products and services to our customers, are also making substantial contributions to the community. In 2012, HWL garnered over 2,000 industry awards including Asia's Best Conglomerate. To see the list of awards our companies have won over the past year, please visit our website: www.hutchison-whampoa.com. These awards recognise our effort to protect the environment, our contribution to medical care and cultural festivities and our overall corporate governance.

HWL's Environmental, Social and Governance ("ESG") Committee, chaired by an Executive Director with representatives from key departments of the Company including Human Resources, Corporate Affairs, Information Services, Management Services and Legal, will continue its key focus areas in the coming year of environment, staff development and training, and community involvement. In the coming year, the Committee will conduct a series of campaigns to enhance the efficient use of energy and other resources through recycling and reduction in consumption. The Committee also hopes to bring colleagues across the Group closer together through friendly competitions. Last year's initiatives of environmental awareness activities were well received and participated by employees at all levels across the Group. The ESG Committee will continue to formulate guidelines and spearhead initiatives that can be implemented on a company-wide level.

I. Stakeholder Engagement

"HWL is committed to enhancing long-term shareholder value through regular communication with its shareholders, both individual and institutional."

-HWL Shareholder Communication Policy

HWL's businesses span over 50 countries in an array of industries. Each country and locality face different economic situations, have different traditions and mores, and unique priorities. In order to bridge and balance the views of different people, HWL understands the importance of developing long-term relationships and constant dialogues with the various stakeholders. These include shareholders, customers, employees, suppliers, creditors, regulators, and the Government.

Shareholders

In 2012, the Group has updated its Shareholder Communication Policy in order to further strengthen dialogue, and expand channels of communication with our shareholders.

The Group carries on periodic discussions with the financial community including analysts, fund managers and other investors, to increase our transparency to the market. Shareholders are also encouraged to participate in shareholders' meetings physically or proxies to attend and vote at the meetings.

The Shareholder Communication Policy is available on our corporate website: www.hutchison-whampoa.com.



Staff and families enjoy an outing together.

Customers

Customer feedback is invaluable as the Group operates in extremely competitive markets. Various operating companies have a number of channels to solicit customer comments and recommendations such as customer service centres, focus groups, and where appropriate, social networking tools. An increasing number of our retail customers are now getting the latest news and information of our products and services through social media pages and apps on their smartphones.

Employees

The HWL family numbers over 250,000 employees who work in over 50 countries worldwide. HWL is committed to providing staff training and development programmes designed to help our employees to enhance their knowledge and skills as well as self-enrichment. These employees who embody the virtue of team spirit are the backbone of our businesses. As the Group continues its expansion, opportunities abound worldwide for industrious and hardworking employees in numerous sectors and industries.

In 2012, Hutchison Telecommunication Hong Kong Holdings ("HTHKH") was named an Asia's Best Employer Brand by Employer Branding Institute while ICI PARIS XL Belgium was awarded Excellence in employee engagement.

3 Italia was also recognised with a Family & Work Award for its programme for its employees by the Lombardy Region. In Canada, Husky Energy was named Employer of Excellence by the Saskatchewan Association of Rehabilitation Centres recognising Husky Energy's commitment in assisting individuals with disabilities obtain meaningful employment. These are just some of the many awards recognising the Group's efforts in this area.

Suppliers and Creditors

As a multinational operating in numerous jurisdictions, upholding laws and regulations that are relevant to the businesses is a top priority for HWL. HWL Head Office has implemented a policy on vendors and suppliers based on the United Nations Global Compact. These requirements on our partners include non-discriminatory hiring and employment practices, a safe and healthy workplace, compliance with environmental laws and prohibition of child labour.

HWL continues to monitor international best practices and adopts those that are relevant to its businesses.

Government

The Group operates in a range of sectors and industries, including ports, property, hotels, retail, infrastructure, energy, and telecommunications. Many of these industries are subject to the jurisdictions of local and international regulators.

Along with different government laws, rules and regulations, each operating company makes tremendous effort to ensure that it is compliant with the relevant local laws and customs.

II. Workplace Quality

"The Group is committed to providing a work environment that is free from all forms of discrimination on the basis of race, ethnicity, gender, creed, religion, age, disability or sexual preference."

-HWL Employment Policy

Working Conditions

Year 2012 is marked by continued economic and financial uncertainties in many markets. Even so, over the past year, HWL has been growing organically and through acquisitions. In order to retain talent, the Group invests and rewards employees according to their performance and productivity. HWL is proud of its team of highly motivated employees, which has enabled the Group to take advantage of opportunities as they arise. Employees' remuneration is reviewed individually on an annual basis to ensure the packages are fair and competitive. HWL provides comprehensive medical, life and disability insurance coverage and retirement schemes. To promote camaraderie across the Group, employees also enjoy a wide range of product and service discounts offered by various Group companies.



PARKnSHOP launches a food donation programme with Food Angel to help the needy.

Environmental, Social and Governance Report

Health and Safety

A safe, effective and congenial work environment is important to protecting our most important asset, our staff. In addition to observing the international labour standards and laws where each business operates, many operating companies also have internal guidelines and systems specific to their industries to protect and ensure the health and safety of our employees. Some companies have teams dedicated to workplace safety, sourcing and providing appropriate tools and training to employees to discharge their duties. Power Assets, for example, won safety awards granted by the British Safety Council, Hong Kong's Occupational Safety and Health Council among others. Across the Pacific, Husky Energy employs a systematic approach to study operating practices and develop a consensus on the best and safest practices. Husky Energy also developed an on-line safety orientation for its staff and contractors. Last year also marked the inaugural CEO's Awards of Excellence for Process and Occupational Safety for accomplishments in 2011 at Husky Energy.

Development and Training

The Group is committed to the personal development of its employees as well as their professional growth, and invests heavily in its people. Dedicated and motivated employees across the Group are provided with development and advancement opportunities as the Group expands its businesses worldwide.

Each division is responsible for developing their own training to meet specific business requirements. These trainings take numerous forms including internal and external training courses, e-learning modules that are designed to challenge employees and broaden their skill sets, and on-the-job training. Tailor-made programmes help employees meet the ever changing needs of the marketplace in their specific business arena, and give them the tools to stay competitive. These programmes include IT skills, presentation techniques for managers, sales and customer service. Some of the Group's companies also provide educational subsidies and study leave for employees looking to deepen their knowledge on studies relevant to their jobs or functions.

In addition, HWL provides continuous professional development training to its directors and senior management to develop and refresh their knowledge and skills. These include workshops and seminars on leadership development, corporate governance practices as well as updates on regulatory developments and requirements.

Employees are important assets of the Group. HWL believes that investing in employees is essential to the future strength and success of its business.

Recruitment and Promotion

The Group believes in nurturing and developing top talents regardless of race, colour, gender, age, or religious belief. The Group has a policy to ensure all employees and job applicants enjoy equal opportunities and fair treatment. Operating in over 50 countries worldwide, the Group is made stronger through diversity and values the input and contributions by people of all backgrounds.

The Group deploys stringent recruitment procedures to prevent child or forced labour.

Fellowship and Camaraderie

As part of our corporate culture and commitment to our employees, numerous activities are organised throughout the year to promote camaraderie and morale amongst staff.



3 Ireland launches the 2012 'Walk of Dreams' to raise funds for community projects.

In Hong Kong, the Head Office organises activities and volunteering opportunities that bring together employees from different divisions to promote team spirit as well as service to the public. Individual operating companies also organise numerous activities and events to serve the local communities. Numerous operating companies also have innovative activities for their staff. These range from bowling tournaments organised by the Group and table tennis tournaments organised by the Harbour Plaza Hotels to Yoga and Thai-boxing courses by the A S Watson Group.

Continuing an annual tradition, the Group held a fun day at a local amusement park for its Hong Kong employees and their families. Approximately 7,000 employees and their families joined a day of fun and fellowship with colleagues in other business sectors. The Company also organised outings for staff and their families to outlying islands of Hong Kong.

III. Environmental Protection

"HWL is committed to minimising the impact of existing business activities on the environment..."

-HWL Group Policy

In order to enhance our operational efficiencies and reduce our environmental impact, HWL companies continued to improve and implement environmental protection and energy efficiency programmes worldwide throughout 2012. Each major operating company has programmes that minimise the impact of their activities on the environment in different ways.

Below is a snapshot of some of the activities that the businesses of the Group engaged in across the globe.

Energy Efficiency

For the past several years, HWL has been rolling out an IT initiative to help decrease unnecessary printing by encouraging employees to delete unnecessary images, text or pages, saving toner, paper and reducing greenhouse gases. This green office initiative has reduced paper usage by around 13% and the company will continue to implement the system across the Group.

Across the Group, operating companies continue to strive to make their operations and logistic chains as energy efficient as possible. The infrastructure and energy divisions, being the larger energy usage divisions of the Group, run energy efficiency programmes, including using higher-efficiency lighting solutions, the latest communication technology and support tools in place of transportation.

Pollution Prevention and Emissions Reduction

Many of the Group's operating companies, especially those in the infrastructure and energy portfolios, have plans and metrics to reduce pollution and emissions throughout 2012. More detailed ESG and Sustainability reports are available on their individual websites.

Some of the notable accomplishments are highlighted below:

- Power Assets began a one-year wind monitoring campaign starting in March 2012 to collect meteorological and oceanographic data for a possible development of a 100MW wind farm on Hong Kong's territorial waters. Power Assets is also looking to expand its 550kW solar PV system in Lamma Power Station to 1MW by March 2013.
- Husky Energy unveiled its carbon dioxide (CO₂) capture and liquefaction project in Lloydminster. The facility converts approximately 250 tonnes of CO₂ produced by the ethanol plant into a high-pressure liquid.
- Cheung Kong Infrastructure and Power Assets invested A\$33.6 million (HK\$268.1 million) in a power transmission link in Victoria, Australia that will transport renewable energy from wind turbines at Mount Mercer Wind Farm to Victoria's power grid.



MP Rory Stewart supports 3 UK's launching of the Rural Broadband Working Group to identify isolated communities and provide free broadband service.

Environmental, Social and Governance Report

The following accomplishments, though smaller in scale, are equally significant in HWL's commitment to environmental protection.

- HK Electric is increasing the number of quick charging stations for electric vehicles across the territory.
- Hutchison Whampoa Property's ("HWPG") estate management companies are actively engaged with their residents to promote recycling and green projects such as used clothes collection and collecting for a food bank.
- In the UK, Harwich International Port became the first port to be included in the Source East Electric Vehicle Recharging Network and will be including electric vehicles into its operations.

Environmental Sustainability

Safeguarding natural resources and reducing wastage are done across the Group in all industries. Our colleagues have participated in different programmes with partners as well as initiated some internally to best save resources for future generations. Here are some of the initiatives that took place over 2012:

- Buerios Aires Container Terminal initiated an "Environment Taking Care Programme" which encouraged staff to segregate waste materials and donated to NGOs which use the money obtained from recycling the waste to help children in poor economic situations.
- In the UK, Superdrug launched "Plan It Earth", an initiative that offers guidance and updates related to sustainability to its staff. In addition, it undertook lighting and waste management improvement projects.
- In Hong Kong, HTHKH staff donated reused electrical home appliances, electronics, computers and books to the less privileged.
- HWPG is also an active participant across the region for its work in providing channels for recycling valuable resources such as electronic waste, clothing, and even moon cake tin cans.
- In Hong Kong, HK Electric's Clean Energy Fund encourages the application of renewable energy in school campuses across the territory.
- In Australia, CitiPower and PowerCor developed and published their Environmental Sustainability Strategy. It outlines the vision, objectives and priorities to be an industry leader in sustainable environmental management.



Jakarta International Container Terminal's community building event for students in Indonesia.

Protection of the Environment and Natural Habitats

Protecting natural habitats for future generations is also an important part of many Group companies' initiatives. Some of these programmes are detailed below:

Husky Energy, one of Canada's largest petroleum companies, has been an ongoing patron to the local species conservation efforts. With the company's support, the Husky Energy Endangered Species Programme at the Calgary Zoological Society, has helped advance the conservation of some of Canada's most threatened species such as the burrowing owl, the black-footed ferret, the swift fox, the black-tailed prairie dog and the northern leopard frog.

Northumbrian Water is actively conserving and enhancing its natural environment by managing their Sites of Special Scientific Interest ("SSSI"). SSSIs are the UK's noted wildlife and geological sites.

In the Netherlands, Europe Container Terminals (ECT) sponsored the Foundation of South Holland Landscape which preserves areas in South Holland. In addition to organising excursions with expert guides for its staff, ECT contributed to the construction of a modern, wheelchair friendly visitor centre at Tenellapas so that more people can enjoy nature's beauty.

CitiPower and Powercor partnered with Landcare in Australia to support combined school and community environmental projects. Their Landcare programme includes support for wildlife breeding projects, indigenous nurseries, soil carbon fixing projects and the revegetation and composting programmes.

IV. Operating Practices

"The Group's reputation, integrity and honesty are of the highest priority."

-HWL Group Policy

Supply Chain Management

The Group has stringent controls and holds laws and regulations of each country with the utmost regard. We implement international best practices and conduct fair and unbiased tender processes. We also take steps to ensure that our partners and suppliers do not employ child labour or abuse human rights.

As one of the largest health and beauty retailers in the world, A S Watson joined the Business Social Compliance Initiative ("BSCI") in 2008, a major Brussels-based organisation that promotes SA8000 accreditation and International Labour Organisation Core Conventions. In addition to BSCI audits, A S Watson also conducts internal workshops to raise awareness of BSCI in different business units.



Harbour Plaza North Point participates in the Soap Recycling Programme run by HelpOneFuture.

Consumer Protection

Protecting our consumers and to uphold their privacy are some of the top priorities of our employees. We have implemented strict data protection mechanisms to protect the confidentiality of our customers' data. In addition to guidelines and handbooks, the Group issues periodic reminders and run workshops to customer-facing employees to continuously stress and remind them of the importance of protecting personal data.

Anti-Corruption

The Group takes its anti-corruption responsibilities very seriously. In addition to the ongoing review of the effectiveness of the internal control systems across the Group, HWL has also conducted briefings with our updated Anti-Bribery and Anti-Corruption Policy.

Environmental, Social and Governance Report

V. Community Involvement

"We encourage our employees to play an active role in the communities where they live and work."

-HWL Group Policy

Giving Back to Society

HWL takes pride in giving back to the community. As a part of the community that we cherish, it is our responsibility to see to its well-being. In 2012, the Group's operating companies and employees worked hand-in-hand with their local communities in a variety of initiatives ranging from job creation to educating the next generation. Thirty-eight companies of the Group were named Caring Companies by the Hong Kong Council of Social Service, recognising their contributions to the community. The following are some examples of community activities that the Group was involved in during the year.



Husky Energy funds scholarships for engineers and expands the Husky Power Engineering Lab.

Community

The Group encourages and promotes volunteerism and encourages our employees to serve their communities in numerous ways. Some of these initiatives are highlighted below:

- HWL Volunteers, organised by the HWL Head Office, bring together like-minded individuals from across the Group's Hong Kong companies to pool their talents for the community. HWL Volunteers put on a range of activities for the community in conjunction with various social organisations such as the Education Bureau and the Hong Kong Family Welfare Society.
- A S Watson held the second A S Watson Global Volunteer Day with 36 business units participating. Activities included a staff charity bake sale by Superdrug in the UK and a Beach Cleaning effort by Watsons Malaysia.
- ICI PARIS XL Belgium raised €250,000 for the SOS Children's Village Foundation to build a children's home in Congo.
- In Italy, 3 Italia launched its 4G (LTE) network from Acuto, a small town 60km from Rome. The company started its service in a small town because it wants to help rural areas bridge the digital divide with the large cities.
- In the UK, 3 launched the Rural Broadband Working Group to identify isolated communities and provide free broadband to those that it need it most. This initiative is supported by local ministers.
- Since late 2011, staff from Zhuhai International Container Terminals have been visiting and helping poor and disabled families in rural areas. They continued their visits in 2012 to check up on the families and bring them gifts to celebrate important festivals.

Education

Young postgraduates from Hong Kong and the Mainland who wish to pursue their studies in the UK universities once again benefited from the Hutchison Chevening Scholarships. Over the past decade the Group has donated around £5 million, benefiting about 600 students.

Hutchison Port Holdings ("HPH") celebrates the 20th anniversary of the HPH Dock School Programme. The programme which started in Hong Kong has since spread to many HPH ports around the world, benefitting numerous schools, teachers and students, many from under-privileged families.



In Canada, Husky Energy announced it will donate C\$1.1 million over three years to Lakeland College's Centennial Campaign to help address a shortage of power engineers. A portion of the donation will go towards scholarships while the remainder will expand the College's Oil and Gas Training Lab, to be renamed the Husky Power Engineering Lab.

HK Electric promotes lifelong learning and volunteerism to retirees through the U3A Network.

HK Electric is very active in promoting lifelong learning and volunteerism through the University of Third Age (U3A) Network. They run programmes for senior citizens and retirees and help bridge the generation divide.

In Vietnam, Vietnamobile and Vietnam Fund will award 500 scholarships each year to poor students across 35 universities in the country.

Medical and Healthcare

Healthcare initiatives can be in many forms. From medical technologies to preventive exercises, all these are important to the well-being of our community. The following highlights activities that various companies within the Group have engaged in.

- With the goal of bringing a smile to seriously ill children, 3 Austria continued their support of CliniClowns that bring laughter to 37 Austrian hospitals.
- In Canada, Husky Energy donated new portable bedside monitors for emergency rooms at the Cold Lake Healthcare Centre.
- Harbour Plaza North Point took part in the Soap Recycling Programme run by HelpOneFuture. Hotel soap is collected, sanitised, recycled and distributed to those in need with the hope it will reduce child mortality through better sanitation across Asia.

Environmental, Social and Governance Report

Arts and Culture

In 2012, the Group held a variety of charitable activities in the arts and cultural arena, as highlighted by the following initiatives:

- In Indonesia, Jakarta International Container Terminal ("JICT") celebrated Eid-ul-Fitr, a Muslim holiday marking the end of Ramadan by giving donations to orphans and disadvantaged children in the area. In addition to the free gifts, JICT also provided 26 buses for members of the community to returning to their hometown for holiday to ride free. Meanwhile, Watsons Indonesia organised a Watsons Indonesia Culture and Heritage Nite to recognise its employees' hard work and promote internal communication.
- Many Hong Kong companies participated in the Dragon Boat Festival with racing teams as well as sharing rice dumplings with the community. Also in Hong Kong, Watsons Water supported numerous cultural and arts functions such as the Hong Kong Flower Show.

Sports

- In 2012, A S Watson Group celebrated the seventh anniversary of its Hong Kong Student Sports Awards, which involved at least 70% of the schools in Hong Kong. To date, 6,511 students in Hong Kong have benefited from the programme.
- At the Metro Charity Soccer King Cup, teams sponsored by Hong Kong businesses participated in the soccer tournament promoting the importance of sports and health and raised money for charity.
- HWL Volunteers helped organise the 36th HK Special Olympics Regional Athletic Meet promoting special Olympics in the community. Meanwhile, Metro Broadcast's employees let their feet do their talking with teams supporting the "Walk for Millions" by the Community Chest.
- Watsons Water supported Hong Kong athletes with a donation programme with every purchase of Watsons Water with fan registrations. The programme raised HK\$30,000 for the Hong Kong Paralympic Committee & Sports Association or the Physically Disabled.
- In Ireland, 3 launched the 2012 "Walk of Dreams" initiative in association with the John Giles Foundations. The funds raised will go into the club and community projects involving football throughout Ireland. In Austria, 3 asked its social media community to participate in the 3SuperAct. Each kilometre that 3's friends run, the company contributed €1 to the Austrian Paralympic Committee.
- In the UK, UK Power Networks' steady supply of power to the venues of the London 2012 Olympic and Paralympic Games kept the spotlight on the competitions.
- In Europe, ECT's team raised €28,000 in the 530 kilometre ECT Roparun. The charity run stretched between Rotterdam and Paris and raised money for people with cancer.



ICI PARIS XL Belgium raises funds for the SOS Children's Village Foundation to build a children's home in Congo.

Disaster Relief

The pain caused by natural disasters and accidents are felt not only by the victims but also by their communities. As stalwarts of their local communities, it is a testament to the heart and soul of the employees at HWL by how quickly and warmly they respond to such disasters.

Recently, an incident off the coast of Hong Kong Island resulted in the demise of 39 staff, families and friends of HK Electric on their way to view fireworks ringing on the National Day. Across the Group, companies sent in letters of encouragement as well as raised funds for the victims and their families. In a show of support, many of the businesses flew their flags half-mast and changed their websites' colours to black and white. Our thoughts continue to be with the families and friends of our colleagues and wish them well. HWL Chairman, Mr Li Ka-shing also offered his condolences to the victims and their families and instructed the Li Ka Shing Foundation to release HK\$30 million from the "Just In Time" fund to assist the families in their time of need.



3 Austria launches the 3SuperAct "Kindertraum" programme and donates to the Foundation Childhood Dream.

A Brighter Tomorrow

HWL's ESG objective is reflected in the HWL Volunteer's motto-the 3Hs, "Harmony, Health, and Happiness". We understand the importance of communication and the inter-exchange of ideas and viewpoints with our stakeholders. By working and supporting one another, we can build a better future, not just for the next generation but also for the generations to come.

Information on Directors

Biographical Details of Directors

LI Ka-shing

GBM, KBE, Commandeur de la Légion d'Honneur, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, aged 84, has been an Executive Director and Chairman of the Company since 1979 and 1981 respectively. He has been a member of the Remuneration Committee of the Company since March 2005. He is the founder and chairman of Cheung Kong (Holdings) Limited ("Cheung Kong"), a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), and chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation. He has been engaged in many major commercial developments in Hong Kong for more than 60 years. Mr Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities on the Mainland and overseas. Mr Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr Li has received Honorary Doctorates from Peking University, The University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr Li has been awarded Entrepreneur of the Millennium, the Carnegie Medal of Philanthropy and The Berkeley Medal. He is the recipient of many other major honors and awards from renowned institutions on the Mainland and abroad. Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor, Deputy Chairman of the Company, and the brother-in-law of Mr Kam Hing Lam, Executive Director of the Company.

LI Tzar Kuoi, Victor

aged 48, has been an Executive Director and Deputy Chairman of the Company since 1995 and 1999 respectively. He is managing director and deputy chairman of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO, chairman of Cheung Kong Infrastructure Holdings Limited ("CKI") and CK Life Sciences Int'l., (Holdings) Inc. ("CKLS"), an executive director of Power Assets Holdings Limited ("Power Assets") and co-chairman of Husky Energy Inc. ("Husky Energy"). Mr Li is also deputy chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation, and a director of The Hongkong and Shanghai Banking Corporation Limited. In addition, he is a director of Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1"), Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). He is also a director of Continental Realty Limited ("CRL"), Honourable Holdings Limited ("HHL"), Winbo Power Limited ("WPL"), Polycourt Limited ("PL") and Well Karin Limited ("WKL"). TUT1, TDT1, TDT2 and CRL are substantial shareholders of the Company within the meaning of Part XV of the SFO and HHL, WPL, PL and WKL are companies which have interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Mr Li serves as a member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Council for Sustainable Development of the Hong Kong Special Administrative Region and vice chairman of the Hong Kong General Chamber of Commerce. Mr Li is the Honorary Consul of Barbados in Hong Kong. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Structural Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr Li Tzar Kuoi, Victor is a son of Mr Li Ka-shing, Chairman of the Company, and a nephew of Mr Kam Hing Lam, Executive Director of the Company.

FOK Kin Ning, Canning

aged 61, has been an Executive Director and Group Managing Director of the Company since 1984 and 1993 respectively. He is chairman of Hutchison Harbour Ring Limited ("HHR"), Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL"), Power Assets and Hutchison Port Holdings Management Pte. Limited ("HPH Management") as trustee-manager of Hutchison Port Holdings Trust ("HPH Trust") and co-chairman of Husky Energy. He is also deputy chairman of CKI and a non-executive director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr Fok is also alternate director to a director of HTHKH. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Institute of Chartered Accountants in Australia.

CHOW WOO Mo Fong, Susan

aged 59, has been an Executive Director and Deputy Group Managing Director of the Company since 1993 and 1998 respectively. She is an executive director of CKI, HHR and Power Assets, a non-executive director of HTHKH and a director of HTAL. Mrs Chow is also alternate director to directors of each of CKI, Power Assets, HTAL and TOM Group Limited ("TOM"). She was previously a non-executive director of TOM and alternate director to a director of HPH Management as trustee-manager of HPH Trust. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

Frank John SIXT

aged 61, has been an Executive Director and Group Finance Director of the Company since 1991 and 1998 respectively. He is non-executive chairman of TOM. He is also an executive director of CKI and Power Assets, a non-executive director of Cheung Kong, HTHKH and HPH Management as trustee-manager of HPH Trust and a director of HTAL and Husky Energy. In addition, he is a director of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of DT2. Cheung Kong, TUT1, TDT1 and TDT2 are substantial shareholders of the Company within the meaning of Part XV of the SFO. He is also alternate director to directors of HTAL. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

LAI Kai Ming, Dominic

aged 59, has been an Executive Director of the Company since 2000. He is also deputy chairman of HHR, a non-executive director of HTHKH and a director of HTAL. He is also alternate director to directors of each of HHR, HTHKH and HTAL. He has over 29 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

KAM Hing Lam

aged 66, has been an Executive Director of the Company since 1993. He is deputy managing director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO, group managing director of CKI and president and chief executive officer of CKLS. He is also an executive director of Power Assets, chairman and a non-executive director of Hui Xian Asset Management Limited as manager of Hui Xian Real Estate Investment Trust. Mr Kam is an advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr Kam is the brother-in-law of Mr Li Ka-shing, Chairman of the Company, and the uncle of Mr Li Tzar Kuoi, Victor, Deputy Chairman of the Company.

The Hon Sir Michael David KADOORIE

GBS, Officier de la Légion d'Honneur, Commandeur de l'Ordre de Léopold II, Commandeur de l'Ordre des Arts et des Lettres, aged 71, has been a Director of the Company since 1995 and is currently an Independent Non-executive Director. He is chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels, Limited, as well as Heliservices (Hong Kong) Limited. He is also an alternate director of Hong Kong Aircraft Engineering Company Limited.

Holger KLUGE

aged 71, has been an Independent Non-executive Director of the Company since 2004. He is also a member of the Audit Committee and the Remuneration Committee of the Company. He worked 40 years for Canadian Imperial Bank of Commerce ("CIBC"), one of North America's largest financial institutions. From 1990 until his retirement in 1999, he was president and chief executive officer of CIBC's Personal and Commercial Bank. He is an independent non-executive director of Power Assets and chair of the board of directors of Shoppers Drug Mart Corporation. He holds a Bachelor of Commerce degree and a Master's degree in Business Administration.

Information on Directors

LEE Wai Mun, Rose

aged 60, has been an Independent Non-executive Director of the Company since 1 November 2012. She is an executive director, vice-chairman and chief executive of Hang Seng Bank Limited, and chairman and a member of its executive committee and nomination committee respectively. She is also chairman of Hang Seng Bank (China) Limited. In addition, she is group general manager of HSBC Holdings plc, a director of The Hongkong and Shanghai Banking Corporation Limited, an independent non-executive director of Swire Pacific Limited, chairman of the board of governors of Hang Seng Management College, chairman of the board of directors of Hang Seng School of Commerce, vice chairman of the China committee of the Hong Kong General Chamber of Commerce, vice president of The Hong Kong Institute of Bankers, a member of the advisory committee of the Centre for Transportation, Trade and Financial Studies of City University of Hong Kong, a member of the court of The Hong Kong University of Science and Technology, honorary treasurer and a member of the executive committee of the Hong Kong Shipowners' Association and a member of the board of trustees of Ho Leung Ho Lee Foundation. Ms Lee holds a Bachelor's degree in Business Administration.

LEE Yeh Kwong, Charles

GBM, GBS, OBE, JP, aged 76, has been a Non-executive Director of the Company since 18 January 2013. He was an Executive Director of the Company from 27 September 1979 to 11 March 1997. He is also a non-executive director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr Lee is chairperson of Hong Kong – Taiwan Economic and Cultural Co-operation and Promotion Council and a board member and campaign committee co-chairman of The Community Chest of Hong Kong. Mr Lee was a member of the Council of The Stock Exchange of Hong Kong Limited ("SEHK") from 1988 to 1991, and chairman of SEHK from 1992 to 1994. He was also chairman of Hong Kong Exchanges and Clearing Limited from 1999 to April 2006. He held a number of Government appointments, including member of the Executive Council of The Hong Kong Special Administrative Region Government from 1997 to 2002 and from October 2005 to June 2012. Mr Lee is one of the founders of the solicitor's firm Woo, Kwan, Lee & Lo, a major law firm in Hong Kong. He holds a Master's degree in law and is a qualified solicitor in both Hong Kong and the United Kingdom. He was awarded the degree of Doctor of Laws honoris causa by The Hong Kong University of Science and Technology, the degree of Doctor of Business Administration honoris causa by The Hong Kong Polytechnic University and the degree of Doctor of Social Sciences honoris causa by The University of Hong Kong and The Open University of Hong Kong respectively. He is also a qualified accountant and a chartered secretary.

George Colin MAGNUS

OBE, BBS, aged 77, has been a Director of the Company since 1980. He served as Deputy Chairman of the Company from 1984 to 1993, and is currently a Non-executive Director. He is also a non-executive director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO, and CKI, an independent non-executive director of Power Assets and a director (independent) of Husky Energy. He holds a Master's degree in Economics.

William Elkin MOCATTA

aged 60, has been Alternate Director to The Hon Sir Michael David Kadoorie, an Independent Non-executive Director of the Company, since 1997. He is chairman of CLP Power Hong Kong Limited and CLP Properties Limited. He is also vice chairman of CLP Holdings Limited and a director of The Hongkong and Shanghai Hotels, Limited. He is a Fellow of The Institute of Chartered Accountants in England and Wales.

William SHURNIAK

aged 81, has been a Director of the Company since 1984. He was a Non-executive Director of the Company from 1998 to 2011 and is an Independent Non-executive Director since 2011. He is also a member of the Audit Committee of the Company. He is a director (independent) and deputy chairman of Husky Energy. He has broad banking experience and he holds Honorary Doctor of Laws degrees from the University of Saskatchewan and The University of Western Ontario in Canada. He was awarded the Saskatchewan Order of Merit by the Government of Saskatchewan in 2009 and the Queen Elizabeth II Diamond Jubilee Medal by the Lieutenant Governor of Saskatchewan in 2012.

WONG Chung Hin

CBE, JP, aged 79, has been a Director of the Company since 1984 and is currently an Independent Non-executive Director. He is also Chairman of the Audit Committee and the Remuneration Committee of the Company. In addition, he is an independent non-executive director of The Bank of East Asia, Limited and Power Assets. He is a solicitor.

Changes in Information of Directors

Pursuant to Rule 13.51(B) of the Rules Governing the Listing of Securities on SEHK, the changes in information of Directors of the Company subsequent to the date of the 2012 Interim Report of the Company or the date of his/her appointment as Director of the Company (whichever is later) are set out below:

Name of Director	Details of Changes
Li Tzar Kuoi, Victor	Appointed as a member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China effective from March 2013 following the expiration of membership in the 11th National Committee Total emoluments increased by HK\$4,232,300 to HK\$51,261,748 compared to 2011
Fok Kin Ning, Canning	Total emoluments increased by HK\$8,975,593 to HK\$179,342,017 compared to 2011
Chow Woo Mo Fong, Susan	Resigned as alternate director to Mr Fok Kin Ning, Canning, chairman and a non-executive director of HPH Management as trustee-manager of HPH Trust⁽¹⁾, on 24 October 2012 Total emoluments increased by HK\$2,796,476 to HK\$47,581,989 compared to 2011
Frank John Sixt	Total emoluments increased by HK\$2,749,365 to HK\$45,469,894 compared to 2011
Lai Kai Ming, Dominic	Total emoluments increased by HK\$3,257,233 to HK\$42,696,472 compared to 2011
Kam Hing Lam	Appointed as an advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China in January 2013 Membership in the 11th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China expired in January 2013 Total emoluments increased by HK\$614,000 to HK\$10,709,004 compared to 2011
George Colin Magnus	Re-designated from a non-executive director to an independent non-executive director of Power Assets⁽²⁾ on 28 September 2012
Lee Wai Mun, Rose	Appointed as: - group general manager of HSBC Holdings plc⁽³⁾ on 28 January 2013 - chairman of the board of governors of Hang Seng Management College on 1 February 2013 - chairman of the board of directors of Hang Seng School of Commerce on 1 February 2013

Notes:

(1) A trust whose units are listed on the Main Board of Singapore Exchange Securities Trading Limited.

(2) A company whose shares are listed on the Main Board of SEHK.

(3) A company whose shares are listed on the Main Board of SEHK and on the London, New York, Paris and Bermuda Stock Exchanges.

Information on Directors

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

As at 31 December 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company for the year ended 31 December 2012 (the "Model Code") were as follows:

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

Long positions in the shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding
Li Ka-shing	Founder of discretionary trusts	Other interest	2,141,698,773 ⁽¹⁾)		
			)		
			)		
	Interest of controlled corporations	Corporate interest	93,554,000 ⁽²⁾)	2,235,252,773	52.4292%
			)		
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	2,141,698,773 ⁽¹⁾)		
			)		
	Interest of controlled corporations	Corporate interest	1,086,770 ⁽³⁾)		
			)		
			)		
	Interest of child	Family interest	300,000 ⁽⁴⁾)	2,143,085,543	50.2674%
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	6,010,875 ⁽⁵⁾	6,010,875	0.1410%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	190,000	190,000	0.0045%
Frank John Sixt	Beneficial owner	Personal interest	200,000	200,000	0.0047%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	50,000	50,000	0.0012%
Kam Hing Lam	Beneficial owner	Personal interest	60,000)		
			)		
	Interest of child	Family Interest	40,000)	100,000	0.0023%
Michael David Kadoorie	Founder, a beneficiary and/or a discretionary object of discretionary trust(s)	Other interest	15,984,095 ⁽⁶⁾	15,984,095	0.3749%
Holger Kluge	Beneficial owner	Personal interest	40,000	40,000	0.0009%
Lee Wai Mun, Rose	Beneficiary of a trust	Other interest	150,000	150,000	0.0035%
George Colin Magnus	Founder and beneficiary of a discretionary trust	Other interest	950,100 ⁽⁷⁾)		
			)		
			)		
			)		
	Beneficial owner	Personal interest	40,000)		
			)		
	Interest of spouse	Family interest	9,900)	1,000,000	0.0235%
William Shurniak	Beneficial owner	Personal interest	165,000	165,000	0.0039%

Notes:

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

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

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

As Mr Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies and the said shares of the Company held by the subsidiaries of Cheung Kong under the SFO as directors of Cheung Kong.

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

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

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

As Mr Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 under the SFO as Directors of the Company.

- (2) Such shares were held by certain companies of which Mr Li Ka-shing is interested in the entire issued share capital.
- (3) Such shares were held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (4) Such shares were held by a company in which a child of Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of voting power at its general meetings.
- (5) Such shares were held by a company which is equally controlled by Mr Fok Kin Ning, Canning and his spouse.
- (6) Such shares were ultimately held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.
- (7) Such shares were indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and a discretionary beneficiary.

Information on Directors

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

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

As at 31 December 2012, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

- (i) 1,912,109,945 ordinary shares, representing approximately 76.61% of the then issued share capital, in CKI of which 1,906,681,945 ordinary shares were held by a wholly owned subsidiary of the Company and 5,428,000 ordinary shares were held by TUT1 as trustee of UT1;
- (ii) 3,185,136,120 ordinary shares, representing approximately 66.10% of the then issued share capital, in HTHKH of which 52,092,587 ordinary shares and 3,132,890,253 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3;
- (iii) 829,599,612 ordinary shares, representing approximately 38.87% of the then issued share capital, in Power Assets which shares were held by certain wholly owned subsidiaries of CKI;
- (iv) 2,423,888,908 ordinary shares, representing approximately 62.26% of the then issued share capital, in TOM of which
 - (a) 476,341,182 ordinary shares and 952,683,363 ordinary shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively; and
 - (b) 994,864,363 ordinary shares charged by Cranwood Company Limited and its subsidiaries in favour of the Company as security;
- (v) 334,141,932 common shares, representing approximately 34.02% of the then issued share capital, in Husky Energy held by a wholly owned subsidiary of the Company; and
- (vi) all interests in shares, underlying shares and/or debentures in all associated corporations of the Company.

As Mr Li Ka-shing is the settlor of a discretionary trust and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of that discretionary trust, for the purpose of the SFO Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 349,869,015 common shares, representing approximately 35.62% of the then issued share capital, in Husky Energy which were held by a company indirectly owned by Mr Li Ka-shing and the trustee of a discretionary trust as aforementioned.

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

In addition, Mr Li Ka-shing had, as at 31 December 2012, corporate interests in (i) a nominal amount of US\$9,100,000 in the 6.625% Guaranteed Perpetual Capital Securities issued by PHBS Limited; and (ii) 403,979,499 ordinary shares, representing approximately 8.38% of the then issued share capital, in HTHKH, which were held by companies of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2012, the following interests:

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

Mr Fok Kin Ning, Canning had, as at 31 December 2012, the following interests:

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

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

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2012, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTHKH.

Mr Frank John Sixt had, as at 31 December 2012, the following interests:

- (i) personal interests in (a) 1,000,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HTAL; (b) 17,000 American depositary shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTHKH; (c) 38,635 common shares, representing approximately 0.004% of the then issued share capital, in Husky Energy; and (d) a nominal amount of US\$1,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by HWI(10); and
- (ii) corporate interests in a nominal amount of US\$1,000,000 in the 5.90% Notes due 2014 issued by Husky Energy.

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

Information on Directors

Mr Kam Hing Lam had, as at 31 December 2012, the following interests:

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

Mr Holger Kluge in his capacity as a beneficial owner had, as at 31 December 2012, personal interests in 20,000 common shares, representing approximately 0.002% of the then issued share capital, in Husky Energy.

Ms Lee Wai Mun, Rose had, as at 31 December 2012, 43,117 common shares, representing approximately 0.004% of the then issued share capital, in Husky Energy comprising corporate interests in 10,000 common shares held through a company of which Ms Lee Wai Mun, Rose is interested in the entire issued share capital, other interest in 483 common shares held by a trust of which Ms Lee is a beneficiary and other interest in 32,634 common shares held jointly with another person.

Mr George Colin Magnus had, as at 31 December 2012, the following interests:

- (i) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in HTHKH comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and
- (ii) personal interests in 30,000 common shares and 12,011 unlisted and physically settled Deferred Share Units (each representing one common share), in aggregate representing approximately 0.004% of the then issued share capital, in Husky Energy held in his capacity as a beneficial owner.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2012, personal interests in 19,159 common shares, representing approximately 0.002% of the then issued share capital, in Husky Energy.

Save as disclosed above, as at 31 December 2012, none of the Directors or chief executive of the Company or their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and SEHK pursuant to the Model Code.

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

Directors' Interests in Competing Business

During the year ended 31 December 2012, the following Directors of the Company had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name of Director	Name of Company	Nature of Interest	Nature of Competing Business
Li Ka-shing	Cheung Kong	Chairman	- Property and hotels - Infrastructure
Li Tzar Kuoi, Victor	Cheung Kong	Managing Director and Deputy Chairman	- Property and hotels - Infrastructure
	CKI	Chairman	- Infrastructure
	CKLS	Chairman	- Retail (research and development, manufacturing, commercialisation, marketing and selling of health and agriculture-related products)
	Power Assets	Executive Director	- Infrastructure - Energy
	Husky Energy	Co-Chairman	- Energy
Fok Kin Ning, Canning	Cheung Kong	Non-executive Director	- Property and hotels - Infrastructure
	CKI	Deputy Chairman	- Infrastructure
	Power Assets	Chairman	- Infrastructure - Energy
	HHR	Chairman	- Property
	HTAL	Chairman	- Telecommunications
	Husky Energy	Co-Chairman	- Energy
	HPH Management	Chairman	- Ports and related services
Chow Woo Mo Fong, Susan	CKI	Executive Director	- Infrastructure
	Power Assets	Executive Director	- Infrastructure - Energy
	HHR	Executive Director	- Property
	HTAL	Director	- Telecommunications
	TOM	Alternate Director	- Telecommunications (Internet and e-commerce)
	HPH Management	Alternate Director ⁽¹⁾	- Ports and related services

Information on Directors

Name of Director	Name of Company	Nature of Interest	Nature of Competing Business
Frank John Sixt	Cheung Kong	Non-executive Director	- Property and hotels - Infrastructure
	CKI	Executive Director	- Infrastructure
	Power Assets	Executive Director	- Infrastructure - Energy
	HTAL	Director	- Telecommunications
	Husky Energy	Director	- Energy
	TOM	Non-executive Chairman	- Telecommunications (Internet and e-commerce)
	HPH Management	Non-executive Director	- Ports and related services
Lai Kai Ming, Dominic	HHR	Deputy Chairman	- Property
	HTAL	Director	- Telecommunications
Kam Hing Lam	Cheung Kong	Deputy Managing Director	- Property and hotels - Infrastructure
	CKI	Group Managing Director	- Infrastructure
	CKLS	President and Chief Executive Officer	- Retail (research and development, manufacturing, commercialisation, marketing and selling of health and agriculture-related products)
	Hui Xian Asset Management Limited	Chairman	- Property and hotels
	Power Assets	Executive Director	- Infrastructure - Energy
George Colin Magnus	Cheung Kong	Non-executive Director	- Property and hotels - Infrastructure
	CKI	Non-executive Director	- Infrastructure
	Power Assets	Non-executive Director ⁽²⁾	- Infrastructure - Energy

Notes:

- (1) Mrs Chow Woo Mo Fong, Susan was an alternate director to Mr Fok Kin Ning, Canning, chairman of HPH Management, from 1 January 2012 to 23 October 2012.
- (2) Mr George Colin Magnus was a non-executive director of Power Assets from 1 January 2012 to 27 September 2012 who was then re-designated as an independent non-executive director on 28 September 2012.

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

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

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

Save for the consent granted by the Company in 2008 to the establishment of a joint venture between Hutchison Global Communications Limited (an indirect wholly owned subsidiary of HTHKH) and the Philippine Long Distance Telephone Company Group under the co-operation agreement dated 12 March 2008 for operating a mobile virtual network operator/reseller business in Italy, the exclusive territory of the HTHKH Group comprised Hong Kong and Macau whereas the exclusive territory of the Group (which in substance including those of the HTIL Group following the privatisation of HTIL in 2010) comprised all the remaining countries of the world.

Information on Senior Management

Biographical Details of Senior Management

The Company is engaged in six core businesses, each with a Managing Director who oversees the operations of the relevant business, with his own team of executives, under the guidance of the Board and supported by executives from the head office of the Company. The senior management of the Company comprises the Managing Directors of these core businesses and the executives in charge of major head office functions of the Company.

CHAN Kim Sing

aged 60, has been Group Treasurer of the Company since 1999. He has been with the Hutchison Whampoa Limited Group (the "Group") for over 19 years. Before joining the Company, Mr Chan has worked in the banking industry for 22 years in lending, securities trading and investment and fund management in Hong Kong and overseas. He holds a Master of Applied Finance degree. He is a member of the Hong Kong Institute of Bankers and the Chartered Institute of Bankers in England.

CHEUNG Kwan Hoi

aged 48, has been Group Deputy Chief Financial Officer of the Company since 2011. He has been with the Group for over 15 years in various finance and accounting roles and has over 24 years of experience in accounting and finance. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Management Science. He is a member of the Institute of Chartered Accountants in England & Wales and a member of the Hong Kong Institute of Certified Public Accountants.

CHOW Wai Kam, Raymond

JP, aged 65, has been Group Managing Director of Hutchison Whampoa Properties Limited, the real estate arm of the Group, since 2000. He has been with the Group since 1995 and has over 30 years of experience in project management and architectural design for various developments, including hotel, residential, commercial, industrial and school projects in Hong Kong, China and overseas. He holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect and List 1 Authorised Person.

KAM Hing Lam

aged 66, has been an Executive Director of the Company since 1993. He is also Deputy Managing Director of Cheung Kong (Holdings) Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is the founding Group Managing Director of Cheung Kong Infrastructure Holdings Limited, the infrastructure arm of the Group, and the founding President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. He is also an Executive Director of Power Assets Holdings Limited, Chairman and a Non-executive Director of Hui Xian Asset Management Limited as manager of Hui Xian Real Estate Investment Trust. Prior to joining the Group, Mr Kam had more than 20 years of experience in senior and regional capacities at major US multinational companies, including Johnson and Johnson, American Express and Levi Strauss. Mr Kam holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. He is the brother-in-law of Mr Li Ka-shing, Chairman of the Company, and the uncle of Mr Li Tzar Kuoi, Victor, Deputy Chairman of the Company.

LAI Kai Ming, Dominic

aged 59, has been an Executive Director of the Company since 2000. He is Group Managing Director of the A.S. Watson Group, the retail arm of the Group, and has been with the Group for over 18 years. He is also Deputy Chairman of Hutchison Harbour Ring Limited ("HHR"), a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") and a Director of Hutchison Telecommunications (Australia) Limited ("HTAL") as well as Alternate Director to directors of each of HHR, HTHKH and HTAL. He has over 29 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

LUI Pok Man, Dennis

aged 62, has been Deputy Chairman and a Non-executive Director of HTHKH since 2009. He is also currently responsible for overseeing the telecommunications operations of the Company in Austria, Indonesia, Ireland, Sri Lanka and Vietnam. He has been with the telecommunications arm of the Company for over 26 years in various positions in a number of countries. He has over 27 years of experience in the telecommunications industry. He holds a Bachelor of Science degree.

John Edward Wenham MEREDITH

CBE, aged 74, has been Group Managing Director of Hutchison Port Holdings Limited, the Company's ports division, since 1972. He is also Deputy Chairman and a Non-executive Director of Hutchison Port Holdings Management Pte. Limited as trustee-manager of Hutchison Ports Holdings Trust. He has been with the Group for over 40 years and has over 50 years of experience in the maritime and container ports industry, well-known in the maritime industry and a pioneer in containerisation. He graduated from the University of Southampton as a Master Mariner and holds an honorary Doctor of Laws degree awarded by the University of Western Ontario in Canada.

Edith SHIH

aged 61, has been Head Group General Counsel of the Company since 1993 and its Company Secretary since 1997. She is also an Executive Director of HHR, a Non-executive Director of Hutchison China MediTech Limited and Alternate Director to a director of HHR and Director and Company Secretary of various Group companies. She has been with the Company for over 22 years and has over 30 years of experience in the legal, regulatory, compliance and corporate secretarial fields. She holds a Bachelor of Science degree in Education, a Master of Arts degree in Education, a Master of Arts degree in Teaching of English and a Master of Education degree in Applied Linguistics. She is a qualified solicitor in England and Wales, Hong Kong and Victoria, Australia and a Fellow of The Institute of Chartered Secretaries and Administrators in the United Kingdom and of The Hong Kong Institute of Chartered Secretaries.

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.

Report of the Directors

- (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.

Report of the Directors

"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.

Report of the Directors

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.

- (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⁾ £	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.

(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 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;

Report of the Directors

- (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\$	Price of HHR Share 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:

- (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.

Report of the Directors

- (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

Corporate Governance Report

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries (the "Group") as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied sound corporate governance principles that emphasise a quality board of Directors (the "Board"), effective internal controls, stringent disclosure practices and transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

The Stock Exchange of Hong Kong Limited made certain amendments to the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and renamed it the Corporate Governance Code (the "Revised Code", together with the former code as the "CG Code") with effect from 1 April 2012.

The Company has complied throughout the year ended 31 December 2012 with all the code provisions of the CG Code applicable during the year, other than those in respect of the nomination committee and the attendance of non-executive directors at general meeting of the Revised Code. The reasons for deviation are explained below in this report.

THE BOARD

Corporate Strategy

The primary objective of the Company is to enhance long-term total return for our shareholders. To achieve this objective, the Group's strategy is to place equal emphasis on achieving sustainable recurring earning growth and maintaining the Group's strong financial profile. The Chairman's Statement and the Operations Review contain discussions and analyses of the Group's performance and the basis on which the Group generates or preserves value over the longer term and the basis on which the Group will execute its strategy for delivering the Group's objective.

Role of the Board

The Board, which is accountable to shareholders for the long-term performance of the Company, is responsible for directing the strategic objectives of the Company and overseeing the management of the business. Directors are charged with the task of promoting the success of the Company and making decisions in the best interest of the Company.

The Board, led by the Chairman, Mr Li Ka-shing, approves and monitors Group-wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Company ("Management"). Management is responsible for the day-to-day operations of the Group under the leadership of the Group Managing Director.

Board Composition

As at 31 December 2012, the Board comprised 13 Directors, including the Chairman, Deputy Chairman, Group Managing Director, Deputy Group Managing Director, Group Finance Director, two Executive Directors, one Non-executive Director and five Independent Non-executive Directors.

During 2012, Ms Margaret Leung Ko May Yee resigned as an Independent Non-executive Director on 30 September 2012 and Ms Lee Wai Mun, Rose was appointed as an Independent Non-executive Director on 1 November 2012.

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

Ms Lee Wai Mun, Rose possesses extensive banking, finance and management experience in Hong Kong as well as mainland China and satisfies the independence requirement under the Listing Rules.

Mr Lee Yeh Kwong, Charles, who was an Executive Director of the Company from 1979 to 1997 with in-depth knowledge in the business operations of the Group, is renowned locally and internationally for his expertise in legal field and involvement in the international capital markets.

The Board considered that additional Directors with experience in the capital markets, financing, legal and retail sectors would complement the existing Board and believed that the appointment of Ms Lee Wai Mun, Rose and Mr Lee Yeh Kwong, Charles could bring a different perspective which is to be of significant benefit to the Group.

Biographical details of the Directors are set out in the "Information on Directors" section on pages 96 to 99 and on the Group's website (www.hutchison-whampoa.com). A list setting out the names of the Directors and their roles and functions is posted on the websites of the Group and Hong Kong Exchanges and Clearing Limited ("HKEX").

The Board has assessed the independence of all the Independent Non-executive Directors of the Company and considers all of them to be independent having regard to (i) their annual confirmation on independence as required under the Listing Rules, (ii) the absence of involvement in the daily management of the Company and (iii) the absence of any relationships or circumstances which would interfere with the exercise of their independent judgment. The number of Independent Non-executive Directors on the Board meets one-third requirement under the Listing Rules throughout the year.

Chairman, Deputy Chairman and Executive Directors

The roles of the Chairman and the Deputy Chairman are separate from that of the Group Managing Director. Such division of responsibilities helps to reinforce their independence and accountability.

The Chairman, assisted by the Deputy Chairman, Mr Li Tzar Kuoi, Victor, is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. The Chairman is responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors and the Company Secretary. With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly informed of issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders and other stakeholders, as outlined later in the report.

The Group Managing Director, Mr Fok Kin Ning, Canning, assisted by the Deputy Group Managing Director, Mrs Chow Woo Mo Fong, Susan, is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal manager of the Group's businesses, the Group Managing Director attends to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Group. Working with the Deputy Group Managing Director and the Group Finance Director, Mr Frank John Sixt, other Executive Directors and the executive management team of each core business division, he presents annual budgets to the Board for consideration and approval, and ensures that the Board is fully apprised of the funding requirements of the businesses of the Group. With the assistance of the Group Finance Director, the Group Managing Director sees to it that the funding requirements of the businesses are met and closely monitors the operating and financial results of the businesses against plans and budgets, taking remedial action if necessary. He maintains an ongoing dialogue with the Chairman, the Deputy Chairman and all Directors to keep them fully informed of all major business development and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

Board Processes

The Board meets regularly, and at least four times a year with meeting dates scheduled at the beginning of the year. Between scheduled meetings, senior management of the Group provides to Directors on a regular basis monthly updates and other information with respect to the performance, and business activities and development of the Group. Throughout the year, Directors participate in the consideration and approval of routine and operational matters of the Company by way of circular resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Company Secretary and other executives as and when required. Details of material or notable transactions of subsidiaries and associated companies are provided to the Directors as appropriate. Whenever warranted, additional Board meetings are held. In addition, Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas.

Corporate Governance Report

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Articles of Association of the Company and the Listing Rules, a Director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration abstains from voting on the relevant resolution and such Director is not counted for quorum determination purposes.

The Company held four Board meetings in 2012 with approximately 98% attendance. All Non-executive Directors (including Independent Non-executive Directors) attended the annual general meeting of the Company held on 25 May 2012 other than one Non-executive Director who was not in a position to attend due to a commitment overseas.

Name of Director	Board Meeting Attended/Eligible to Attend	2012 Annual General Meeting Attended
Chairman		
Li Ka-shing ⁽¹⁾	4/4	✓
Executive Directors		
Li Tzar Kuoi, Victor ⁽¹⁾ (<i>Deputy Chairman</i>)	4/4	✓
Fok Kin Ning, Canning (<i>Group Managing Director</i>)	4/4	✓
Chow Woo Mo Fong, Susan (<i>Deputy Group Managing Director</i>)	4/4	✓
Frank John Sixt (<i>Group Finance Director</i>)	4/4	✓
Lai Kai Ming, Dominic	4/4	✓
Kam Hing Lam ⁽¹⁾	3/4	✓
Non-executive Director		
George Colin Magnus	4/4	-
Independent Non-executive Directors		
Michael David Kadoorie	4/4	✓
Holger Kluge	4/4	✓
Lee Wai Mun, Rose ⁽²⁾	1/1	N/A
Margaret Leung Ko May Yee ⁽³⁾	3/3	✓
William Shumiak	4/4	✓
Wong Chung Hin	4/4	✓

Notes:

- (1) Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor and brother-in-law of Mr Kam Hing Lam.
- (2) Appointed on 1 November 2012.
- (3) Resigned on 30 September 2012.

In addition to Board meetings, the Chairman holds regular meetings with Executive Directors and at least two meetings with Non-executive Directors (including Independent Non-executive Directors) annually without the presence of Executive Directors. The Non-executive Directors (including Independent Non-executive Directors) freely provide their independent opinion to the Board.

All Non-executive Directors are engaged on service contracts for 12-month periods. All Directors are subject to re-election by shareholders at annual general meetings and at least about once every three years on a rotation basis in accordance with the Articles of Association of the Company. A retiring Director is eligible for re-election and re-election of retiring Directors at general meetings is dealt with by separate individual resolutions. No Director 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).

Shareholders may propose a candidate for election as Director in accordance with the Articles of Association of the Company. The procedures for such proposal are posted on the website of the Group.

Training and Commitment

Upon appointment to the Board, Directors receive a package of orientation materials on the Group and are provided with a comprehensive induction to the Group's businesses by senior executives.

The Company provides Continuous Professional Development ("CPD") training and relevant reading materials to Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on the relevant topics also counts toward CPD training.

The Directors are required to provide the Company with details of the CPD training undertaken by them from time to time. Based on the details so provided, the CPD training undertaken by the Directors in 2012 is summarised as follows, representing an average of approximately 11 hours by each Director in 2012.

Name of Director	Areas		
	Legal, Regulatory and Corporate Governance	Group's Businesses	Directors' Roles, Functions and Duties
Chairman			
Li Ka-shing	✓	✓	✓
Executive Directors			
Li Tzar Kuoi, Victor (<i>Deputy Chairman</i>)	✓	✓	✓
Fok Kin Ning, Canning (<i>Group Managing Director</i>)	✓	✓	✓
Chow Woo Mo Fong, Susan (<i>Deputy Group Managing Director</i>)	✓	✓	✓
Frank John Sixt (<i>Group Finance Director</i>)	✓	✓	✓
Lai Kai Ming, Dominic	✓	✓	✓
Kam Hing Lam	✓	✓	✓
Non-executive Director			
George Colin Magnus	✓	✓	✓
Independent Non-executive Directors			
Michael David Kadoorie	✓	✓	✓
Holger Kluge	✓	✓	✓
Lee Wai Mun, Rose ⁽¹⁾	✓	✓	✓
Margaret Leung Ko May Yee ⁽²⁾	✓		✓
William Shurniak	✓	✓	✓
Wong Chung Hin	✓	✓	✓
Alternate Director			
William Elkin Mocatta (<i>Alternate Director to Michael David Kadoorie</i>)	✓	✓	✓

Notes:

(1) Appointed on 1 November 2012.

(2) Resigned on 30 September 2012.

Confirmation is received from the Directors that they have provided sufficient time and attention to the affairs of the Group. Besides, Directors disclose to the Company their interests as director and other office in other public companies and organisation in a timely manner and update the Company on any subsequent changes.

Corporate Governance Report

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as the Group's code of conduct regarding Directors' securities transactions for the year ended 31 December 2012. The Model Code has been updated to reflect the recent amendments to the Listing Rules which took effect in 2013. In response to specific enquiries made, all Directors confirmed that they have complied with the Model Code throughout 2012.

Board Committees

The Board is supported by two permanent board committees: the Audit Committee and the Remuneration Committee, details of which are described later in this report. The terms of reference for these Committees, which have been reviewed and revised with reference to the CG Code and adopted by the Board, are available on the websites of the Group and HKEx. Other board committees are established by the Board as and when warranted to take charge of specific tasks.

The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board and the appointment of any new Director, as and when appropriate. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of the existing Directors. In addition, the Board as a whole is also responsible for reviewing the succession plan for the Directors, including the Chairman of the Board and the Group Managing Director, as and when appropriate.

COMPANY SECRETARY

The Company Secretary, Ms Edith Shih, is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to Directors comprehensive meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committee, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors and Committee members respectively for comments and records and are available for inspection by any Director upon request.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, she organises seminars on specific topics of significance and interest and disseminate reference materials to the Directors for their information.

The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on their obligations for disclosure of interests and dealings in the Group's securities, connected transactions and price-sensitive/inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Articles of Association of the Company. Whilst the Company Secretary reports to the Chairman and the Group Managing Director, all members of the Board have access to the advice and service of the Company Secretary. Ms Edith Shih has been appointed as the Company Secretary of the Company since 1997 and has day-to-day knowledge of the Group's affairs. In response to specific enquiries made, the Company Secretary confirmed that she has complied with all the required qualifications, experience and training requirements of the Listing Rules.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half year.

The responsibility of Directors in relation to the financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 145 which acknowledges the reporting responsibility of the Group's Auditor.

Annual Report and Accounts

The Directors acknowledge their responsibility for the preparation of the annual report and financial statements of the Company, ensuring that the financial statements give a true and fair presentation in accordance with Hong Kong Companies Ordinance and the applicable accounting standards.

Accounting Policies

The Directors consider that in preparing the financial statements, the Group has applied appropriate accounting policies that are consistently adopted and made judgments and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position of the Group upon which financial statements of the Group could be prepared in accordance with the Group's accounting policies.

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group.

Going Concern

The Directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors who possess the relevant business and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of the Company. It is chaired by Mr Wong Chung Hin with Messrs Holger Kluge and William Shumiak as members.

Under its terms of reference, the Audit Committee is required to oversee the relationship between the Company and its external auditors, review the Group's preliminary results, interim results and annual financial statements, monitor the corporate governance of the Group including compliance with statutory and Listing Rules requirements, review the scope, extent and effectiveness of the activities of the Group's internal audit function, engage independent legal and other advisers and conduct investigations as it determines to be necessary.

Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters were adopted by the Audit Committee in January 2012 and posted on the website of the Group.

The Audit Committee held four meetings in 2012 with 100% attendance.

Corporate Governance Report

Name of Member	Attended/Eligible to Attend
Wong Chung Hin (<i>Chairman</i>)	4/4
Holger Kluge	4/4
William Shurniak	4/4

In 2012, the Audit Committee performed the duties and responsibilities under its terms of reference and other duties of the CG Code applicable during the year.

The Audit Committee meets with the Group Finance Director and other senior management of the Group from time to time to review the interim and final results, the interim report and annual report and other financial, internal control, corporate governance and risk management matters of the Group. It considers and discusses the reports and presentations of Management, the Group's internal and external auditors, with a view of ensuring that the Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong. It also meets with at least four times a year the Group's principal external auditor, PricewaterhouseCoopers ("PwC"), to consider the reports of PwC on the scope, strategy, progress and outcome of its independent review of the interim financial report and its annual audit of the consolidated financial statements. In addition, the Audit Committee holds regular private meetings with the external auditor, Group Finance Director and internal auditor separately without the presence of Management.

The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed. It receives and considers the presentations of Management in relation to the reviews on the effectiveness of the Group's internal control systems and the adequacy of resources, qualifications and experience of staff in the Group's accounting and financial reporting function, as well as their training programmes and budget. In addition, the Audit Committee reviews with the Group's internal auditor the work plan for its audits together with its resource requirements and considers the report of the Group Internal Audit General Manager to the Audit Committee on the effectiveness of internal controls in the Group business operations. Further, it also receives the report from the Head Group General Counsel on the Group's material litigation proceedings and compliance status on regulatory requirements. These reviews and reports are taken into consideration by the Audit Committee when it makes its recommendation to the Board for approval of the consolidated financial statements for the year.

External Auditor

The Audit Committee reviews and monitors the external auditor's independence and objectivity and effectiveness of the audit process. It receives each year the letter from the external auditor confirming its independence and objectivity and holds meetings with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditor.

The Group's policy regarding the engagement of PwC for the various services listed below is as follows:

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by external auditor.
- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, for example, audits of the Group's pension plans, accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that it must, or is best placed, to undertake in their capacity as auditor.
- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group uses the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.

- Other services – include, for example, financial due diligence, reviews of actuarial reports and calculations, risk management diagnostics and assessments, and non-financial systems consultations. The external auditor is also permitted to assist Management and the Group's internal auditor with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.
- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

An analysis of the fees of PwC and other external auditor is shown in note 43 to the accounts. In the year ended 31 December 2012, the PwC fees, amounting to HK\$189 million, were primarily for audit services and those for non-audit services amounted to HK\$36 million, 16.0% of the total fees.

INTERNAL CONTROL, CORPORATE GOVERNANCE, LEGAL & REGULATORY CONTROL AND GROUP RISK MANAGEMENT

The Board has overall responsibility for the Group's system of internal control, corporate governance compliance and assessment and management of risks.

In meeting its responsibility, the Board seeks to increase risk awareness across the Group's business operations and has put in place policies and procedures, including parameters of delegated authority, which provide a framework for the identification and management of risks. It also reviews and monitors the effectiveness of the systems of internal control to ensure that the policies and procedures in place are adequate. Reporting and review activities include review by the Executive Directors and the Board and approval of detailed operational and financial reports, budgets and plans provided by management of the business operations, review by the Board of actual results against budget, review by the Audit Committee of the ongoing work of the Group's internal audit and risk management functions, as well as regular business reviews by Executive Directors and the executive management team of each core business division.

On behalf of the Board, the Audit Committee reviews regularly the corporate governance structure and practices within the Group and monitors compliance fulfillment on an ongoing basis.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses, fraud or non-compliance.

Internal Control Environment and Systems

Executive Directors are appointed to the boards of all material operating subsidiaries and associates for monitoring those companies, including attendance at board meetings, review and approval of business strategies, budgets and plans, and setting of key business performance targets. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies and similarly management of each business is accountable for its conduct and performance.

The Group's internal control procedures include a comprehensive system for reporting information to the executive management teams of each core business and the Executive Directors.

Business plans and budgets are prepared annually by management of individual businesses and subject to review and approval by both the executive management teams and the Executive Directors as part of the Group's five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Directors review monthly management reports on the financial results and key operating statistics of each business and hold monthly meetings with the executive management team and senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, finance directors and financial controllers of the executive management teams of each of the major businesses attend monthly meetings with the Group Finance Director and members of his finance team to review monthly performance against budget and forecast, and to address accounting and finance related matters.

Corporate Governance Report

The Group maintains a centralised cash management system for its unlisted subsidiary operations and the Group's Treasury function oversees the Group's investment and lending activities. Treasury reports on the Group's cash and liquid investments, borrowings and movements thereof are distributed weekly.

The Group Finance Director has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval prior to commitment by the Group Finance Director or Executive Directors are required for unbudgeted expenditures and material expenditures within the approved budget. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

The General Manager of the Group's internal audit function, reporting to the Group Finance Director on a day-to-day basis and also directly to the Audit Committee, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. Using risk assessment methodology and taking into account the dynamics of the Group's activities, internal audit derives its yearly audit plan which is reviewed by the Audit Committee, and reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. Internal audit is responsible for assessing the Group's internal control system, formulating an impartial opinion on the system, and reporting its findings to the Audit Committee, the Group Finance Director and the senior management concerned as well as following up on all reports to ensure that all issues have been satisfactorily resolved. In addition, a regular dialogue is maintained with the Group's external auditor so that both are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by the internal audit function includes financial and operations reviews, recurring and surprise audits, fraud investigations and productivity efficiency reviews.

Reports from the external auditor on internal controls and relevant financial reporting matters are presented to the General Manager of the Group's internal audit function and, as appropriate, to the Group Finance Director and the finance director or financial controller of the relevant executive management team. These reports are reviewed and the appropriate actions are taken.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 December 2012 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate. In addition, it has also reviewed and is satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

Corporate Governance

The Board is entrusted with the overall responsibility of developing and maintaining sound and effective corporate governance within the Group and is committed to ensuring that an effective governance structure is put in place to continuously review and improve the corporate governance practices within the Group in light of the evolving operating environment and regulatory requirements.

Under its terms of reference, the Audit Committee has been delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. To assist the Audit Committee in fulfilling its responsibilities, a governance working group chaired by the Deputy Group Managing Director comprising representatives from key departments of the Company was set up to continuously examine the corporate governance structure of the Group, provide updates, identify emerging matters of compliance, structure appropriate compliance mechanisms and monitor compliance fulfillment on an ongoing basis.

The Audit Committee has reviewed the compliance status, and is satisfied that the Company has complied throughout the year with all the code provisions of the CG Code applicable during the year, other than those in respect of the nomination committee and the attendance of non-executive directors at general meeting of the Revised Code.

Legal and Regulatory

The Group Legal Department has the responsibility of safeguarding the legal interests of the Group. The team, led by the Head Group General Counsel and Company Secretary, is responsible for monitoring the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal and corporate secretarial documentation of Group companies, working in conjunction with finance, corporate secretarial and business unit personnel on the review and co-ordination process, and advising Management of legal and commercial issues of concern. In addition, the Group Legal Department is also responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory framework within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting response to relevant regulatory and/or government consultations. The department also determines and approves the engagement of external legal advisors, ensuring the requisite professional standards are maintained as well as most cost effective services are rendered. Further, the Group Legal Department organises and holds continuing education seminars/conferences on legal and regulatory matters of relevance to the Group for its legal counsels.

Group Risk Management

The Group Managing Director and the General Manager of the Group's risk management department have the responsibility of developing and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risks. The General Manager of the Group's risk management department, working with business operations worldwide, is responsible for arranging appropriate insurance coverage and organising Group-wide risk reporting. Directors and Officers Liability Insurance is also in place to protect Directors and officers of the Group against their potential legal liabilities.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee comprises three members with expertise in human resources and personnel emoluments. The Committee is chaired by Mr Wong Chung Hin, an Independent Non-executive Director, with the Chairman Mr Li Ka-shing and Mr Holger Kluge, an Independent Non-executive Director, as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. The Committee meets towards the end of each year for the determination of the remuneration package of Directors and senior management of the Group. In addition, the Committee also meets, as and when required, to consider remuneration related matters.

The responsibilities of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating employees of the highest calibre and experience needed to shape and execute strategy across the Group's substantial, diverse and international business operations. It assists the Group in the administration of a fair and transparent procedure for setting remuneration policies for all the Directors and senior executives of the Group. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration package of individual Executive Directors and senior management of the Group is delegated to the Remuneration Committee.

The Remuneration Committee met in November 2012 with 100% attendance to review background information on market data (including economic indicators, statistics and the Remuneration Bulletin), the Group's business activities and human resources issues, and headcount and staff costs.

Name of Member	Attended/Eligible to Attend
Wong Chung Hin (<i>Chairman</i>)	1/1
Li Ka-shing	1/1
Holger Kluge	1/1

It reviewed and approved the proposed 2013 directors' fees for Executive Directors and made recommendation to the Board on the directors' fees for Non-executive Directors. Prior to the end of the year, the Committee reviewed and approved the year end bonus and 2013 remuneration package of Executive Directors, subsidiaries' managing directors and senior executives of the Company. Executive Directors do not participate in the determination of their own remuneration.

Corporate Governance Report

Remuneration Policy

The remuneration of Directors and senior executives is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

2012 Remuneration

Directors' emoluments comprise payments to Directors from the Company and its subsidiaries. The emoluments of each of the Directors exclude amounts received from the Company's listed subsidiaries and paid to the Company. The amounts paid to each Director in 2012 are as below:

Name of Director	Director's Fees HK\$ millions	Basic Salaries, Allowances and Benefits-in-Kind HK\$ millions	Discretionary Bonuses HK\$ millions	Provident Fund Contributions HK\$ millions	Inducement or Compensation Fees HK\$ millions	Total Emoluments HK\$ millions
Li Ka-shing ⁽¹⁾⁽⁶⁾	0.05	-	-	-	-	0.05
Li Tzar Kuoi, Victor						
<i>Paid by the Company</i>	0.12	4.59	46.55	-	-	51.26
<i>Paid by Cheung Kong Infrastructure Holdings Limited ("CKI")</i>	0.08	-	21.78	-	-	21.86
<i>Paid to the Company</i>	(0.08)	-	-	-	-	(0.08)
	0.12	4.59	68.33	-	-	73.04
Fok Kin Ning, Canning ⁽²⁾	0.12	10.67	166.33	2.22	-	179.34
Chow Woo Mo Fong, Susan ⁽²⁾	0.12	7.85	38.02	1.59	-	47.58
Frank John Sixt ⁽²⁾	0.12	7.88	36.78	0.69	-	45.47
Lai Kai Ming, Dominic ⁽²⁾	0.12	5.26	36.30	1.01	-	42.69
Kam Hing Lam						
<i>Paid by the Company</i>	0.12	2.30	8.29	-	-	10.71
<i>Paid by CKI</i>	0.08	4.20	9.31	-	-	13.59
<i>Paid to the Company</i>	(0.08)	(4.20)	-	-	-	(4.28)
	0.12	2.30	17.60	-	-	20.02
George Colin Magnus ⁽⁴⁾						
<i>Paid by the Company</i>	0.12	-	-	-	-	0.12
<i>Paid by CKI</i>	0.08	-	-	-	-	0.08
	0.20	-	-	-	-	0.20
Michael David Kadoorie ⁽³⁾	0.12	-	-	-	-	0.12
Holger Kluge ⁽³⁾⁽⁵⁾⁽⁶⁾	0.31	-	-	-	-	0.31
Lee Wai Mun, Rose ⁽³⁾⁽⁸⁾	0.02	-	-	-	-	0.02
Margaret Leung Ko May Yee ⁽³⁾⁽⁷⁾	0.09	-	-	-	-	0.09
William Shumiak ⁽³⁾⁽⁵⁾	0.25	-	-	-	-	0.25
Wong Chung Hin ⁽³⁾⁽⁵⁾⁽⁶⁾	0.31	-	-	-	-	0.31
Total:	2.07	38.55	363.36	5.51	-	409.49

Notes:

- (1) No remuneration was paid to Mr Li Ka-shing during the year other than Director's fees of HK\$50,000 which he paid to Cheung Kong (Holdings) Limited.
- (2) Directors' fees received by these Directors from the Company's listed subsidiaries during the period they served as executive directors or non-executive directors that have been paid to the Company are not included in the amounts above.
- (3) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK\$1,100,000.
- (4) Non-executive Director.
- (5) Member of the Audit Committee.
- (6) Member of the Remuneration Committee.
- (7) Resigned on 30 September 2012.
- (8) Appointed on 1 November 2012.

The remuneration paid to the members of senior management by bands in 2012 is set out below:

Remuneration Bands*	Number of Individuals
HK\$10 million to HK\$14 million	2
HK\$15 million to HK\$19 million	2
HK\$20 million to HK\$24 million	2
HK\$35 million to HK\$39 million	1
HK\$40 million to HK\$44 million	1

* rounding to the nearest HK\$ million.

CODE OF CONDUCT

The Group places utmost importance on employees' ethical, personal and professional standards. Every employee is required to undertake to adhere to the Group's Code of Conduct, and is expected to achieve the highest standards set out in the Code of Conduct including avoiding conflict of interest, discrimination or harassment and bribery and corruption etc. The employees are required to report any non-compliance with the Code of Conduct to Management.

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Group actively promotes investor relations and communication with the investment community when the interim and year end financial results are announced and during the course of the year. Through its Chairman, Group Managing Director, Group Finance Director and the Group Corporate Affairs Department, the Group responds to requests for information and queries from the investment community including institutional shareholders, analysts and the media through regular briefing meetings, conference calls and presentations. A policy on shareholders' communication, which is available on the Group's website, was adopted and is subject to regular review by the Board to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports. An up-to-date consolidated version of the Memorandum and Articles of Association of the Company is published on the websites of the Group and HKEx. Moreover, additional information on the Group is also available to shareholders and stakeholders through the Investor Relations page on the Group's website.

Shareholders are encouraged to attend all general meetings of the Company. Shareholder(s) holding not less than one-twentieth of the issued share capital of the Company have statutory rights pursuant to Section 113 of the Companies Ordinance of Hong Kong to call for extraordinary general meetings and put forward agenda items for consideration by shareholders by sending to the Company Secretary at the registered office address a written request for such general meetings duly signed by the shareholders concerned together with the proposed agenda items. Shareholders representing not less than one-fortieth of the total voting rights of all shareholders or of at least 50 in number holding shares in the Company on which there has been paid up to an average sum of not less than HK\$2,000 per shareholder, may put forward proposals for consideration at a general meeting of the Company by sending to the Company Secretary at the registered office address a written request for such proposals according to Section 115A of the Companies Ordinance of Hong Kong. All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Group's Share Registrar. The results of the poll are published on the websites of the Group and HKEx. Regularly updated financial, business and other information on the Group is made available on the Group's website for shareholders and stakeholders.

The latest shareholders' meeting of the Company was the 2012 Annual General Meeting (the "AGM") which was held on 25 May 2012 at Harbour Grand Hong Kong attended by PwC and the majority of the Directors, including the Chairman of the Board, the Audit Committee and the Remuneration Committee with attendance rate of approximately 92%. One Non-executive Director was not in a position to attend the AGM due to a commitment overseas. Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from attending such meetings. Separate resolutions were proposed at that meeting on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 25 May 2012 are set out below:

Corporate Governance Report

Resolutions proposed at the AGM		Percentage of Votes
1	Adoption of the Statement of Audited Accounts and Reports of the Directors and Auditor for the year ended 31 December 2011	99.96%
2	Declaration of a final dividend	99.95%
3(1)	Re-election of Mr Li Ka-shing as a Director	98.40%
3(2)	Re-election of Mrs Chow Woo Mo Fong, Susan as a Director	89.35%
3(3)	Re-election of Mr Lai Kai Ming, Dominic as a Director	89.81%
3(4)	Re-election of The Hon Sir Michael David Kadoorie as a Director	99.38%
3(5)	Re-election of Mrs Margaret Leung Ko May Yee as a Director	90.20%
4	Appointment of Auditor and authorisation of Directors to fix the Auditor's remuneration	99.77%
5(1)	Granting of a general mandate to Directors to issue additional shares of the Company	78.02%
5(2)	Purchase by the Company of its own shares	99.98%
5(3)	Extension of the general mandate regarding issue of additional shares of the Company	79.70%
6	Amendments to the Articles of Association	99.98%

At the AGM, a special resolution was passed to amend the Articles of Association of the Company to provide participation in the Board meetings by electronic means. All resolutions put to shareholders at the AGM were passed. The results of the voting by poll were published on the websites of the Group and HKEX.

Other corporate information is set out in the "Information for Shareholders" section of this annual report. This includes, among others, dates for key corporate events for 2013 and public float capitalisation as at 31 December 2012.

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions to the Board or the Company are welcome and can be addressed to the Group Corporate Affairs Department or the Company Secretary by mail to 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong or by email at info@hwl.com.hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business. It has adopted a proactive approach to environmental, social and governance ("ESG") responsibility and has established a committee, chaired by the Deputy Group Managing Director, Mrs Chow Woo Mo Fong, Susan, comprising representatives from key departments of the Company to spearhead the ESG activities of the Group. The committee focuses on initiatives related to our stakeholders, our employees, the environment, our operating practices and the community. Details of the initiatives of the committee are set out on pages 86 to 95.

By order of the Board

Edith Shih

Company Secretary

Hong Kong, 26 March 2013

Independent Auditor's Report

To the Shareholders of Hutchison Whampoa Limited

(incorporated in Hong Kong with limited liability)

We have audited the consolidated accounts of Hutchison Whampoa Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 146 to 238, which comprise the consolidated and Company statements of financial position as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated accounts

The directors of the Company are responsible for the preparation of consolidated accounts that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated accounts based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated accounts that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 March 2013

Consolidated Income Statement

for the year ended 31 December 2012

2012 US\$ millions		Note	2012 HK\$ millions	2011 HK\$ millions
31,165	Revenue	4, 5	243,089	233,700
(12,579)	Cost of inventories sold		(98,113)	(93,059)
(3,996)	Staff costs		(31,171)	(30,488)
(3,271)	Telecommunications customer acquisition costs		(25,514)	(22,497)
(1,814)	Depreciation and amortisation	5	(14,149)	(14,080)
(6,456)	Other operating expenses	5	(50,364)	(53,055)
101	Change in fair value of investment properties		790	—
(263)	Profits on disposal of investments and others	6	(2,052)	43,147
	Share of profits less losses after tax of:			
1,920	Associated companies	19	14,978	13,819
837	Jointly controlled entities	20	6,530	5,877
5,644		5	44,024	83,364
(1,185)	Interest expenses and other finance costs	8	(9,243)	(8,415)
4,459	Profit before tax		34,781	74,949
(397)	Current tax	9	(3,097)	(3,237)
87	Deferred tax	9	676	2,150
4,149	Profit after tax		32,360	73,862
	Allocated as:			
(799)	Profit attributable to non-controlling interests and holders of perpetual capital securities		(6,232)	(17,843)
3,350	Profit attributable to ordinary shareholders of the Company	11	26,128	56,019
US 78.6 cents	Earnings per share for profit attributable to ordinary shareholders of the Company	11	HK\$ 6.13	HK\$13.14

Details of distributions paid to the holders of perpetual capital securities and interim dividend paid and proposed final dividend payable to the ordinary shareholders of the Company are set out in note 10.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2012

2012 US\$ millions		Note	2012 HK\$ millions	2011 HK\$ millions
4,149	Profit after tax		32,360	73,862
	Other comprehensive income (losses)			
	Available-for-sale investments:			
226	Valuation gains recognised directly in reserves		1,761	298
(27)	Valuation gains previously in reserves recognised in income statement for the year		(210)	(280)
(106)	Net actuarial losses of defined benefit plans recognised directly in reserves		(825)	(1,607)
	Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
(7)	Losses recognised directly in reserves		(57)	(240)
—	Losses previously in reserves recognised in initial cost of non-financial items for the year		—	7
235	Gains on translating overseas subsidiaries' net assets recognised directly in reserves		1,833	1,620
9	Losses previously in exchange and other reserves related to subsidiaries disposed / de-recognised during the year recognised in income statement for the year		69	937
—	Revaluation gains recognised directly in reserves upon transfer from other properties to investment properties		—	8
295	Share of other comprehensive income (losses) of associated companies for the year		2,305	(3,530)
120	Share of other comprehensive income of jointly controlled entities for the year		936	1,626
745	Other comprehensive income (losses) before tax		5,812	(1,161)
—	Tax relating to components of other comprehensive income (losses)	12	5	106
745	Other comprehensive income (losses) after tax		5,817	(1,055)
4,894	Total comprehensive income		38,177	72,807
	Allocated as:			
(845)	Attributable to non-controlling interests and holders of perpetual capital securities		(6,592)	(17,150)
4,049	Attributable to ordinary shareholders of the Company		31,585	55,657

Consolidated Statement of Financial Position

at 31 December 2012

2012			2012	2011
US\$ millions		Note	HK\$ millions	HK\$ millions
	ASSETS			
	Non-current assets			
21,486	Fixed assets	13	167,588	155,502
5,596	Investment properties	14	43,652	42,610
1,217	Leasehold land	15	9,495	10,004
10,084	Telecommunications licences	16	78,655	75,503
3,397	Goodwill	17	26,492	26,338
1,965	Brand names and other rights	18	15,328	12,615
19,469	Associated companies	19	151,860	137,703
9,025	Interests in joint ventures	20	70,397	67,562
2,316	Deferred tax assets	21	18,067	16,992
1,228	Other non-current assets	22	9,579	10,184
3,013	Liquid funds and other listed investments	23	23,499	20,239
78,796			614,612	575,252
	Current assets			
13,839	Cash and cash equivalents	24	107,948	66,539
7,922	Trade and other receivables	25	61,788	60,345
2,504	Inventories		19,533	18,408
24,265			189,269	145,292
	Current liabilities			
10,060	Trade and other payables	26	78,471	78,093
5,076	Bank and other debts	28	39,596	28,835
366	Current tax liabilities		2,856	2,431
15,502			120,923	109,359
8,763	Net current assets		68,346	35,933
87,559	Total assets less current liabilities		682,958	611,185
	Non-current liabilities			
28,262	Bank and other debts	28	220,440	189,719
808	Interest bearing loans from non-controlling shareholders	29	6,307	6,502
1,150	Deferred tax liabilities	21	8,973	8,893
458	Pension obligations	30	3,570	2,992
651	Other non-current liabilities	31	5,076	4,296
31,329			244,366	212,402
56,230	Net assets		438,592	398,783

2012 US\$ millions		Note	2012 HK\$ millions	2011 HK\$ millions
	CAPITAL AND RESERVES			
137	Share capital	32	1,066	1,066
3,000	Perpetual capital securities	32	23,400	15,600
47,063	Reserves		367,093	342,946
50,200	Total ordinary shareholders' funds and perpetual capital securities		391,559	359,612
6,030	Non-controlling interests		47,033	39,171
56,230	Total equity		438,592	398,783

Fok Kin Ning, Canning

Director

Frank John Sixt

Director

Consolidated Statement of Cash Flows

for the year ended 31 December 2012

2012 US\$ millions	Note	2012 HK\$ millions	2011 HK\$ millions
Operating activities			
6,049	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	47,187	40,081
(1,091)	Interest expenses and other finance costs paid	(8,509)	(7,738)
(299)	Tax paid	(2,334)	(3,231)
4,659	Funds from operations	36,344	29,112
(396)	Changes in working capital	(3,087)	9,948
4,263	Net cash from operating activities	33,257	39,060
Investing activities			
(3,381)	Purchase of fixed assets and investment properties	(26,374)	(25,039)
(22)	Additions to leasehold land	(171)	(110)
(311)	Additions to telecommunications licences	(2,422)	(5,693)
(18)	Additions to brand names and other rights	(140)	(82)
—	Purchase of subsidiary companies	—	1
(6)	Additions to other unlisted investments and long term receivables	(45)	(129)
74	Repayments from associated companies and jointly controlled entities	574	2,546
(575)	Purchase of and advances to (including deposits from) associated companies and jointly controlled entities	(4,484)	(25,768)
98	Proceeds on disposal of fixed assets, leasehold land and investment properties	764	1,554
88	Proceeds on disposal / de-recognition of subsidiary companies	691	35,609
—	Proceeds on disposal of associated companies	—	250
2	Proceeds on disposal of jointly controlled entities	14	—
41	Proceeds on disposal of other unlisted investments	317	566
(4,010)	Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	(31,276)	(16,295)
13	Disposal of liquid funds and other listed investments	99	4,498
(216)	Additions to liquid funds and other listed investments	(1,683)	(306)
(4,213)	Cash flows used in investing activities	(32,860)	(12,103)
50	Net cash inflow before financing activities	397	26,957

2012 US\$ millions		Note	2012 HK\$ millions	2011 HK\$ millions
	Financing activities			
11,105	New borrowings		86,617	18,957
(6,028)	Repayment of borrowings		(47,022)	(42,014)
859	Issue of shares by subsidiary companies to non-controlling shareholders and net loans from non-controlling shareholders		6,702	1,260
(22)	Payments to acquire additional interests in subsidiary companies		(172)	(4,816)
993	Proceeds on issue of perpetual capital securities, net of transaction costs		7,746	—
(362)	Dividends paid to non-controlling interests		(2,821)	(16,165)
(150)	Distributions paid on perpetual capital securities		(1,170)	(936)
(1,137)	Dividends paid to ordinary shareholders		(8,868)	(8,356)
5,258	Cash flows from (used in) financing activities		41,012	(52,070)
5,308	Increase (decrease) in cash and cash equivalents		41,409	(25,113)
8,531	Cash and cash equivalents at 1 January		66,539	91,652
13,839	Cash and cash equivalents at 31 December		107,948	66,539
	Analysis of cash, liquid funds and other listed investments			
13,839	Cash and cash equivalents, as above	24	107,948	66,539
3,013	Liquid funds and other listed investments	23	23,499	20,239
16,852	Total cash, liquid funds and other listed investments		131,447	86,778
32,840	Total principal amount of bank and other debts	28	256,152	213,854
808	Interest bearing loans from non-controlling shareholders	29	6,307	6,502
16,796	Net debt		131,012	133,578
(808)	Interest bearing loans from non-controlling shareholders		(6,307)	(6,502)
15,988	Net debt (excluding interest bearing loans from non-controlling shareholders)		124,705	127,076

Consolidated Statement of Changes in Equity

for the year ended 31 December 2012

	Attributable to								
	Ordinary shareholders					Holders of perpetual capital securities	Total ordinary shareholders' funds and perpetual capital securities	Non-controlling interests	Total equity
	Share capital and premium ^(a)	Exchange reserve	Other reserves ^(b)	Retained profit	Sub-total				
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
At 1 January 2012	29,425	6,968	3,632	303,823	343,848	15,764	359,612	39,171	398,783
Profit for the year	–	–	–	26,128	26,128	1,240	27,368	4,992	32,360
Other comprehensive income (losses)									
Available-for-sale investments:									
Valuation gains recognised directly in reserves	–	–	1,557	–	1,557	–	1,557	204	1,761
Valuation gains previously in reserves recognised in income statement for the year	–	–	(168)	–	(168)	–	(168)	(42)	(210)
Net actuarial losses of defined benefit plans recognised directly in reserves	–	–	–	(748)	(748)	–	(748)	(77)	(825)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:									
Losses recognised directly in reserves	–	–	(48)	–	(48)	–	(48)	(9)	(57)
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	–	1,862	–	–	1,862	–	1,862	(29)	1,833
Losses previously in exchange and other reserves related to subsidiaries disposed / de-recognised during the year recognised in income statement for the year	–	69	–	–	69	–	69	–	69
Share of other comprehensive income (losses) of associated companies for the year	–	2,486	(521)	79	2,044	–	2,044	261	2,305
Share of other comprehensive income (losses) of jointly controlled entities for the year	–	729	151	(7)	873	–	873	63	936
Tax relating to components of other comprehensive income (losses)	–	–	(66)	82	16	–	16	(11)	5
Other comprehensive income (losses)	–	5,146	905	(594)	5,457	–	5,457	360	5,817
Total comprehensive income	–	5,146	905	25,534	31,585	1,240	32,825	5,352	38,177
Dividends paid relating to 2011	–	–	–	(6,523)	(6,523)	–	(6,523)	–	(6,523)
Dividends paid relating to 2012	–	–	–	(2,345)	(2,345)	–	(2,345)	–	(2,345)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(2,693)	(2,693)
Distributions paid on perpetual capital securities	–	–	–	–	–	(1,170)	(1,170)	–	(1,170)
Equity contribution from non-controlling interests	–	–	–	–	–	–	–	7,019	7,019
Transaction costs in relation to equity contribution from non-controlling interests	–	–	–	(39)	(39)	–	(39)	(10)	(49)
Share option schemes of subsidiaries	–	–	6	–	6	–	6	2	8
Share option lapsed	–	–	(2)	2	–	–	–	–	–
Unclaimed dividends write back	–	–	–	11	11	–	11	–	11
Issuance of perpetual capital securities ^(c)	–	–	–	–	–	7,800	7,800	–	7,800
Transaction costs in relation to issuance of perpetual capital securities	–	–	–	(54)	(54)	–	(54)	–	(54)
Relating to purchase of non-controlling interests	–	–	(174)	–	(174)	–	(174)	(198)	(372)
Relating to partial disposal / disposal / de-recognition of subsidiary companies	–	(50)	1,660	–	1,610	–	1,610	(1,610)	–
At 31 December 2012	29,425	12,064	6,027	320,409	367,925	23,634	391,559	47,033	438,592

	Attributable to								
	Ordinary shareholders					Holders of perpetual capital securities	Total ordinary shareholders' funds and perpetual capital securities	Non-controlling interests	Total equity
	Share capital and premium ^(a)	Exchange reserve	Other reserves ^(b)	Retained profit	Sub-total				
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
At 1 January 2011	29,425	3,475	3,384	261,985	298,269	15,764	314,033	43,226	357,259
Profit for the year	—	—	—	56,019	56,019	936	56,955	16,907	73,862
Other comprehensive income (losses)									
Available-for-sale investments:									
Valuation gains recognised directly in reserves	—	—	273	—	273	—	273	25	298
Valuation gains previously in reserves recognised in income statement for the year	—	—	(236)	—	(236)	—	(236)	(44)	(280)
Net actuarial losses of defined benefit plans recognised directly in reserves	—	—	—	(1,394)	(1,394)	—	(1,394)	(213)	(1,607)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:									
Losses recognised directly in reserves	—	—	(199)	—	(199)	—	(199)	(41)	(240)
Losses previously in reserves recognised in initial cost of non-financial items for the year	—	—	7	—	7	—	7	—	7
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	—	1,656	—	—	1,656	—	1,656	(36)	1,620
Losses (gains) previously in exchange and other reserves related to subsidiaries disposed / de-recognised during the year recognised in income statement for the year	—	1,074	(22)	(14)	1,038	—	1,038	(101)	937
Revaluation gains recognised directly in reserves upon transfer from other properties to investment properties	—	—	6	—	6	—	6	2	8
Share of other comprehensive income (losses) of associated companies for the year	—	(565)	(903)	(1,538)	(3,006)	—	(3,006)	(524)	(3,530)
Share of other comprehensive income (losses) of jointly controlled entities for the year	—	1,387	48	(25)	1,410	—	1,410	216	1,626
Tax relating to components of other comprehensive income (losses)	—	—	(54)	137	83	—	83	23	106
Other comprehensive income (losses)	—	3,552	(1,080)	(2,834)	(362)	—	(362)	(693)	(1,055)
Total comprehensive income (losses)	—	3,552	(1,080)	53,185	55,657	936	56,593	16,214	72,807
Dividends paid relating to 2010	—	—	—	(6,011)	(6,011)	—	(6,011)	—	(6,011)
Dividends paid relating to 2011	—	—	—	(2,345)	(2,345)	—	(2,345)	—	(2,345)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(16,057)	(16,057)
Distributions paid on perpetual capital securities	—	—	—	—	—	(936)	(936)	—	(936)
Equity contribution from non-controlling interests	—	—	—	—	—	—	—	3,505	3,505
Share option schemes of subsidiaries	—	—	9	—	9	—	9	3	12
Relating to acquisition of a subsidiary	—	—	—	—	—	—	—	7	7
Relating to purchase of non-controlling interests	—	—	(3,033)	—	(3,033)	—	(3,033)	(1,777)	(4,810)
Relating to partial disposal / disposal / de-recognition of subsidiary companies	—	(59)	4,352	(2,991)	1,302	—	1,302	(5,950)	(4,648)
At 31 December 2011	29,425	6,968	3,632	303,823	343,848	15,764	359,612	39,171	398,783

Consolidated Statement of Changes in Equity

for the year ended 31 December 2012

- (a) Share capital and premium comprise share capital of HK\$1,066 million, share premium of HK\$27,955 million and capital redemption reserve of HK\$404 million in all reporting years.
- (b) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 31 December 2012, revaluation reserve surplus amounted to HK\$3,690 million (1 January 2012 – HK\$2,277 million and 1 January 2011 – HK\$2,273 million), hedging reserve deficit amounted to HK\$1,125 million (1 January 2012 – HK\$623 million and 1 January 2011 – surplus of HK\$501 million) and other capital reserves surplus amounted to HK\$3,462 million (1 January 2012 – HK\$1,978 million and 1 January 2011 – HK\$610 million). Fair value changes arising from business combination and revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cash flow hedges are included in the hedging reserve.
- (c) In May 2012, a wholly owned subsidiary company of the Group issued subordinated guaranteed perpetual capital securities (the “perpetual capital securities”) with a nominal amount of US\$1,000 million (approximately HK\$7,800 million) for cash, which are classified as equity under Hong Kong Financial Reporting Standards.

Notes to the Accounts

1 Basis of preparation

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounts have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values, as explained in the significant accounting policies set out in note 2.

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2012. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's results of operations or financial position.

2 Significant accounting policies

(a) Basis of consolidation

The consolidated accounts of the Group include the accounts of the Company and its direct and indirect subsidiary companies and also incorporate the Group's interest in associated companies and jointly controlled entities on the basis set out in notes 2(c) and 2(d) below. Results of subsidiary and associated companies and jointly controlled entities acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2012 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the acquisition method.

(b) Subsidiary companies

A subsidiary is an entity that the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities. In the consolidated accounts, subsidiary companies are accounted for as described in note 2(a) above. In the unconsolidated accounts of the holding company, investments in subsidiary companies are carried at cost less provision for impairment in value.

(c) Associated companies

An associate is an entity, other than a subsidiary or a jointly controlled entity, in which the Group has a long-term equity interest and over which the Group is in a position to exercise significant influence over its management, including participation in the financial and operating policy decisions.

The results and assets and liabilities of associates are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

(d) Joint ventures

A joint venture is a contractual arrangement whereby the venturers undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

A jointly controlled entity is a joint venture which involves the establishment of a separate entity. The results and assets and liabilities of jointly controlled entities are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

2 Significant accounting policies (continued)

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right of renewal is attached.

Depreciation of other fixed assets is provided at rates calculated to write off their costs over their estimated useful lives on a straight-line basis at the following annual rates:

Motor vehicles	20-25%
Plant, machinery and equipment	3 1/3-20%
Container terminal equipment	3-20%
Telecommunications equipment	2.5-10%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(f) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position at their fair value as determined by professional valuation. Changes in fair values of investment properties are recorded in the income statement.

(g) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the statement of financial position as leasehold land and expensed in the income statement on a straight-line basis over the period of the lease.

(h) Telecommunications licences

Telecommunications licences are comprised of the upfront payments and non-cash consideration made for acquiring telecommunications spectrum licences plus the capitalised present value of fixed periodic payments to be made in subsequent years, together with the interest accrued prior to the date of first commercial usage of the spectrum.

Telecommunications licences that are considered to have an indefinite useful life to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired. Telecommunications licences with finite useful lives are amortised on a straight-line basis from the date of first commercial usage of the related spectrum over the remaining expected contracted or expected licence periods ranging from approximately 9 to 20 years and are stated net of accumulated amortisation.

(i) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs ("CACs") comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G customers. All telecommunications CACs are expensed and recognised in the income statement in the period in which they are incurred.

2 Significant accounting policies *(continued)*

(j) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill arising on acquisition is retained at the carrying amount as a separate asset or, as applicable, included within investments in associated companies and jointly controlled entities at the date of acquisition, and subject to impairment test annually and when there are indications that the carrying value may not be recoverable. If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

The profit or loss on disposal of subsidiary company, associated company or jointly controlled entity is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

(k) Brand names and other rights

The payments and non-cash consideration made for acquiring brand names and other rights are capitalised. Brand names and other rights with indefinite lives are not amortised. Brand names and other rights with finite lives are amortised on a straight-line basis from the date of their first commercial usage over their estimated useful lives ranging from approximately 3 to 40 years. Brand names and other rights are stated net of accumulated amortisation, if any.

(l) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised.

(m) Liquid funds and other listed investments and other unlisted investments

"Liquid funds and other listed investments" are investments in listed / traded debt securities, listed equity securities, long-term deposits and cash and cash equivalents. "Other unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities, unlisted equity securities and other receivables. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire. These investments are classified and accounted for as follows:

Loans and receivables

"Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of the reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment. Interest calculated using the effective interest method is recognised in the income statement.

Held-to-maturity investments

"Held-to-maturity investments" are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. At the end of the reporting period subsequent to initial recognition, held-to-maturity investments are carried at amortised cost less impairment. Interest calculated using the effective interest method is recognised in the income statement.

2 Significant accounting policies (continued)

(m) Liquid funds and other listed investments and other unlisted investments (continued)

Financial assets at fair value through profit or loss

"Financial assets at fair value through profit or loss" are financial assets where changes in fair value are recognised in the income statement in the period in which they arise. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value. In addition, any dividends or interests earned on these financial assets are recognised in the income statement.

Available-for-sale investments

"Available-for-sale investments" are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value and changes in fair value are recognised in other comprehensive income and accumulated under the heading of revaluation reserve except for impairment losses which are charged to the income statement. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement. Dividends from available-for-sale investments are recognised when the right to receive payment is established. When available-for-sale investments are sold, the cumulative fair value gains or losses previously recognised in revaluation reserve is removed from revaluation reserve and recognised in the income statement.

(n) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognised based on whether certain qualifying criteria under HKAS 39 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

Derivatives designated as hedging instruments to hedge the fair value of recognised assets or liabilities may qualify as fair value hedges. The Group mainly enters into interest rate swap contracts to swap certain fixed interest rate borrowings into floating interest rate borrowings. Changes in the fair value of these derivative contracts, together with the changes in the fair value of the hedged assets or liabilities attributable to the hedged risk are recognised in the income statement as interest expenses and other finance costs. At the same time the carrying amount of the hedged asset or liability in the statement of financial position is adjusted for the changes in fair value.

Derivatives designated as hedging instruments to hedge against the cash flows attributable to recognised assets or liabilities or forecast payments may qualify as cash flow hedges. The Group mainly enters into interest rate swap contracts to swap certain floating interest rate borrowings to fixed interest rate borrowings and foreign currency contracts to hedge the currency risk associated with certain forecast foreign currency payments and obligations. Changes in the fair value of these derivative contracts are recognised in other comprehensive income and accumulated under the heading of hedging reserve. Amounts accumulated are removed from hedging reserve and recognised in the income statement in the periods when the hedged derivative contract matures, except, when the forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the amounts accumulated are transferred from hedging reserve and, then they are included in the initial cost of the asset or liability.

Derivatives that do not qualify for hedge accounting under HKAS 39 will be accounted for with the changes in fair value being recognised in the income statement.

2 Significant accounting policies *(continued)*

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowance for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

(p) Properties under development

Land for properties under development is stated at cost and development expenditure is stated at the aggregate amount of costs incurred up to the date of completion, including capitalised interest on related loans.

(q) Inventories

Inventories consist mainly of retail goods and the carrying value is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(s) Borrowings and borrowing costs

The Group's borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount of borrowings and debt instruments is recognised over the period of the borrowings using effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(t) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(u) Customer loyalty credits

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they are granted.

(v) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs.

(w) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

2 Significant accounting policies (continued)

(x) Leased assets

Assets acquired pursuant to finance leases and hire purchase contracts that transfer to the Group substantially all the rewards and risks of ownership are accounted for as if purchased.

Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Lease payments are treated as consisting of capital and interest elements. The capital element of the leasing commitment is included as a liability and the interest element is charged to the income statement. All other leases are accounted for as operating leases and the rental payments are charged to the income statement on accrual basis.

(y) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

(z) Pension plans

Pension plans are classified into defined benefit and defined contribution plans.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full, in the year in which they occur, in other comprehensive income.

The Group's contributions to the defined contribution plans are charged to the income statement in the year incurred.

Pension costs are charged against the income statement within staff costs.

The pension plans are generally funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

(aa) Share-based payments

The Company has no share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

2 Significant accounting policies (continued)

(ab) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The accounts of foreign operations (i.e. subsidiary companies, associated companies, jointly controlled entities or branches whose activities are based or conducted in a country or currency other than those of the Company) are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the income statement.

All other exchange differences are recognised in the income statement.

(ac) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Ports and related services

Revenue from the provision of ports and related services is recognised when the service is rendered.

Property and hotels

Revenue from the sale of properties is recognised either on the date of sale or on the date of issue of the relevant occupation permit, whichever is later, and the economic benefit accrues to the Group and the significant risks and rewards of the properties accrue to the purchasers.

Rental income is recognised on a straight-line basis over the period of the lease.

Revenue from the provision of hotel management, consultancy and technical service is recognised when the service is rendered.

Notes to the Accounts

2 Significant accounting policies (continued)

(ac) Revenue recognition (continued)

Retail

Revenue from the sale of retail goods is recognised at point of sales less an estimate for sales return based on past experience where goods are sold with a right to return. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sales, including credit card fees payable for the transaction.

Infrastructure

Income from long-term contracts is recognised according to the stage of completion.

Energy

Revenue from the sale of crude oil, natural gas, refined petroleum products and other energy products are recorded when title passes to an external party.

Revenue associated with the sale of transportation, processing and natural gas storage services is recognised when the service is rendered.

Mobile and fixed-line telecommunications services

Revenue from the provision of mobile telecommunications services with respect to voice, video, internet access, messaging and media services, including data services and information provision, is recognised when the service is rendered and, depending on the nature of the services, is recognised either at gross amount billed to the customer or the amount receivable as commission for facilitating the services.

Revenue from the sale of prepaid mobile calling cards is recognised upon customer's usage of the card or upon the expiry of the service period.

For bundled transactions under contract comprising of provision of mobile telecommunications services and sale of a device (e.g. handsets), the amount of revenue recognised upon the sale of the device is accrued as determined by considering the estimated fair values of each of the services element and device element of the contract.

Other service income is recognised when the service is rendered.

Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income.

Total revenue arising from mobile and fixed-line telecommunications services comprises of service revenue, other service income and sale of device revenue.

Finance and investments

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

2 Significant accounting policies (continued)

At the date these accounts are authorised for issue, the following standards, amendments and interpretations were in issue but not yet effective and have not been early adopted by the Group:

HKFRS 7 (Amendments) ⁽ⁱ⁾	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 9 ⁽ⁱⁱⁱ⁾	Financial Instruments
HKFRS 9 and 7 (Amendments) ⁽ⁱⁱⁱ⁾	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 10 ⁽ⁱ⁾	Consolidated Financial Statements
HKFRS 11 ⁽ⁱ⁾	Joint Arrangements
HKFRS 12 ⁽ⁱ⁾	Disclosure of Interests in Other Entities
HKFRS 10, 11 and 12 (Amendments) ⁽ⁱ⁾	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10, 12 and HKAS 27 (Amendments) ⁽ⁱⁱⁱ⁾	Investments Entities
HKFRS 13 ⁽ⁱ⁾	Fair Value Measurement
HKAS 27 (2011) ⁽ⁱ⁾	Separate Financial Statements
HKAS 28 (2011) ⁽ⁱ⁾	Investments in Associates and Joint Ventures
HKAS 1 (Amendments) ⁽ⁱ⁾	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011) ⁽ⁱ⁾	Employees Benefits
HKAS 32 (Amendments) ⁽ⁱⁱⁱ⁾	Offsetting Financial Assets and Financial Liabilities
Annual Improvements 2009-2011 Cycle ⁽ⁱ⁾	Improvements to HKFRSs

(i) Effective for the Group for annual periods beginning on or after 1 January 2013

(ii) Effective for the Group for annual periods beginning on or after 1 January 2014

(iii) Effective for the Group for annual periods beginning on or after 1 January 2015

The adoption of standards, amendments and interpretations listed above, with the exception of HKFRS 9 in future periods is not expected to have any material impact on the Group's results of operations and financial position.

The HKICPA intends to expand HKFRS 9 to add new requirements for impairment of financial assets measured at amortised cost and hedge accounting. Accordingly, the impact of HKFRS 9 may change as a consequence of further developments resulting from the HKICPA's project to replace HKAS 39. As a result, it is impracticable to quantify the impact of HKFRS 9 as at the date of publication of these accounts.

3 Critical accounting estimates and judgements

Note 2 includes a summary of the significant accounting policies used in the preparation of the accounts. The preparation of accounts often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the accounts. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

The following is a review of the more significant assumptions and estimates, as well as the accounting policies and methods used in the preparation of the accounts.

(a) Basis of consolidation

The determination of the Group's level of power to govern the financial and operating policies of another entity will require exercise of judgement under certain circumstances. As such, the classification of the entity as a subsidiary, a joint venture, an associate or a cost investment might require the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to govern the financial and operating policies of the entity.

(b) Long-lived assets

The Group has made substantial investments in tangible and intangible long-lived assets, primarily in mobile and fixed-line telecommunications networks and licences, container terminals, and properties. Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

The Group considers its asset impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates.

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease and is recognised in other comprehensive income.

Judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions used to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

The Group's 3G businesses have achieved a third year of EBIT positive results but are still building up scale and growing their businesses. Impairment tests were undertaken as at 31 December 2012 and 31 December 2011 to assess whether the carrying values of the Group's 3G telecommunications licences, network assets and goodwill were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective business. The results of the tests undertaken as at 31 December 2012 and 31 December 2011 indicated that no impairment charge was necessary.

3 Critical accounting estimates and judgements (continued)

(b) Long-lived assets (continued)

The future cash flow projections for the 3G businesses reflect growing recurring revenue and margins derived from an accumulating customer base and diminishing ongoing investments in network infrastructure and in customer acquisitions.

The forecast growth in recurring revenue and margins is driven primarily by the increasing size of the accumulating customer base, accompanied by profitability improvements due to beneficial changes to services usage profiles. The increase in data usage, which continued to drive growth in the mobile telecommunications business, is forecast to continue supported by the popularity of smartphones. Improving operating margins are forecast driven in part by a change in the mix from voice toward non-voice revenues; increased incoming traffic, which generates revenue from other operators, and increased percentage on-net or intra-network traffic, which avoids interconnection costs being paid to other operators to terminate calls; gradual stabilisation of European mobile termination regimes; and operating cost optimisation and cost savings achieved through cell site and network sharing, network maintenances and other outsourcing programmes, stringent cost controls, and effective working capital management. Improving profitability is also expected to continue based on the economies of scale effect that is able to be achieved in customer operation and network operations functions. Also factored into the forecasts are the potential dilutive effect of attracting lower value customer when growing the customer base and the expected effect of market competition and development.

Initial investments in the upfront licence payments and the network infrastructure which has been built for scale have been significant. However, as the network capital expenditures are forecast to decline progressively as a percentage of revenues as the network construction phase nears completion and a lower "maintenance" level of capital expenditure is required for ongoing operation. Average customer acquisition costs in the start-up years of operation have also been significant, but have declined due to the improved market acceptance of the 3G technology and on the widening availability, improving attractiveness and comparatively lower unit cost of 3G handsets, and the Group's transition to a non-subsidised handset business model.

For the purposes of impairment tests, the recoverable amount of the Group's 3G telecommunications licences, network assets and goodwill is determined based on value in use calculations. The value in use calculations primarily use cash flow projections based on financial budgets approved by management and estimated terminal value at the end of the approved financial budgets period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, growth rates and selection of discount rates and the earnings multiple that can be realised for the estimated terminal value. The Group prepared the financial budgets reflecting current and prior year performances and market development expectations. Projections in excess of the approved financial budgets period are used to take into account telecommunications spectrum licence periods, increasing market share and growth momentum. For the purpose of the impairment tests, a market specific growth rate ranging from approximately 2% to 3% was used to extrapolate cash flows beyond the approved financial budgets period. This low rate was selected solely for the purposes of the impairment tests to arrive at a conservative projection of cash flows in excess of the approved financial budgets period and does not reflect our expectation of the performance of these businesses nor our forecast of long term industry growth. The discount rates for the tests were based on country specific pre-tax risk adjusted discount rates (for example, 4.6% and 4.9% used in the Group's 3G operations in Italy and the UK respectively). Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

3 Critical accounting estimates and judgements (continued)

(c) Depreciation and amortisation

(i) Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(ii) Telecommunications licences

Telecommunications licences comprise the right to use spectrum and the right to provide a telecommunications service. Telecommunications licences that are considered to have an indefinite useful life to the Group are not amortised. Telecommunications licences with finite useful lives are amortised on a straight-line basis from the date of first commercial usage of the related spectrum over the remaining expected licence periods and are stated net of accumulated amortisation. Licences are reviewed for impairment annually.

On the basis of confirmation from the Ministry of the Italian Government that the Group's 3G licence term in Italy can be continuously extended for a period equivalent to the previous term, effectively making it a perpetual licence, and the enactment by the UK Houses of Parliament of a statutory instrument, which inter alia changes the life of the Group's 3G licence to indefinite, the Group's 3G licences in Italy and in the UK are considered to have an indefinite useful life.

Judgement is required to determine the useful lives of the Group's telecommunications licences. The actual economic lives of the Group's telecommunications spectrum licences may differ from the current contracted or expected licence periods, which could impact the amount of amortisation expense charged to the income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the income statement.

(iii) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs ("CACs") comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G customers. All telecommunications CACs are expensed and recognised in the income statement in the period in which they are incurred.

Judgement is required to determine the most appropriate accounting policy for telecommunications CACs. Any change in the accounting policy to capitalise these costs will impact the charge to the income statement as these costs will be capitalised and amortised over the contract periods.

(d) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is recorded as a separate asset or, as applicable, included within investments in associated companies and joint ventures. Goodwill is also subject to the impairment test described above.

3 Critical accounting estimates and judgements *(continued)*

(e) Investment properties valuation

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position at their fair value as determined by professional valuation. In determining the fair value of the investment properties, the valuers use assumptions and estimates that reflect, amongst other things, comparable market transactions, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Judgement is required to determine the principal valuation assumptions to determine the fair value of the investment properties. Changes in fair values of investment properties are recorded in the income statement.

(f) Tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the accounts. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of the reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the deductible temporary differences and the carry forward of unutilised losses and tax credits, the asset balance will be reduced and charged to the income statement.

The 3G businesses commenced commercial operations from 2003 and some of these businesses are incurring losses as the businesses grow to operating scale. Deferred tax assets have been recognised for the deductible temporary differences and the carry forward of unutilised losses and tax credits relating to the Group's 3G operation in the UK where, amongst other things, tax losses can be carried forward indefinitely and there is availability of group relief for tax purposes that can be utilised to offset taxable profits generated by the Group's other operations in the UK. In addition, deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the Group's 3G operations in Austria, Sweden and Denmark, which have become profitable and are expected to have sufficient taxable profits available in the foreseeable future to utilise their unused tax losses. The ultimate realisation of deferred tax assets recognised for 3 UK, 3 Austria, 3 Sweden and 3 Denmark depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections.

3 Critical accounting estimates and judgements (continued)

(g) Pension costs

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, Employee Benefits. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full, in the year in which they occur, in other comprehensive income.

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the accounts in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(h) Sale and leaseback transactions

The Group classifies leases into finance leases or operating leases in accordance with the accounting policies stated in note 2(x). Determining whether a lease transaction is a finance lease or an operating lease is a complex issue and requires substantial judgement as to whether the lease agreement transfers substantially all the risks and rewards of ownership to or from the Group. Careful and considered judgement is required on various complex aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether renewal options are included in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease or operating lease determines whether the leased asset is capitalised and recognised on the statement of financial position as set out in note 2(x). In sale and leaseback transactions, the classification of the leaseback arrangements as described above determines how the gain or loss on the sale transaction is recognised. It is either deferred and amortised (finance lease) or recognised in the income statement immediately (operating lease).

(i) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). The amount of revenue recognised upon the sale of hardware is determined by considering the estimated fair values of each of the service element and hardware element of the contract. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price and other observable market data. Changes in the estimated fair values may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the fair value of the elements as a result of changes in market conditions.

4 Turnover and revenue

Turnover comprises revenues from the sales of goods and development properties, provision of services and rental income from investment properties, interest income and finance charges earned, and dividend income from equity investments. An analysis of revenue of the Company and subsidiary companies is as follows:

	2012 HK\$ millions	2011 HK\$ millions
Sales of goods	149,702	141,214
Rendering of services	89,544	89,223
Interest	3,593	3,004
Dividends	250	259
	243,089	233,700

5 Operating segment information

Operating segments are reported in a manner consistent with internal reporting provided to the board of directors of the Company who is responsible for allocating resources and assessing performance of the operating segments. Save as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the Company and subsidiary companies' respective items and the column headed as Associates and JCE refers to the Group's share of associated companies and jointly controlled entities' respective items (see notes 19 and 20).

The Group's telecommunications division consists of a 65.01% interest in Hutchison Telecommunications Hong Kong Holdings, which is listed on the Stock Exchange of Hong Kong, Hutchison Asia Telecommunications, an 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 50% interest in a joint venture company, Vodafone Hutchison Australia Pty Limited ("VHA"), and 3 Group Europe with businesses in 6 countries in Europe.

From the second half of 2012, VHA is undergoing a shareholder-sponsored restructuring under the leadership of the other shareholder under the applicable terms of the shareholders' agreement. Consequently, HTAL's share of VHA's results for the second half of 2012 (including VHA's share of certain network closure costs and restructuring costs) is presented as a separate item under profits on disposal of investments and others (see note 6(a)) to separately identify it from the Group's recurring earnings profile during this phase. In light of this, previously reported "3 Group" operating segment, comprising 3 Group Europe and HTAL, is re-presented with 3 Group Europe presented on a standalone basis. For HTAL, its share of VHA's results for the second half of 2012 is reflected, as aforementioned, in profits on disposal of investments and others, and the rest of its results for the current year are presented in this segmental analysis as part of the "Reconciliation item" to reconcile segment results to consolidated results of the Company. Prior year corresponding segment information that is presented for comparative purposes has been restated accordingly.

Finance & Investments and others represents returns earned on the Group's holdings of cash and liquid investments and includes Hutchison Whampoa (China), Hutchison E-Commerce operations, listed subsidiary Hutchison China MediTech Limited, listed subsidiary Hutchison Harbour Ring ("HHR") and listed associate TOM Group and others, and is presented to reconcile to the totals included in the Group's income statement and statement of financial position.

Revenue from external customers is after elimination of inter-segment revenue. The amount eliminated mainly attributable to Property and hotels is HK\$353 million (2011 - HK\$324 million), Hutchison Telecommunications Hong Kong Holdings is HK\$119 million (2011 - HK\$121 million) and Hutchison Asia Telecommunications is HK\$8 million (2011 - nil).

Notes to the Accounts

5 Operating segment information (continued)

(a) The following is an analysis of the Group's revenue by operating segments:

	Revenue							
	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	2012 Total HK\$ millions	%	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	2011 Total HK\$ millions	%
Ports and related services	25,647	7,294	32,941	8%	25,094	6,735	31,829	8%
Hutchison Ports Group other than HPH Trust operations	25,627	4,581	30,208	7%	24,628	4,566	29,194	7%
HPH Trust / HPH Trust operations [#]	20	2,713	2,733	1%	466	2,169	2,635	1%
Property and hotels	6,341	13,629	19,970	5%	6,046	11,180	17,226	4%
Retail	121,525	27,101	148,626	37%	118,051	25,513	143,564	37%
Cheung Kong Infrastructure	4,254	35,439	39,693	10%	3,637	26,790	30,427	8%
Husky Energy [*]	–	59,224	59,224	15%	–	59,103	59,103	15%
Hutchison Telecommunications Hong Kong Holdings	15,536	–	15,536	4%	13,407	–	13,407	4%
Hutchison Asia Telecommunications	4,452	–	4,452	1%	2,332	–	2,332	1%
3 Group Europe	58,708	–	58,708	15%	56,877	–	56,877	15%
Finance & Investments and others	6,626	4,967	11,593	3%	6,545	4,383	10,928	3%
	243,089	147,654	390,743	98%	231,989	133,704	365,693	95%
Reconciliation item [@]	–	7,648	7,648	2%	648	17,452	18,100	5%
	243,089	155,302	398,391	100%	232,637	151,156	383,793	100%
Non-controlling interests' share of HPH Trust / HPH Trust operations' revenue	–	886	886		1,063	726	1,789	
	243,089	156,188	399,277		233,700	151,882	385,582	

represents the Group's attributable share of HPH Trust / HPH Trust operations' revenue based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012. Comparable revenue for the year ended 31 December 2011 reflects the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 so that the year-on-year changes can be calculated on a like-for-like basis. Revenue reduced by HK\$886 million and HK\$2,478 million for 2012 and 2011 respectively, being (1) HK\$689 million adjustment to reduce 2011 revenue to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 shown under "Reconciliation item"; and (2) HK\$886 million and HK\$1,789 million adjustments to exclude non-controlling interests' share of revenue of HPH Trust / HPH Trust operations for 2012 and 2011 respectively.

* revenue reduced by HK\$3,924 million for the year ended 31 December 2011 due to reclassification adjustments made by Husky Energy to its 2011 reported revenue and cost of sales following a change in presentation adopted by Husky Energy in 2012.

@ the reconciliation item in 2012 comprises revenue of HTAL and its share of VHA for the first half of 2012 of HK\$7,648 million. The reconciliation item in 2011 comprises revenue of HTAL and its share of VHA for the full year of 2011 of HK\$17,411 million and revenue adjustments that relate to HPH Trust / HPH Trust operations as mentioned above of HK\$689 million.

5 Operating segment information (continued)

- (b) The Group uses two measures of segment results, EBITDA (see note 5(m)) and EBIT (see note 5(n)). The following is an analysis of the Group's results by operating segments by EBITDA:

	EBITDA (LBITDA) ^(m)							
	Company and Subsidiaries	Associates and JCE	2012 Total		Company and Subsidiaries	Associates and JCE	2011 Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Ports and related services	7,436	4,017	11,453	13%	7,819	3,541	11,360	14%
Hutchison Ports Group other than HPH Trust operations	7,428	2,561	9,989	11%	7,557	2,317	9,874	12%
HPH Trust / HPH Trust operations [#]	8	1,456	1,464	2%	262	1,224	1,486	2%
Property and hotels	4,161	6,758	10,919	13%	4,122	5,781	9,903	12%
Retail	10,254	2,471	12,725	15%	9,626	2,098	11,724	15%
Cheung Kong Infrastructure	1,699	19,706	21,405	24%	1,405	15,837	17,242	21%
Husky Energy	–	14,889	14,889	17%	–	16,053	16,053	20%
Hutchison Telecommunications Hong Kong Holdings	3,032	30	3,062	3%	2,618	(2)	2,616	3%
Hutchison Asia Telecommunications ⁽ⁿ⁾	423	–	423	–	(142)	–	(142)	–
3 Group Europe	9,227	(14)	9,213	11%	8,031	–	8,031	10%
Finance & Investments and others	1,255	1,395	2,650	3%	(375)	1,062	687	1%
	37,487	49,252	86,739	99%	33,104	44,370	77,474	96%
Reconciliation item [@]	(7)	875	868	1%	363	2,515	2,878	4%
EBITDA before property revaluation and profits on disposal of investments and others	37,480	50,127	87,607	100%	33,467	46,885	80,352	100%
Dilution gain arising from spin-off and separate listing of HPH Trust (see note 6(b))	–	–	–		55,644	–	55,644	
Non-controlling interests' share of HPH Trust / HPH Trust operations' EBITDA	–	611	611		677	510	1,187	
EBITDA (see note 33(a))	37,480	50,738	88,218		89,788	47,395	137,183	
Depreciation and amortisation	(14,149)	(15,834)	(29,983)		(14,080)	(15,656)	(29,736)	
One-time gains ^(p)	447	–	447		457	–	457	
Change in fair value of investment properties	790	377	1,167		–	780	780	
Others (see note 6)	–	(2,052)	(2,052)		(12,497)	–	(12,497)	
Group's share of the following income statement items of associated companies and jointly controlled entities:								
Interest expenses and other finance costs	–	(7,116)	(7,116)		–	(6,389)	(6,389)	
Current tax	–	(5,564)	(5,564)		–	(4,047)	(4,047)	
Deferred tax	–	(731)	(731)		–	(2,106)	(2,106)	
Non-controlling interests	–	(362)	(362)		–	(281)	(281)	
	24,568	19,456	44,024		63,668	19,696	83,364	

represents the Group's attributable share of HPH Trust / HPH Trust operations' EBITDA based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012. Comparable EBITDA for the year ended 31 December 2011 reflects the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 so that the year-on-year changes can be calculated on a like-for-like basis. EBITDA reduced by HK\$611 million and HK\$1,572 million for 2012 and 2011 respectively, being (1) HK\$385 million adjustment to reduce 2011 EBITDA to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 shown under "Reconciliation item"; and (2) HK\$611 million and HK\$1,187 million adjustments to exclude non-controlling interests' share of EBITDA of HPH Trust / HPH Trust operations for 2012 and 2011 respectively.

@ the reconciliation item in 2012 comprises EBITDA of HTAL and its share of VHA for the first half of 2012 of HK\$868 million. The reconciliation item in 2011 comprises EBITDA of HTAL and its share of VHA for the full year of 2011 of HK\$2,493 million and EBITDA adjustments that relate to HPH Trust / HPH Trust operations as mentioned above of HK\$385 million.

Notes to the Accounts

5 Operating segment information (continued)

(c) The following is an analysis of the Group's results by operating segments by EBIT:

	EBIT (LBIT) ^(a)							
	Company and Subsidiaries	Associates and JCE	2012 Total		Company and Subsidiaries	Associates and JCE	2011 Total	
	HK\$ millions	HK\$ millions	HK\$ millions		HK\$ millions	HK\$ millions	HK\$ millions	
Ports and related services	4,980	2,811	7,791	13%	5,399	2,449	7,848	15%
Hutchison Ports Group other than HPH Trust operations	4,972	1,930	6,902	12%	5,257	1,680	6,937	13%
HPH Trust / HPH Trust operations [†]	8	881	889	1%	142	769	911	2%
Property and hotels	3,915	6,638	10,553	18%	3,870	5,647	9,517	18%
Retail	8,084	1,964	10,048	17%	7,722	1,608	9,330	18%
Cheung Kong Infrastructure	1,581	15,062	16,643	29%	1,273	12,205	13,478	26%
Husky Energy	–	7,427	7,427	13%	–	8,614	8,614	17%
Hutchison Telecommunications Hong Kong Holdings	1,750	6	1,756	3%	1,439	(4)	1,435	3%
Hutchison Asia Telecommunications ^(b)	(846)	–	(846)	-1%	(1,181)	–	(1,181)	-2%
3 Group Europe^(b)								
EBITDA before the following:	31,654	(14)	31,640		27,634	–	27,634	
Telecommunications CACs	(22,427)	–	(22,427)		(19,603)	–	(19,603)	
EBITDA before the following non-cash items (see note 33(e)):	9,227	(14)	9,213		8,031	–	8,031	
Depreciation	(6,248)	–	(6,248)		(6,502)	–	(6,502)	
Amortisation of licence fees and other rights	(267)	–	(267)		(419)	–	(419)	
One-time gains ^(b)	447	–	447		457	–	457	
EBIT (LBIT) – 3 Group Europe ^(b)	3,159	(14)	3,145	5%	1,567	–	1,567	3%
Finance & Investments and others	1,162	1,178	2,340	4%	(479)	949	470	1%
	23,785	35,072	58,857	101%	19,610	31,468	51,078	99%
Reconciliation item [®]	(7)	(560)	(567)	-1%	360	(68)	292	1%
EBIT before property revaluation and profits on disposal of investments and others	23,778	34,512	58,290	100%	19,970	31,400	51,370	100%
Change in fair value of investment properties	790	377	1,167		–	780	780	
EBIT	24,568	34,889	59,457		19,970	32,180	52,150	
Profits on disposal of investments and others (see note 6)	–	(2,052)	(2,052)		43,147	–	43,147	
Non-controlling interests' share of HPH Trust / HPH Trust operations' EBIT	–	392	392		551	339	890	
Group's share of the following income statement items of associated companies and jointly controlled entities:								
Interest expenses and other finance costs	–	(7,116)	(7,116)		–	(6,389)	(6,389)	
Current tax	–	(5,564)	(5,564)		–	(4,047)	(4,047)	
Deferred tax	–	(731)	(731)		–	(2,106)	(2,106)	
Non-controlling interests	–	(362)	(362)		–	(281)	(281)	
	24,568	19,456	44,024		63,668	19,696	83,364	

5 Operating segment information (continued)

- (c) # represents the Group's attributable share of HPH Trust / HPH Trust operations' EBIT based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012. Comparable EBIT for the year ended 31 December 2011 reflects the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 and also includes the additional depreciation in 2012 on marking HPH Trust's assets to fair value on Initial Public Offering ("IPO") so that the year-on-year changes can be calculated on a like-for-like basis. EBIT reduced by HK\$392 million and HK\$1,268 million for 2012 and 2011 respectively, being (1) HK\$378 million adjustment to reduce 2011 EBIT to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 and to adjust for the additional depreciation in 2012 on marking HPH Trust's assets to fair value on IPO, shown under "Reconciliation item"; and (2) HK\$392 million and HK\$890 million adjustments to exclude non-controlling interests' share of EBIT of HPH Trust / HPH Trust operations for 2012 and 2011 respectively.
- @ the reconciliation item in 2012 comprises LBIT of HTAL and its share of VHA for the first half of 2012 of HK\$567 million. The reconciliation item in 2011 comprises LBIT of HTAL and its share of VHA for the full year of 2011 of HK\$86 million and EBIT adjustments that relate to HPH Trust / HPH Trust operations as mentioned above of HK\$378 million.
- (d) The following is an analysis of the Group's depreciation and amortisation by operating segments:

	Depreciation and amortisation					
	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	2012 Total HK\$ millions	Company and Subsidiaries HK\$ millions	Associates and JCE HK\$ millions	2011 Total HK\$ millions
Ports and related services	2,456	1,206	3,662	2,420	1,092	3,512
Hutchison Ports Group other than HPH Trust operations	2,456	631	3,087	2,300	637	2,937
HPH Trust / HPH Trust operations [#]	–	575	575	120	455	575
Property and hotels	246	120	366	252	134	386
Retail	2,170	507	2,677	1,904	490	2,394
Cheung Kong Infrastructure	118	4,644	4,762	132	3,632	3,764
Husky Energy	–	7,462	7,462	–	7,439	7,439
Hutchison Telecommunications						
Hong Kong Holdings	1,282	24	1,306	1,179	2	1,181
Hutchison Asia Telecommunications	1,269	–	1,269	1,039	–	1,039
3 Group Europe	6,515	–	6,515	6,921	–	6,921
Finance & Investments and others	93	217	310	104	113	217
	14,149	14,180	28,329	13,951	12,902	26,853
Reconciliation item [@]	–	1,435	1,435	3	2,583	2,586
	14,149	15,615	29,764	13,954	15,485	29,439
Non-controlling interests' share of HPH Trust / HPH Trust operations' depreciation and amortisation	–	219	219	126	171	297
	14,149	15,834	29,983	14,080	15,656	29,736

- # represents the Group's attributable share of HPH Trust / HPH Trust operations' depreciation and amortisation based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012. Comparable depreciation and amortisation for the year ended 31 December 2011 reflects the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 and also includes the additional depreciation in 2012 on marking HPH Trust's assets to fair value on IPO so that the year-on-year changes can be calculated on a like-for-like basis. Depreciation and amortisation reduced by HK\$219 million and HK\$304 million for 2012 and 2011 respectively, being (1) HK\$7 million adjustment to reduce 2011 depreciation and amortisation to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2012 and to adjust for the additional depreciation in 2012 on marking HPH Trust's assets to fair value on IPO, shown under "Reconciliation item"; and (2) HK\$219 million and HK\$297 million adjustments to exclude non-controlling interests' share of depreciation and amortisation of HPH Trust / HPH Trust operations for 2012 and 2011 respectively.
- @ the reconciliation item in 2012 comprises depreciation and amortisation of HTAL and its share of VHA for the first half of 2012 of HK\$1,435 million. The reconciliation item in 2011 comprises depreciation and amortisation of HTAL and its share of VHA for the full year of 2011 of HK\$2,579 million and depreciation and amortisation adjustments that relate to HPH Trust / HPH Trust operations as mentioned above of HK\$7 million.

Notes to the Accounts

5 Operating segment information (continued)

(e) The following is an analysis of the Group's capital expenditure by operating segments:

	Capital expenditure							
	Fixed assets, investment properties and leasehold land	Telecom- munications licences	Brand names and other rights	2012 Total	Fixed assets, investment properties and leasehold land	Telecom- munications licences	Brand names and other rights	2011 Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Ports and related services	7,556	–	–	7,556	5,928	–	–	5,928
Hutchison Ports Group other than HPH Trust operations	7,556	–	–	7,556	5,788	–	–	5,788
HPH Trust / HPH Trust operations	–	–	–	–	140	–	–	140
Property and hotels	271	–	–	271	274	–	–	274
Retail	3,055	–	–	3,055	2,622	–	–	2,622
Cheung Kong Infrastructure	680	–	–	680	353	–	–	353
Husky Energy	–	–	–	–	–	–	–	–
Hutchison Telecommunications Hong Kong Holdings	1,600	152	20	1,772	1,143	1,532	70	2,745
Hutchison Asia Telecommunications	2,017	17	97	2,131	6,543	1,351	–	7,894
3 Group Europe ^(a)	11,323	2,253	23	13,599	8,158	2,810	12	10,980
Finance & Investments and others	43	–	–	43	128	–	–	128
	26,545	2,422	140	29,107	25,149	5,693	82	30,924

5 Operating segment information (continued)

(f) The following is an analysis of the Group's total assets by operating segments:

	Total assets							
	2012				2011			
	Company and Subsidiaries	Deferred tax assets	Investments in associated companies and interests in joint ventures	Total assets	Company and Subsidiaries	Deferred tax assets	Investments in associated companies and interests in joint ventures	Total assets
	Segment assets ⁽ⁱ⁾ HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	Segment assets ⁽ⁱ⁾ HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Ports and related services	66,021	165	27,938	94,124	61,143	146	27,776	89,065
Hutchison Ports Group other than HPH Trust operations	66,021	165	13,334	79,520	61,143	146	12,638	73,927
HPH Trust / HPH Trust operations	–	–	14,604	14,604	–	–	15,138	15,138
Property and hotels	51,344	48	41,379	92,771	51,640	134	39,597	91,371
Retail	50,297	545	6,444	57,286	48,184	444	5,559	54,187
Cheung Kong Infrastructure	17,406	22	77,111	94,539	14,744	15	68,115	82,874
Husky Energy	–	–	54,023	54,023	–	–	48,552	48,552
Hutchison Telecommunications Hong Kong Holdings	19,296	369	484	20,149	18,635	369	326	19,330
Hutchison Asia Telecommunications	21,387	1	–	21,388	18,356	–	–	18,356
3 Group Europe ⁽ⁱⁱ⁾	208,310	16,850	9	225,169	199,154	15,808	–	214,962
Finance & Investments and others	129,473	32	2,865	132,370	86,419	23	2,411	88,853
	563,534	18,032	210,253	791,819	498,275	16,939	192,336	707,550
Reconciliation item ⁽ⁱⁱⁱ⁾	23	35	12,004	12,062	12	53	12,929	12,994
	563,557	18,067	222,257	803,881	498,287	16,992	205,265	720,544

@ the reconciliation item comprises total assets of HTAL.

Notes to the Accounts

5 Operating segment information (continued)

(g) The following is an analysis of the Group's total liabilities by operating segments:

	Total liabilities							
	Segment liabilities ⁽¹⁾	Current & non-current borrowings ⁽¹⁾ and other non-current liabilities	Current & deferred tax liabilities	2012 Total liabilities	Segment liabilities ⁽¹⁾	Current & non-current borrowings ⁽¹⁾ and other non-current liabilities	Current & deferred tax liabilities	2011 Total liabilities
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Ports and related services	16,132	27,945	5,043	49,120	14,993	23,906	4,600	43,499
Hutchison Ports Group other than HPH Trust operations	16,132	27,945	5,043	49,120	14,993	23,906	4,600	43,499
HPH Trust / HPH Trust operations	–	–	–	–	–	–	–	–
Property and hotels	2,384	450	2,364	5,198	2,142	511	2,356	5,009
Retail	25,765	6,307	1,231	33,303	23,302	6,421	1,062	30,785
Cheung Kong Infrastructure	3,453	11,599	1,010	16,062	2,345	14,669	933	17,947
Husky Energy	–	–	–	–	–	–	–	–
Hutchison Telecommunications Hong Kong Holdings	4,820	4,691	289	9,800	4,541	4,885	241	9,667
Hutchison Asia Telecommunications	2,943	2,142	2	5,087	4,250	2,407	1	6,658
3 Group Europe	20,979	128,645	213	149,837	24,493	117,552	393	142,438
Finance & Investments and others	5,382	89,640	1,677	96,699	4,839	59,001	1,738	65,578
	81,858	271,419	11,829	365,106	80,905	229,352	11,324	321,581
Reconciliation item [@]	183	–	–	183	180	–	–	180
	82,041	271,419	11,829	365,289	81,085	229,352	11,324	321,761

@ the reconciliation item comprises total liabilities of HTAL.

Additional information in respect of geographical locations

(h) Additional disclosures of the Group's revenue by geographical location are shown below:

	Revenue							
	Company and Subsidiaries	Associates and JCE	2012 Total		Company and Subsidiaries	Associates and JCE	2011 Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Hong Kong	53,705	10,294	63,999	16%	49,296	11,490	60,786	16%
Mainland China	24,110	18,602	42,712	11%	21,972	12,937	34,909	9%
Europe	125,087	43,863	168,950	42%	125,232	37,168	162,400	42%
Canada ⁽¹⁾	111	59,187	59,298	15%	120	59,080	59,200	15%
Asia, Australia and others	33,450	18,389	51,839	13%	29,472	26,098	55,570	15%
Finance & Investments and others	6,626	4,967	11,593	3%	6,545	4,383	10,928	3%
	243,089	155,302	398,391 ⁽¹⁾	100%	232,637	151,156	383,793 ⁽¹⁾	100%

(1) see note 5(a) for reconciliation to total revenue included in the Group's income statement.

5 Operating segment information (continued)

(i) Additional disclosures of the Group's EBITDA by geographical location are shown below:

	EBITDA (LBITDA) ^(m)							
	Company and Subsidiaries	Associates and JCE	2012 Total		Company and Subsidiaries	Associates and JCE	2011 Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Hong Kong	7,089	5,258	12,347	14%	7,491	5,340	12,831	16%
Mainland China	4,074	8,460	12,534	14%	3,327	7,814	11,141	14%
Europe	16,651	13,809	30,460	35%	15,189	10,083	25,272	31%
Canada ⁽ⁱ⁾	95	14,650	14,745	17%	115	15,969	16,084	20%
Asia, Australia and others	8,316	6,555	14,871	17%	7,720	6,617	14,337	18%
Finance & Investments and others	1,255	1,395	2,650	3%	(375)	1,062	687	1%
EBITDA before property revaluation and profits on disposal of investments and others	37,480	50,127	87,607 ⁽²⁾	100%	33,467	46,885	80,352 ⁽²⁾	100%

(2) see note 5(b) for reconciliation to total EBITDA included in the Group's income statement.

(j) Additional disclosures of the Group's EBIT by geographical location are shown below:

	EBIT (LBIT) ^(m)							
	Company and Subsidiaries	Associates and JCE	2012 Total		Company and Subsidiaries	Associates and JCE	2011 Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Hong Kong	5,263	3,822	9,085	16%	5,709	4,052	9,761	19%
Mainland China	3,524	7,499	11,023	19%	2,835	6,910	9,745	19%
Europe	8,424	11,132	19,556	34%	6,774	8,235	15,009	29%
Canada ⁽ⁱ⁾	96	7,175	7,271	12%	114	8,534	8,648	17%
Asia, Australia and others	5,309	3,706	9,015	15%	5,017	2,720	7,737	15%
Finance & Investments and others	1,162	1,178	2,340	4%	(479)	949	470	1%
EBIT before property revaluation and profits on disposal of investments and others	23,778	34,512	58,290	100%	19,970	31,400	51,370	100%
Change in fair value of investment properties	790	377	1,167		—	780	780	
EBIT	24,568	34,889	59,457 ⁽³⁾		19,970	32,180	52,150 ⁽³⁾	

(3) see note 5(c) for reconciliation to total EBIT included in the Group's income statement.

Notes to the Accounts

5 Operating segment information (continued)

(k) Additional disclosures of the Groups capital expenditure by geographical location are shown below:

	Capital expenditure							
	Fixed assets, investment properties and leasehold land	Telecom- munications licences	Brand names and other rights	2012 Total	Fixed assets, investment properties and leasehold land	Telecom- munications licences	Brand names and other rights	2011 Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Hong Kong	2,412	152	17	2,581	1,841	1,532	62	3,435
Mainland China	2,228	–	–	2,228	1,844	–	–	1,844
Europe	15,012	2,253	23	17,288	11,043	2,810	12	13,865
Canada	–	–	–	–	–	–	–	–
Asia, Australia and others	6,850	17	100	6,967	10,293	1,351	8	11,652
Finance & Investments and others	43	–	–	43	128	–	–	128
	26,545	2,422	140	29,107	25,149	5,693	82	30,924

(l) Additional disclosures of the Group's total assets by geographical location are shown below:

	Total assets							
	Company and Subsidiaries	Investments in associated companies and interests in joint ventures		2012 Total assets	Company and Subsidiaries	Investments in associated companies and interests in joint ventures		2011 Total assets
	Segment assets ⁽ⁱ⁾	Deferred tax assets	HK\$ millions	HK\$ millions	Segment assets ⁽ⁱ⁾	Deferred tax assets	HK\$ millions	HK\$ millions
Hong Kong	75,669	442	28,243	104,354	76,164	525	28,814	105,503
Mainland China	11,815	346	64,041	76,202	9,354	261	56,318	65,933
Europe	278,263	16,969	48,167	343,399	266,192	15,921	38,843	320,956
Canada ⁽ⁱⁱ⁾	410	–	50,325	50,735	264	–	48,162	48,426
Asia, Australia and others	67,927	278	28,616	96,821	59,894	262	30,717	90,873
Finance & Investments and others	129,473	32	2,865	132,370	86,419	23	2,411	88,853
	563,557	18,067	222,257	803,881	498,287	16,992	205,265	720,544

(m) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and jointly controlled entities except for HPH Trust / HPH Trust operations which are included based on the Group's effective share of EBITDA for these operations. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings of a cash nature but excludes change in fair value of investment properties. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under generally accepted accounting principles in Hong Kong and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with generally accepted accounting principles in Hong Kong.

5 Operating segment information (continued)

- (n) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and jointly controlled entities except for HPH Trust / HPH Trust operations which are included based on the Group's effective share of EBIT for these operations. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under generally accepted accounting principles in Hong Kong and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with generally accepted accounting principles in Hong Kong.
- (o) Included in EBITDA and EBIT of Hutchison Asia Telecommunications in 2012 are compensation contributions amounting to HK\$1,590 million (2011 - HK\$1,270 million).
- (p) Included in EBIT (LBIT) of 3 Group Europe in 2012 is a one-time net gain of HK\$447 million from a network sharing arrangement, which includes a benefit of HK\$2,032 million from future cost savings arising from a right to share another Irish operator's mobile network, partially offset by a HK\$1,585 million one-time provision mainly related to the restructuring of 3 Ireland's network infrastructure. Included in comparable EBIT (LBIT) of 3 Group Europe in 2011 is a one-time net gain of HK\$457 million, comprising a benefit of HK\$1,843 million relating to two blocks of 5MHz of 1,800MHz spectrum assigned to 3 Italy in 2010, as a result of favourable changes in the licence terms in 2011, partially offset by a write-off of HK\$917 million due to an adverse court ruling on the incoming mobile termination rates by the Italian State Council and certain other one-off provisions amounting to HK\$469 million.
- (q) Included in capital expenditures of 3 Group Europe in 2012 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 31 December 2012 which has an effect of increasing total expenditures by HK\$253 million (2011 - HK\$68 million).
- (r) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, goodwill, brand names and other rights, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets. As additional information, non-current assets (excluding financial instruments, deferred tax assets, post-employment benefits assets and assets from insurance contracts) for Hong Kong, Mainland China, Europe, Canada, and Asia, Australia and others amounted to HK\$95,805 million (2011 - HK\$94,873 million), HK\$73,676 million (2011 - HK\$64,104 million), HK\$270,566 million (2011 - HK\$248,449 million), HK\$50,366 million (2011 - HK\$48,204 million) and HK\$73,054 million (2011 - HK\$72,207 million) respectively.
- (s) Included in total assets of 3 Group Europe is an unrealised foreign currency exchange gain arising in 2012 of HK\$3,055 million (2011 - HK\$626 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.
- (t) Segment liabilities comprise trade and other payables and pension obligations.
- (u) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.
- (v) Include contribution from the United States of America for Husky Energy.

6 Profits on disposal of investments and others

	Attributable to			Total HK\$ millions
	Ordinary shareholders of the Company HK\$ millions	Holders of perpetual capital securities HK\$ millions	Non-controlling interests HK\$ millions	
Year ended 31 December 2012				
Profits on disposal of investments	–	–	–	–
Others				
HTAL – share of operating losses of joint venture VHA for the second half of 2012 ^(a)	(1,803)	–	(249)	(2,052)
Year ended 31 December 2011				
Profits on disposal of investments				
Dilution gain arising from spin-off and separate listing of HPH Trust ^(b)	44,290	–	11,354	55,644
Others				
Provision for impairment on certain port assets ^(c)	(7,110)	–	(1,075)	(8,185)
Provision for impairment on fixed assets ^(d)	(2,997)	–	–	(2,997)
Write-off of fixed assets ^(e)	(1,315)	–	–	(1,315)
	(11,422)	–	(1,075)	(12,497)
	32,868	–	10,279	43,147

- (a) From the second half of 2012, VHA is undergoing a shareholder-sponsored restructuring under the leadership of the other shareholder under the applicable terms of the shareholders' agreement. In order to assist in providing a meaningful analysis of the ongoing operating activities, HTAL's share of VHA's results for the second half of 2012 (including share of certain network closure costs and restructuring costs) is presented as a separate item above to separately identify it from the recurring earnings profile during this phase.
- (b) The Group completed an initial public offering of units in HPH Trust and the units were listed on the Main Board of the Singapore Stock Exchange on 18 March 2011. Immediately following the completion of the spin-off and separate listing of HPH Trust, the Group retains a 27.6% interest in HPH Trust. Included in the HK\$55,644 million dilution gain arising from spin-off and separate listing of HPH Trust is the gain of HK\$17,625 million on remeasurement of the 27.6% retained interest from its carrying value to fair value.
- (c) In 2011, following the IPO of the HPH Trust, a strategic review of its ports portfolio, and assessment of the market opportunities, the Group recognised impairment charges on certain port assets. One-time impairment charges are recognised on these port assets in view of the performance, uncertain business climate and the continuing challenging trading environment faced by these operations. In aggregate the impairment charges amounted to HK\$8,185 million. The main classes of assets affected by these impairment charges are fixed assets and interests in joint ventures and associated companies.
- (d) In 2011, the Group recognised a one-time impairment charge of HK\$2,997 million in relation to fixed assets of Hutchison Asia Telecommunications in Vietnam in view of an ongoing reassessment of the business opportunity in that country. The recoverable amount of these fixed assets is determined based on the higher of fair value less cost to sell and value in use calculations, which are estimated by reference to market transactions and projected cash flows. The charge reflects the effects of market pressure and increasing competition on projected cash flows.
- (e) In 2011, the Group recognised a one-time write-off of HK\$1,315 million as a result of a review process by 3 UK on its fixed assets base, following near finalisation of network integration processes.

7 Directors' emoluments

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments of each of the directors of the Company exclude amounts received from the Company's listed subsidiaries and paid to the Company. The amounts paid to each director for both 2012 and 2011 are as below (also see Report of the Directors):

Name of directors	2012					
	Director's Fees	Basic salaries, allowances and benefits-in-kind	Discretionary bonuses	Provident fund contributions	Inducement or compensation fees	Total emoluments
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
LI Ka-shing ^{(a) (f)}	0.05	—	—	—	—	0.05
LI Tzar Kuoi, Victor						
<i>Paid by the Company</i>	0.12	4.59	46.55	—	—	51.26
<i>Paid by Cheung Kong Infrastructure</i>	0.08	—	21.78	—	—	21.86
<i>Paid to the Company</i>	(0.08)	—	—	—	—	(0.08)
FOK Kin Ning, Canning ^(b)	0.12	4.59	68.33	—	—	73.04
CHOW WOO Mo Fong, Susan ^(b)	0.12	10.67	166.33	2.22	—	179.34
Frank John SIXT ^(b)	0.12	7.85	38.02	1.59	—	47.58
LAI Kai Ming, Dominic ^(b)	0.12	7.88	36.78	0.69	—	45.47
KAM Hing Lam	0.12	5.26	36.30	1.01	—	42.69
<i>Paid by the Company</i>	0.12	2.30	8.29	—	—	10.71
<i>Paid by Cheung Kong Infrastructure</i>	0.08	4.20	9.31	—	—	13.59
<i>Paid to the Company</i>	(0.08)	(4.20)	—	—	—	(4.28)
George Colin MAGNUS ^(d)	0.12	2.30	17.60	—	—	20.02
<i>Paid by the Company</i>	0.12	—	—	—	—	0.12
<i>Paid by Cheung Kong Infrastructure</i>	0.08	—	—	—	—	0.08
Michael David KADOORIE ^(c)	0.20	—	—	—	—	0.20
Holger KLUGE ^{(c) (e) (f)}	0.12	—	—	—	—	0.12
LEE Wai Mun, Rose ^{(c) (h)}	0.31	—	—	—	—	0.31
Margaret LEUNG KO May Yee ^{(c) (g)}	0.02	—	—	—	—	0.02
William SHURNIAK ^{(c) (e)}	0.09	—	—	—	—	0.09
WONG Chung Hin ^{(c) (e) (f)}	0.25	—	—	—	—	0.25
	0.31	—	—	—	—	0.31
Total	2.07	38.55	363.36	5.51	—	409.49

- (a) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK\$50,000 (2011 - HK\$50,000) which he paid to Cheung Kong (Holdings) Limited.
- (b) Directors' fees received by these directors from the Company's listed subsidiaries during the period they served as executive directors or non-executive directors that have been paid to the Company are not included in the amounts above.
- (c) Independent non-executive director. The total emoluments of the independent non-executive directors of the Company are HK\$1,100,000 (2011 - HK\$1,110,000).
- (d) Non-executive director.
- (e) Member of the Audit Committee.
- (f) Member of the Remuneration Committee.
- (g) Resigned on 30 September 2012.
- (h) Appointed on 1 November 2012.

7 Directors' emoluments (continued)

2011

Name of directors	Director's Fees HK\$ millions	Basic salaries, allowances and benefits- in-kind HK\$ millions	Discretionary bonuses HK\$ millions	Provident fund contributions HK\$ millions	Inducement or compensation fees HK\$ millions	Total emoluments HK\$ millions
LI Ka-shing ^{(a) (f)}	0.05	—	—	—	—	0.05
LI Tzar Kuoi, Victor						
<i>Paid by the Company</i>	0.12	4.59	42.32	—	—	47.03
<i>Paid by Cheung Kong Infrastructure</i>	0.08	—	18.90	—	—	18.98
<i>Paid to the Company</i>	(0.08)	—	—	—	—	(0.08)
	0.12	4.59	61.22	—	—	65.93
FOK Kin Ning, Canning ^(b)	0.12	10.69	157.34	2.22	—	170.37
CHOW WOO Mo Fong, Susan ^(b)	0.12	7.87	35.20	1.59	—	44.78
Frank John SIXT ^(b)	0.12	7.87	34.04	0.69	—	42.72
LAI Kai Ming, Dominic ^(b)	0.12	5.31	33.00	1.01	—	39.44
KAM Hing Lam						
<i>Paid by the Company</i>	0.12	2.30	7.68	—	—	10.10
<i>Paid by Cheung Kong Infrastructure</i>	0.08	4.20	7.43	—	—	11.71
<i>Paid to the Company</i>	(0.08)	(4.20)	—	—	—	(4.28)
	0.12	2.30	15.11	—	—	17.53
George Colin MAGNUS ^(d)						
<i>Paid by the Company</i>	0.12	—	—	—	—	0.12
<i>Paid by Cheung Kong Infrastructure</i>	0.08	—	—	—	—	0.08
	0.20	—	—	—	—	0.20
Michael David KADOORIE ^(c)	0.12	—	—	—	—	0.12
Holger KLUGE ^{(c) (e) (f)}	0.31	—	—	—	—	0.31
Margaret LEUNG KO May Yee ^(c)	0.12	—	—	—	—	0.12
William SHURNIAK ^{(c) (e)}	0.25	—	—	—	—	0.25
WONG Chung Hin ^{(c) (e) (f)}	0.31	—	—	—	—	0.31
Total	2.08	38.63	335.91	5.51	—	382.13

The Company does not have an option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2011 - nil).

In 2012, the five individuals whose emoluments were the highest for the year were five directors of the Company. In 2011, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind - HK\$6.43 million; provident fund contribution - HK\$0.50 million; and discretionary bonus - HK\$37 million.

8 Interest expenses and other finance costs

	2012 HK\$ millions	2011 HK\$ millions
Bank loans and overdrafts	1,424	1,845
Other loans repayable within 5 years	59	66
Other loans not wholly repayable within 5 years	21	20
Notes and bonds repayable within 5 years	4,181	3,481
Notes and bonds not wholly repayable within 5 years	2,441	2,120
	8,126	7,532
Interest bearing loans from non-controlling shareholders repayable within 5 years	233	254
Interest bearing loans from non-controlling shareholders not wholly repayable within 5 years	6	9
	8,365	7,795
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	273	281
Notional non-cash interest accretion ^(a)	461	396
Other finance costs	249	74
	9,348	8,546
Less: interest capitalised ^(b)	(105)	(131)
	9,243	8,415

(a) Notional non-cash interest accretion represents notional adjustments to accrete the carrying amount of certain obligations recognised in the statement of financial position such as asset retirement obligation to the present value of the estimated future cash flows expected to be required for their settlement in the future.

(b) Borrowing costs have been capitalised at various applicable rates ranging from 0.1% to 6.5% per annum (2011 – 0.2% to 4.3% per annum).

Notes to the Accounts

9 Tax

	Current tax HK\$ millions	Deferred tax HK\$ millions	2012 Total HK\$ millions	Current tax HK\$ millions	Deferred tax HK\$ millions	2011 Total HK\$ millions
Hong Kong	326	281	607	332	654	986
Outside Hong Kong	2,771	(957)	1,814	2,905	(2,804)	101
	3,097	(676)	2,421	3,237	(2,150)	1,087

Hong Kong profits tax has been provided for at the rate of 16.5% (2011 - 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

The differences between the Group's expected tax charge (credit), calculated at the domestic rates applicable to the country concerned, and the Group's tax charge (credit) for the years were as follows:

	2012 HK\$ millions	2011 HK\$ millions
Tax calculated at the domestic rates applicable in the country concerned	3,992	2,715
Tax effect of:		
Tax losses not recognised	2,074	3,162
Tax incentives	(27)	(176)
Income not subject to tax	(1,092)	(802)
Expenses not deductible for tax purposes	957	979
Recognition of previously unrecognised tax losses	(2,345)	(3,841)
Utilisation of previously unrecognised tax losses	(697)	(492)
Under provision in prior years	142	52
Deferred tax assets written off	1	—
Other temporary differences	(915)	(475)
Effect of change in tax rate	331	(35)
Total tax for the year	2,421	1,087

10 Distributions and dividends

	2012 HK\$ millions	2011 HK\$ millions
Distributions paid on perpetual capital securities	1,170	936
Dividends paid and payable on ordinary shares		
Interim, paid of HK\$0.55 per share (2011 - HK\$0.55)	2,345	2,345
Final, proposed of HK\$1.53 per share (2011 - HK\$1.53)	6,523	6,523
	8,868	8,868

11 Earnings per share for profit attributable to ordinary shareholders of the Company

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company HK\$26,128 million (2011 - HK\$56,019 million) and on 4,263,370,780 shares in issue during 2012 (2011 - 4,263,370,780 shares).

The Company has no share option scheme. Certain of the Company's subsidiary and associated companies have employee share options outstanding as at 31 December 2012. The employee share options of these subsidiary and associated companies outstanding as at 31 December 2012 did not have a dilutive effect on earnings per share.

12 Other comprehensive income (losses)

	2012		
	Before-tax amount HK\$ millions	Tax effect HK\$ millions	Net-of-tax amount HK\$ millions
Available-for-sale investments:			
Valuation gains recognised directly in reserves	1,761	(82)	1,679
Valuation gains previously in reserves recognised in income statement for the year	(210)	—	(210)
Net actuarial losses of defined benefit plans recognised directly in reserves	(825)	87	(738)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
Losses recognised directly in reserves	(57)	—	(57)
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	1,833	—	1,833
Losses previously in exchange and other reserves related to subsidiaries disposed / de-recognised during the year recognised in income statement for the year	69	—	69
Share of other comprehensive income of associated companies for the year	2,305	—	2,305
Share of other comprehensive income of jointly controlled entities for the year	936	—	936
	5,812	5	5,817
	2011		
	Before-tax amount HK\$ millions	Tax effect HK\$ millions	Net-of-tax amount HK\$ millions
Available-for-sale investments:			
Valuation gains recognised directly in reserves	298	(64)	234
Valuation gains previously in reserves recognised in income statement for the year	(280)	—	(280)
Net actuarial losses of defined benefit plans recognised directly in reserves	(1,607)	170	(1,437)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
Losses recognised directly in reserves	(240)	—	(240)
Losses previously in reserves recognised in initial cost of non-financial items for the year	7	—	7
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	1,620	—	1,620
Losses previously in exchange and other reserves related to subsidiaries disposed / de-recognised during the year recognised in income statement for the year	937	—	937
Revaluation gains recognised directly in reserves upon transfer from other properties to investment properties	8	—	8
Share of other comprehensive income (losses) of associated companies for the year	(3,530)	—	(3,530)
Share of other comprehensive income of jointly controlled entities for the year	1,626	—	1,626
	(1,161)	106	(1,055)

13 Fixed assets

	Land and buildings HK\$ millions	Telecom- munications network assets HK\$ millions	Other assets HK\$ millions	Total HK\$ millions
Cost				
At 1 January 2011	53,894	120,066	108,134	282,094
Additions	3,273	6,887	14,616	24,776
Relating to subsidiaries acquired	—	—	2	2
Disposals	(174)	(1,063)	(1,770)	(3,007)
Relating to subsidiaries disposed / de-recognised	(13,957)	(4,446)	(14,736)	(33,139)
Revaluation upon transfer to investment properties	6	—	—	6
Transfer from other assets	8	147	72	227
Transfer between categories / investment properties / leasehold land	428	6,182	(5,300)	1,310
Exchange translation differences	(92)	(292)	22	(362)
At 1 January 2012	43,386	127,481	101,040	271,907
Additions	3,785	2,870	19,494	26,149
Disposals	(123)	(3,363)	(2,666)	(6,152)
Relating to subsidiaries disposed / de-recognised	(42)	(337)	(2)	(381)
Write-off for the year ^(a)	—	(1,456)	—	(1,456)
Transfer to other assets	(107)	(32)	(839)	(978)
Transfer between categories / investment properties / leasehold land	516	11,385	(11,936)	(35)
Exchange translation differences	555	1,329	1,224	3,108
At 31 December 2012	47,970	137,877	106,315	292,162
Accumulated depreciation and impairment				
At 1 January 2011	12,636	37,966	63,641	114,243
Charge for the year	1,076	6,166	5,446	12,688
Relating to subsidiaries acquired	—	—	2	2
Disposals	(60)	(598)	(1,589)	(2,247)
Relating to subsidiaries disposed / de-recognised	(3,054)	(4,417)	(7,168)	(14,639)
Provision for impairment and write-off ^(b)	44	4,260	1,249	5,553
Transfer from other assets	5	52	16	73
Transfer between categories / investment properties / leasehold land	3	2,914	(1,657)	1,260
Exchange translation differences	3	(322)	(209)	(528)
At 1 January 2012	10,653	46,021	59,731	116,405
Charge for the year	1,064	6,133	5,592	12,789
Disposals	(99)	(2,594)	(2,315)	(5,008)
Relating to subsidiaries disposed / de-recognised	(10)	(271)	—	(281)
Write-off for the year ^(a)	—	(282)	—	(282)
Transfer from (to) other assets	9	(34)	(465)	(490)
Transfer between categories / investment properties / leasehold land	53	2	(144)	(89)
Exchange translation differences	133	856	541	1,530
At 31 December 2012	11,803	49,831	62,940	124,574
Net book value				
At 31 December 2012	36,167	88,046	43,375	167,588
At 31 December 2011	32,733	81,460	41,309	155,502
At 1 January 2011	41,258	82,100	44,493	167,851

Notes to the Accounts

13 Fixed assets (continued)

- (a) Mainly due to the decommissioning and upgrade programme undertaken pursuant to 3 Ireland network sharing agreement (see note 5(p)).
- (b) Mainly relate to certain port operations (see note 6(c)), Hutchison Asia Telecommunications' Vietnam operation (see note 6(d)) and 3 UK's operation (see note 6(e)).

Land and buildings include projects under development in the amount of HK\$5,219 million (2011 - HK\$3,990 million).

Cost and net book value of fixed assets include HK\$138,853 million (2011 - HK\$130,032 million) and HK\$82,807 million (2011 - HK\$78,162 million) respectively, relating to 3 Group Europe. Impairment tests were undertaken at 31 December 2012 and 31 December 2011 to assess whether the carrying value of the Group's 3G telecommunications licences and network assets were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective business. Note 3(b) contains information about the estimates, assumptions and judgements relating to the impairment tests. Save as disclosed above, the results of the tests undertaken as at 31 December 2012 and 31 December 2011 indicated that no other impairment charge was necessary.

14 Investment properties

	2012 HK\$ millions	2011 HK\$ millions
Valuation		
At 1 January	42,610	43,240
Additions	225	263
Disposals	(12)	(324)
Relating to subsidiaries disposed / de-recognised	—	(590)
Change in fair value of investment properties	790	—
Transfer from (to) fixed assets and leasehold land	(2)	16
Exchange translation differences	41	5
At 31 December	43,652	42,610

Investment properties have been fair valued as at 31 December 2012 and 31 December 2011 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis.

The Group's investment properties comprise:

	2012 HK\$ millions	2011 HK\$ millions
Hong Kong		
Long leasehold (not less than 50 years)	17,481	16,834
Medium leasehold (less than 50 years but not less than 10 years)	25,010	24,624
Outside Hong Kong		
Freehold	109	109
Medium leasehold	1,052	1,043
	43,652	42,610

14 Investment properties (continued)

At 31 December, the analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases is as follows:

	2012 HK\$ millions	2011 HK\$ millions
Within 1 year	2,817	2,222
After 1 year, but within 5 years	4,874	3,987
After 5 years	20	357

15 Leasehold land

	2012 HK\$ millions	2011 HK\$ millions
Net book value		
At 1 January	10,004	27,561
Additions	171	110
Disposals	—	(4)
Relating to subsidiaries disposed / de-recognised	—	(16,603)
Revaluation upon transfer to investment properties	—	2
Amortisation for the year	(463)	(522)
Impairment recognised for the year ^(a)	—	(529)
Transfer to other assets	(209)	—
Transfer to fixed assets and investment properties	(52)	(66)
Exchange translation differences	44	55
At 31 December	9,495	10,004

The Group's leasehold land comprises:

	2012 HK\$ millions	2011 HK\$ millions
Outside Hong Kong		
Long leasehold	1,035	1,013
Medium leasehold	8,460	8,991
	9,495	10,004

(a) Impairment recognised mainly relates to certain port operations (see note 6(c)).

16 Telecommunications licences

	2012 HK\$ millions	2011 HK\$ millions
Net book value		
At 1 January	75,503	68,333
Additions	2,422	5,693
Non-cash addition (see note 5(p))	–	1,843
Amortisation for the year	(664)	(458)
Write-off for the year	–	(84)
Exchange translation differences	1,394	176
At 31 December	78,655	75,503
Cost		
Accumulated amortisation and impairment	(27,414)	(26,216)
	78,655	75,503

The carrying amount of the Group's telecommunications licences with indefinite useful life in Italy and the UK is €3,171 million (2011 – €3,002 million) and £3,127 million (2011 – £3,127 million), respectively.

In accordance with the Group's accounting policy on asset impairment (see note 2(y)), the carrying values of telecommunications licences were tested for impairment as at 31 December 2012 and 31 December 2011. Note 3(b) contains information about the estimates, assumptions and judgements relating to telecommunications licences impairment tests. The results of the tests undertaken as at 31 December 2012 and 31 December 2011 indicated no impairment charge was necessary.

17 Goodwill

	2012 HK\$ millions	2011 HK\$ millions
Cost		
At 1 January	26,338	27,332
Relating to subsidiaries acquired	–	13
Impairment recognised and write-off for the year ^(a)	–	(509)
Relating to subsidiaries disposed / de-recognised	–	(463)
Exchange translation differences	154	(35)
At 31 December	26,492	26,338

(a) Mainly relates to certain port operations (see note 6(c)).

The carrying amount of goodwill primarily arises from the acquisition of four retail chains: Marionnaud of €645 million (2011 – €645 million), Kruidvat of €600 million (2011 – €600 million), The Perfume Shop of £140 million (2011 – £140 million), Superdrug of £78 million (2011 – £78 million), Italy of €275 million (2011 – €275 million), Hutchison Telecommunications Hong Kong Holdings of HK\$3,754 million (2011 – HK\$3,754 million) and Hutchison Asia Telecommunications of HK\$1,101 million (2011 – HK\$1,184 million).

In accordance with the Group's accounting policy on asset impairment (see note 2(y)), the carrying values of goodwill were tested for impairment as at 31 December 2012 and 31 December 2011. Note 3(b) contains information about the estimates, assumptions and judgements relating to goodwill impairment tests. Save as disclosed above, the results of the tests undertaken as at 31 December 2012 and 31 December 2011 indicated no other impairment charge was necessary.

18 Brand names and other rights

	Brand names HK\$ millions	Other rights HK\$ millions	Total HK\$ millions
Net book value			
At 1 January 2012	1,945	10,670	12,615
Additions	—	140	140
Non-cash addition (see note 5(p))	—	2,032	2,032
Transfer from fixed assets	—	473	473
Amortisation for the year	(12)	(221)	(233)
Exchange translation differences	21	280	301
At 31 December 2012	1,954	13,374	15,328
Cost	2,011	20,526	22,537
Accumulated amortisation	(57)	(7,152)	(7,209)
	1,954	13,374	15,328

	Brand names HK\$ millions	Other rights HK\$ millions	Total HK\$ millions
Net book value			
At 1 January 2011	1,950	10,915	12,865
Additions	—	82	82
Amortisation for the year	(12)	(400)	(412)
Relating to subsidiaries disposed / de-recognised	—	(16)	(16)
Exchange translation differences	7	89	96
At 31 December 2011	1,945	10,670	12,615
Cost	1,990	17,066	19,056
Accumulated amortisation	(45)	(6,396)	(6,441)
	1,945	10,670	12,615

The brand names as at 31 December 2012 primarily resulted from the acquisitions of Marionnaud and The Perfume Shop in 2005 and are assessed to have indefinite useful lives. The factors considered in the assessment of the useful lives include analysis of market and competitive trends, product life cycles, brand extension opportunities and management's long term strategic development.

The value of brand names acquired in 2005 was determined by an external valuer based on a royalty relief methodology, a commonly applied approach to valuing brand names, which was completed in December 2005. Brand names were tested for impairment as at 31 December 2012 and 31 December 2011 and the results of the tests indicated no impairment charge was necessary.

Other rights, which include a right of use of telecommunications network infrastructure sites, operating and service content rights, are amortised over their finite useful lives.

Notes to the Accounts

19 Associated companies

	2012 HK\$ millions	2011 HK\$ millions
Unlisted shares	25,670	24,504
Listed shares, Hong Kong	9,512	9,512
Listed shares, outside Hong Kong	33,366	31,082
Share of undistributed post acquisition reserves	62,472	53,295
	131,020	118,393
Amounts due from associated companies	20,840	19,310
	151,860	137,703

The market value of the above listed investments at 31 December 2012 was HK\$147,344 million (2011 - HK\$119,906 million).

Particulars regarding the principal associated companies are set forth on pages 233 to 238.

The aggregate amounts of revenues, results, assets and liabilities of the Group's associated companies are as follows:

	2012 HK\$ millions	2011 HK\$ millions
Revenue	360,389	339,090
Profit after tax	36,699	33,325
Non-current assets	896,485	812,617
Current assets	111,882	105,095
Total assets	1,008,367	917,712
Non-current liabilities	483,240	432,473
Current liabilities	125,473	113,065
Total liabilities	608,713	545,538

19 Associated companies (continued)

The Group's share of the revenues, expenses and results of associated companies are as follows:

	2012 HK\$ millions	2011 HK\$ millions
Revenue	100,904	91,328
Expense	(63,106)	(56,942)
EBITDA ^(a)	37,798	34,386
Depreciation and amortisation	(13,244)	(11,947)
Change in fair value of investment properties	90	150
EBIT ^(b)	24,644	22,589
Interest expenses and other finance costs	(6,119)	(5,027)
Current tax	(2,844)	(1,770)
Deferred tax	(341)	(1,692)
Non-controlling interests	(362)	(281)
Profit after tax	14,978	13,819

(a) EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings of a cash nature but excludes change in fair value of investment properties.

(b) EBIT is defined as earnings before interest expenses and other finance costs and tax.

20 Interests in joint ventures

	2012 HK\$ millions	2011 HK\$ millions
Jointly controlled entities		
Unlisted shares	48,331	45,648
Share of undistributed post acquisition reserves	12,826	10,014
	61,157	55,662
Amounts due from jointly controlled entities	9,240	11,900
	70,397	67,562

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save as for those disclosed in note 36.

Particulars regarding the principal jointly controlled entities are set forth on pages 233 to 238.

The aggregate amounts of revenues, results, assets and liabilities related to the Group's interests in its jointly controlled entities are as follows:

	2012 HK\$ millions	2011 HK\$ millions
Revenue	128,683	124,242
Profit after tax	13,682	15,625
Non-current assets	186,915	142,044
Current assets	134,415	121,535
Total assets	321,330	263,579
Non-current liabilities	76,391	77,623
Current liabilities	106,864	69,903
Total liabilities	183,255	147,526

20 Interests in joint ventures (continued)

The Group's share of the revenues, expenses, results and capital commitments of jointly controlled entities are as follows:

	2012 HK\$ millions	2011 HK\$ millions
Revenue	55,284	60,554
Expense	(42,344)	(47,545)
EBITDA ^(a)	12,940	13,009
Depreciation and amortisation	(2,590)	(3,709)
Change in fair value of investment properties	287	630
EBIT ^(b)	10,637	9,930
Interest expenses and other finance costs	(997)	(1,362)
Current tax	(2,720)	(2,277)
Deferred tax	(390)	(414)
Profit after tax ^(c)	6,530	5,877
Capital commitments	322	178

(a) EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings of a cash nature but excludes change in fair value of investment properties.

(b) EBIT is defined as earnings before interest expenses and other finance costs and tax.

(c) From the second half of 2012, VHA is undergoing a shareholder-sponsored restructuring under the leadership of the other shareholder under the applicable terms of the shareholders' agreement. Consequently, HTAL's share of VHA's results for the second half of 2012 is presented as a separate item under profits on disposal of investments and others (see note 6(a)) to separately identify it from the recurring earnings profile. Except for this, HTAL's share of VHA's results is incorporated and formed part of the balances disclosed above.

Notes to the Accounts

21 Deferred tax

	2012 HK\$ millions	2011 HK\$ millions
Deferred tax assets	18,067	16,992
Deferred tax liabilities	8,973	8,893
Net deferred tax assets	9,094	8,099

Movements in net deferred tax assets are summarised as follows:

	2012 HK\$ millions	2011 HK\$ millions
At 1 January	8,099	4,240
Relating to subsidiaries disposed / de-recognised	(11)	1,691
Transfer to current tax	(242)	(204)
Net credit to other comprehensive income	5	106
Net credit (charge) to the income statement		
Unused tax losses	918	2,676
Accelerated depreciation allowances	(765)	(301)
Fair value adjustments arising from acquisitions	129	136
Withholding tax on undistributed earnings	(46)	(21)
Other temporary differences	440	(340)
Exchange translation differences	567	116
At 31 December	9,094	8,099

Analysis of net deferred tax assets (liabilities):

	2012 HK\$ millions	2011 HK\$ millions
Unused tax losses	19,425	18,293
Accelerated depreciation allowances	(5,120)	(4,631)
Fair value adjustments arising from acquisitions	(3,551)	(3,674)
Revaluation of investment properties and other investments	(260)	(169)
Withholding tax on undistributed earnings	(258)	(223)
Other temporary differences	(1,142)	(1,497)
	9,094	8,099

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associates, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the consolidated statement of financial position are determined after appropriate offset.

21 Deferred tax (continued)

During the year, deferred tax assets of HK\$2,187 million (2011 - HK\$3,615 million) have been recognised for the losses of 3 Group Europe. At 31 December 2012, the Group has recognised accumulated deferred tax assets amounting to HK\$18,067 million (2011 - HK\$16,992 million) of which HK\$16,850 million (2011 - HK\$15,808 million) relates to 3 Group Europe.

Note 3(f) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unused tax losses carried forward.

The Group has not recognised deferred tax assets of HK\$25,398 million at 31 December 2012 (2011 - HK\$28,031 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK\$112,174 million (2011 - HK\$121,061 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK\$93,888 million (2011 - HK\$104,437 million) can be carried forward indefinitely and the balances expire in the following years:

	2012 HK\$ millions	2011 HK\$ millions
In the first year	1,562	288
In the second year	2,497	2,083
In the third year	3,057	2,111
In the fourth year	3,049	3,205
In the fifth to tenth years inclusive	8,121	8,937
	18,286	16,624

22 Other non-current assets

	2012 HK\$ millions	2011 HK\$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	391	571
Other receivables	3,887	3,857
	4,278	4,428
Available-for-sale investments		
Unlisted equity securities	930	1,197
Fair value hedges (see note 28(a))		
Interest rate swaps	2,844	2,518
Cross currency interest rate swaps	1,527	1,883
Cash flow hedges (see note 28(a))		
Forward foreign exchange contracts	—	158
	9,579	10,184

The carrying value of the unlisted debt securities approximates the fair value as these investments bear floating interest rates and are repriced within one to six-month periods at the prevailing market interest rates. The weighted average effective interest rate of unlisted debt securities as at 31 December 2012 is 2.0% (2011 - 2.3%).

Unlisted equity securities where there is a history of dividends are carried at fair value based on the discounted present value of expected future dividends. The value of the remaining unlisted equity securities are not significant to the Group.

23 Liquid funds and other listed investments

	2012 HK\$ millions	2011 HK\$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	10,541	10,485
Listed / traded debt securities, outside Hong Kong	3,834	3,120
Listed equity securities, Hong Kong	2,165	988
Listed equity securities, outside Hong Kong	6,498	5,188
	23,038	19,781
Loans and receivables		
Long term deposits	39	36
Financial assets at fair value through profit or loss	422	422
	23,499	20,239

Components of managed funds, outside Hong Kong are as follows:

	2012 HK\$ millions	2011 HK\$ millions
Listed debt securities	10,486	10,432
Cash and cash equivalents	55	53
	10,541	10,485

Included in listed / traded debt securities outside Hong Kong is a principal amount of US\$103 million notes issued by listed associated company, Husky Energy Inc. Of which, US\$78 million and US\$25 million of these notes will mature in 2014 and 2019, respectively.

The fair value of the available-for-sale investments and financial assets designated as "at fair value through profit or loss" are based on quoted market prices. The market value of the liquid funds and other listed investments excluding long term deposits at 31 December 2012 was HK\$23,460 million (2011 - HK\$20,203 million).

Loans and receivables, represent long term deposits, are carried at amortised cost, which approximates their fair value as the deposits carry floating interest rates and are repriced every three months based on the prevailing market interest rates. The weighted average effective interest rate on long term deposits as at 31 December 2012 was 3.0% (2011 - 3.6%).

At 31 December, liquid funds and other listed investments are denominated in the following currencies:

	2012			2011		
	Available-for-sale investments Percentage	Loans and receivables Percentage	Financial assets at fair value through profit or loss Percentage	Available-for-sale investments Percentage	Loans and receivables Percentage	Financial assets at fair value through profit or loss Percentage
HK dollars	9%	—	—	5%	—	—
US dollars	61%	—	59%	70%	—	59%
Other currencies	30%	100%	41%	25%	100%	41%
	100%	100%	100%	100%	100%	100%

23 Liquid funds and other listed investments (continued)

Listed / traded debt securities as at 31 December presented above are analysed as follows:

	2012 Percentage	2011 Percentage
Credit ratings		
Aaa / AAA	25%	26%
Aa1 / AA+	47%	48%
Aa2 / AA	4%	3%
Aa3 / AA-	1%	—
A1 / A+	1%	—
Other investment grades	6%	7%
Unrated	16%	16%
	100%	100%
Sectorial		
US Treasury notes	47%	48%
Government and government guaranteed notes	17%	15%
Supranational notes	12%	14%
Husky Energy Inc notes	6%	7%
Financial institutions notes	2%	—
Others	16%	16%
	100%	100%
Weighted average maturity	1.3 years	2.1 years
Weighted average effective yield	1.80%	1.71%

24 Cash and cash equivalents

	2012 HK\$ millions	2011 HK\$ millions
Cash at bank and in hand	25,697	22,545
Short term bank deposits	82,251	43,994
	107,948	66,539

The carrying amount of cash and cash equivalents approximates their fair value.

Notes to the Accounts

25 Trade and other receivables

	2012 HK\$ millions	2011 HK\$ millions
Trade receivables ^(a)	23,953	29,792
Less: provision for estimated impairment losses for bad debts ^(b)	(4,307)	(6,048)
Trade receivables – net	19,646	23,744
Other receivables and prepayments	41,979	36,334
Fair value hedges (see note 28(a))		
Interest rate swaps	116	—
Cash flow hedges (see note 28(a))		
Forward foreign exchange contracts	47	267
	61,788	60,345

Trade and other receivables are stated at the expected recoverable amount, net of any estimated impairment losses for bad debts where it is deemed that a receivable may not be fully recoverable.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days. The carrying amount of these assets approximates their fair value. As stated above trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, net of provision for estimated impairment losses for bad debts. Given the profile of our customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 5% of the Group's turnover for the years ended 31 December 2012 and 2011.

(a) At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2012 HK\$ millions	2011 HK\$ millions
Less than 31 days	13,089	11,251
Within 31 to 60 days	1,689	1,487
Within 61 to 90 days	795	872
Over 90 days	8,380	16,182
	23,953	29,792

25 Trade and other receivables (continued)

- (b) As at 31 December 2012, out of the trade receivables of HK\$23,953 million (2011 - HK\$29,792 million), HK\$14,279 million (2011 - HK\$14,409 million) are impaired and it is assessed that a portion of these receivables is expected to be recoverable. The amount of the provision for estimated impairment losses for bad debts is HK\$4,307 million (2011 - HK\$6,048 million). The ageing analysis of these trade receivables is as follows:

	2012 HK\$ millions	2011 HK\$ millions
Not past due	6,587	4,685
Past due less than 31 days	915	1,316
Past due within 31 to 60 days	393	326
Past due within 61 to 90 days	458	717
Past due over 90 days	5,926	7,365
	14,279	14,409

Movements on the provision for estimated impairment losses for bad debts are as follows:

	2012 HK\$ millions	2011 HK\$ millions
At 1 January	6,048	5,563
Additions	830	2,323
Utilisations	(2,695)	(415)
Write back	(21)	(1,073)
Relating to subsidiaries disposed / de-recognised	—	(129)
Exchange translation differences	145	(221)
At 31 December	4,307	6,048

The ageing analysis of trade receivables not impaired is as follows:

	2012 HK\$ millions	2011 HK\$ millions
Not past due	5,022	4,270
Past due less than 31 days	2,024	1,992
Past due within 31 to 60 days	509	554
Past due within 61 to 90 days	263	474
Past due over 90 days	1,856	8,093
	9,674	15,383

Notes to the Accounts

26 Trade and other payables

	2012 HK\$ millions	2011 HK\$ millions
Trade payables ^(a)	20,742	24,694
Other payables and accruals	55,932	51,663
Provisions (see note 27)	1,120	1,256
Interest free loans from non-controlling shareholders	476	468
Cash flow hedges (see note 28(a))		
Forward foreign exchange contracts	201	12
	78,471	78,093

The Group's five largest suppliers accounted for less than 30% of the Group's cost of purchases for the years ended 31 December 2012 and 2011.

(a) At 31 December, the ageing analysis of the trade payables is as follows:

	2012 HK\$ millions	2011 HK\$ millions
Less than 31 days	13,842	14,124
Within 31 to 60 days	3,196	2,429
Within 61 to 90 days	1,457	1,248
Over 90 days	2,247	6,893
	20,742	24,694

27 Provisions

	Restructuring and closure provision HK\$ millions	Assets retirement HK\$ millions	Others HK\$ millions	Total HK\$ millions
At 1 January 2011	996	900	567	2,463
Additions	101	14	122	237
Interest accretion	39	6	—	45
Utilisations	(269)	—	(21)	(290)
Write back	(130)	(219)	(197)	(546)
Relating to subsidiaries disposed / de-recognised	—	(2)	—	(2)
Exchange translation differences	10	16	9	35
At 1 January 2012	747	715	480	1,942
Additions	36	7	181	224
Interest accretion	22	25	—	47
Utilisations	(163)	—	(125)	(288)
Write back	(15)	(1)	(91)	(107)
Exchange translation differences	21	(5)	5	21
At 31 December 2012	648	741	450	1,839

27 Provisions (continued)

Provisions are analysed as:

	2012 HK\$ millions	2011 HK\$ millions
Current portion (see note 26)	1,120	1,256
Non-current portion (see note 31)	719	686
	1,839	1,942

The provision for restructuring and closure obligations represents costs to execute restructuring plans and store closures.

The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

28 Bank and other debts

The carrying amount of bank and other debts comprises of items measured at amortised cost and an element of fair value which is due to movements in interest rates. The following is an analysis of the carrying amount of the bank and other debts:

	2012			2011		
	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions
Bank loans	4,892	60,083	64,975	28,812	44,768	73,580
Other loans	124	411	535	55	409	464
Notes and bonds	34,487	156,155	190,642	—	139,810	139,810
Total principal amount of bank and other debts	39,503	216,649	256,152	28,867	184,987	213,854
Unamortised loan facilities fees and premiums or discounts related to debts	(23)	(580)	(603)	(32)	331	299
Unrealised gain on bank and other debts pursuant to interest rate swap contracts ^(a)	116	4,371	4,487	—	4,401	4,401
	39,596	220,440	260,036	28,835	189,719	218,554

Notes to the Accounts

28 Bank and other debts (continued)

Analysis of principal amount of bank and other debts:

	2012			2011		
	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions
Bank loans						
Repayable within 5 years	4,890	59,521	64,411	28,812	44,753	73,565
Not wholly repayable within 5 years	2	562	564	—	15	15
	4,892	60,083	64,975	28,812	44,768	73,580
Other loans						
Repayable within 5 years	69	59	128	35	58	93
Not wholly repayable within 5 years	55	352	407	20	351	371
	124	411	535	55	409	464
Notes and bonds						
HK\$260 million notes, 4% due 2027	—	260	260	—	—	—
US\$3,110 million (2011: US\$3,146 million) notes, 6.5% due 2013	24,257	—	24,257	—	24,542	24,542
US\$1,309 million notes, 6.25% due 2014	—	10,206	10,206	—	10,206	10,206
US\$2,189 million notes, 4.625% due 2015	—	17,077	17,077	—	17,077	17,077
US\$500 million notes-Series B, 7.45% due 2017	—	3,900	3,900	—	3,900	3,900
US\$1,000 million notes, 2% due 2017	—	7,800	7,800	—	—	—
US\$1,000 million notes, 3.5% due 2017	—	7,800	7,800	—	—	—
US\$1,000 million notes, 5.75% due 2019	—	7,800	7,800	—	7,800	7,800
US\$1,500 million notes, 7.625% due 2019	—	11,700	11,700	—	11,700	11,700
US\$1,488 million notes, 4.625% due 2022	—	11,606	11,606	—	—	—
US\$500 million notes, 3.25% due 2022	—	3,900	3,900	—	—	—
US\$329 million notes-Series C, 7.5% due 2027	—	2,565	2,565	—	2,565	2,565
US\$25 million notes-Series D, 6.988% due 2037	—	196	196	—	196	196
US\$1,144 million notes, 7.45% due 2033	—	8,926	8,926	—	8,926	8,926
EUR1,000 million notes, 5.875% due 2013	10,230	—	10,230	—	10,150	10,150
EUR603 million notes, 4.125% due 2015	—	6,167	6,167	—	6,119	6,119
EUR669 million notes, 4.625% due 2016	—	6,845	6,845	—	6,791	6,791
EUR1,750 million notes, 4.75% due 2016	—	17,902	17,902	—	17,763	17,763
EUR1,250 million notes, 2.5% due 2017	—	12,788	12,788	—	—	—
EUR750 million notes, 3.625% due 2022	—	7,673	7,673	—	—	—
GBP325 million bonds, 6.75% due 2015	—	4,092	4,092	—	3,962	3,962
GBP113 million bonds, 5.625% due 2017	—	1,423	1,423	—	1,378	1,378
GBP303 million bonds, 5.625% due 2026	—	3,814	3,814	—	3,693	3,693
JPY3,000 million notes, 1.75% due 2019	—	286	286	—	—	—
JPY15,000 million notes, 2.6% due 2027	—	1,429	1,429	—	—	—
JPY30,000 million notes, 3.5% due 2032	—	—	—	—	3,042	3,042
	34,487	156,155	190,642	—	139,810	139,810
	39,503	216,649	256,152	28,867	184,987	213,854

28 Bank and other debts (continued)

Bank and other debts at principal amount are repayable as follows:

	2012			2011		
	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions
Bank loans						
Current portion	4,892	—	4,892	28,812	—	28,812
After 1 year, but within 2 years	—	6,943	6,943	—	14,490	14,490
After 2 years, but within 5 years	—	52,591	52,591	—	30,274	30,274
After 5 years	—	549	549	—	4	4
	4,892	60,083	64,975	28,812	44,768	73,580
Other loans						
Current portion	124	—	124	55	—	55
After 1 year, but within 2 years	—	60	60	—	51	51
After 2 years, but within 5 years	—	119	119	—	119	119
After 5 years	—	232	232	—	239	239
	124	411	535	55	409	464
Notes and bonds						
Current portion	34,487	—	34,487	—	—	—
After 1 year, but within 2 years	—	10,206	10,206	—	34,692	34,692
After 2 years, but within 5 years	—	85,794	85,794	—	61,918	61,918
After 5 years	—	60,155	60,155	—	43,200	43,200
	34,487	156,155	190,642	—	139,810	139,810
	39,503	216,649	256,152	28,867	184,987	213,854

The bank and other debts of the Group as at 31 December 2012 are secured to the extent of HK\$821 million (2011 - HK\$793 million).

Borrowings with principal amount of HK\$64,508 million (2011 - HK\$73,635 million) bear interest at floating interest rates and borrowings with principal amount of HK\$191,644 million (2011 - HK\$140,219 million) bear interest at fixed interest rates.

Notes to the Accounts

28 Bank and other debts (continued)

The carrying amounts and fair values of the borrowings are as follows:

	Carrying amounts		Fair values	
	2012 HK\$ millions	2011 HK\$ millions	2012 HK\$ millions	2011 HK\$ millions
Bank loans	64,729	73,312	64,729	73,312
Other loans	481	410	480	408
Notes and bonds	194,826	144,832	212,151	160,318
	260,036	218,554	277,360	234,038

The fair values of the non-current borrowings are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued. The carrying amounts of current portion of the borrowings approximate their fair value.

Borrowings at principal amount are denominated in the following currencies (inclusive of the effect of hedging transactions):

	2012 Percentage	2011 Percentage
Euro	32%	33%
US dollars	36%	29%
HK dollars	20%	22%
British Pounds	6%	9%
Other currencies	6%	7%
	100%	100%

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. The Group has entered into interest rate swap agreements with banks and other financial institutions mainly to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. At 31 December 2012, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK\$74,966 million (2011 - HK\$70,988 million).

In addition, interest rate swap agreements with notional amount of HK\$7,900 million (2011 - HK\$3,996 million) was entered to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings.

As at 31 December 2012, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$28,593 million (2011 - HK\$28,593 million) to Hong Kong dollar principal amount of borrowings to match currency exposures of the underlying businesses.

28 Bank and other debts (continued)

- (a) The analysis of derivative financial instruments utilised by the Group in the management of its interest rate and foreign currency exposures are as follows:

	2012			2011		
	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions
Fair value hedges						
Derivative financial assets						
Interest rate swaps (see notes 22 and 25)	116	2,844	2,960	—	2,518	2,518
Cross currency interest rate swaps (see note 22)	—	1,527	1,527	—	1,883	1,883
	116	4,371	4,487	—	4,401	4,401
Cash flow hedges						
Derivative financial assets						
Forward foreign exchange contracts (see notes 22 and 25)	47	—	47	267	158	425
	47	—	47	267	158	425
Derivative financial liabilities						
Interest rate swaps (see note 31)	—	(249)	(249)	—	(201)	(201)
Forward foreign exchange contracts (see notes 26 and 31)	(201)	(238)	(439)	(12)	—	(12)
	(201)	(487)	(688)	(12)	(201)	(213)
	(154)	(487)	(641)	255	(43)	212

29 Interest bearing loans from non-controlling shareholders

	2012 HK\$ millions	2011 HK\$ millions
Interest bearing loans from non-controlling shareholders	6,307	6,502

The carrying amount of the borrowings approximates their fair value.

30 Pension plans

	2012 HK\$ millions	2011 HK\$ millions
Defined benefit plans		
Pension assets	—	—
Pension obligations	3,570	2,992
	3,570	2,992

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The Group's major plans were valued by Towers Watson, qualified actuaries as at 31 December 2012 and 31 December 2011 using the projected unit credit method to account for the Group's pension accounting costs.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2012	2011
Discount rate applied to defined benefit plan obligations	0.40%-5.00%	1.20%-6.10%
Expected return on plan assets	N/A*	2.62%-7.77%
Future salary increases	2.00%-4.00%	1.00%-4.00%
Interest credited on two principal plans in Hong Kong	5.00%-6.00%	5.00%-6.00%

The expected return on plan assets as at 31 December 2011 is based on market expectations for returns and long-term benchmark allocation of equities and bonds in each plan and allowing for administration fees and other expenses charged to the plans.

* With the adoption of HKAS 19 (2011) with effect from 1 January 2013, the expected return on plan assets is no longer applicable for determining the pension expenses.

The amount recognised in the consolidated statement of financial position is determined as follows:

	2012 HK\$ millions	2011 HK\$ millions
Present value of defined benefit obligations	16,289	13,468
Fair value of plan assets	13,038	11,373
	3,251	2,095
Unrecognised past services costs	(10)	(17)
Restrictions on asset recognised	329	914
Net defined benefit plan obligations	3,570	2,992

Fair value of plan assets of HK\$13,038 million (2011 - HK\$11,373 million) includes investments in the Company's shares with a fair value of HK\$61 million (2011 - HK\$43 million).

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Changes in the present value of the defined benefit obligations are as follows:

	2012 HK\$ millions	2011 HK\$ millions
At 1 January	13,468	13,635
Current service cost net of employee contributions	485	434
Actual employee contributions	115	106
Interest cost	539	586
Actuarial losses on obligations	2,149	586
Gains on curtailments and settlements	—	(1)
Relating to subsidiaries disposed / de-recognised	—	(1,457)
Transfer to other liabilities	(20)	—
Actual benefits paid	(616)	(574)
Exchange translation differences	169	153
At 31 December	16,289	13,468

Changes in the fair value of the plan assets are as follows:

	2012 HK\$ millions	2011 HK\$ millions
At 1 January	11,373	12,375
Expected return on plan assets	673	719
Actuarial gains (losses) on plan assets	730	(582)
Actual company contributions	640	639
Actual employee contributions	115	106
Relating to subsidiaries disposed / de-recognised	—	(1,374)
Actual benefits paid	(616)	(574)
Exchange translation differences	123	64
At 31 December	13,038	11,373

Notes to the Accounts

30 Pension plans (continued)

(a) Defined benefit plans (continued)

The amount recognised in the consolidated income statement is as follows:

	2012 HK\$ millions	2011 HK\$ millions
Current service cost	485	434
Past service cost	24	101
Interest cost	539	586
Gains on curtailments and settlements	—	(1)
Expected return on plan assets	(673)	(719)
Total expense	375	401
Less: expense capitalised	(1)	(2)
Total, included in staff costs	374	399

The actual return on plan assets was HK\$1,403 million (2011 - HK\$137 million).

The actuarial losses recognised in other comprehensive income in current year was HK\$825 million (2011 - HK\$1,607 million). The cumulative actuarial losses recognised in other comprehensive income amounted to HK\$3,650 million (2011 - HK\$2,828 million).

Fair value of the plan assets are analysed as follows:

	2012 Percentage	2011 Percentage
Equity instruments	43%	46%
Debt instruments	46%	45%
Other assets	11%	9%
	100%	100%

The experience adjustments are as follows:

	2012 HK\$ millions	2011 HK\$ millions	2010 HK\$ millions	2009 HK\$ millions	2008 HK\$ millions
Present value of defined benefit obligations	16,289	13,468	13,635	13,985	11,452
Fair value of plan assets	13,038	11,373	12,375	11,574	8,981
Deficit	3,251	2,095	1,260	2,411	2,471
Experience adjustments on defined benefit obligations	(259)	(104)	(249)	(82)	502
Experience adjustments on plan assets	730	(597)	413	729	(2,253)

30 Pension plans (continued)

(a) Defined benefit plans (continued)

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2012. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 31 July 2011 reported a funding level of 118% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 6% per annum and salary increases of 4%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2012 vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK\$19 million (2011 - HK\$18 million) were used to reduce the current year's level of contributions and HK\$2 million was available at 31 December 2012 (2011 - HK\$1 million) to reduce future years' contributions.

The Group operates three contributory defined benefit plans in the United Kingdom for its ports division, of which the Port of Felixstowe Pension Plan is the principal plan. The plans are all final salary in nature and were closed to new entrants in June 2003. On the assumptions adopted at the last formal actuarial valuation using the projected unit method at 1 January 2010, the ratio of assets to liabilities for the Felixstowe Scheme was 73%. Contributions to fund the deficit remained unchanged and at the valuation date, the shortfall was expected to be eliminated by 31 March 2020. The main assumptions in the valuation are an investment return of 7.55% (pre-retirement) and 4.8% (post-retirement), pensionable salary increases of 3.80% per annum and pension increases of 3.6% per annum (for service before 6 April 1997), 3.2% per annum (for service between 6 April 1997 and 5 April 2005) and 2.25% per annum (for service after 5 April 2005). The valuation was performed by Graham Mitchell, a Fellow of the Institute of Actuaries, of Towers Watson Limited. A new valuation has been commissioned in January 2013.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit pensions in return for actuarially agreed contributions. The risk of providing past pension benefits is underwritten by the insurance companies. The Group does not carry funding risk relating to past service. The funding rate to provide current year benefits varies in accordance with annual actuarial calculations. As at the end of 2012, the combination of the interest rate and a high risk spread result, in a relatively low defined benefit obligation for the plan of the retail operations and the value of the plan assets is temporarily higher than the present value of the plan obligation. The Group is required by the applicable accounting standard not to recognise the excess amount as an asset as the excess amount is not refundable to the Group and not available to reduce future contributions to the plan.

The Group operates a defined benefit pension plan for part of its retail operation in the United Kingdom. It was assumed on acquisition of a subsidiary company in 2002. It was not open to new entrants. The latest formal valuation for funding purposes was carried out at 31 March 2009. This allowed for the cessation of accrual of future defined benefits for all active members on 28 February 2010, from which date final salary linkage was also severed. On the assumptions adopted at the valuation using the projected unit method, the ratio of actual asset value to the target asset value being funded for past service benefits was 61%. The sponsoring employer made additional cash contributions totalling £2.5 million in 2010 and £4 million in 2011 and 2012, and will make further additional contributions of £4 million per annum from 1 January 2013 to 30 November 2021 towards the shortfall being corrected by 30 November 2021. The main assumptions in the valuation are an investment return of 4.9% to 6.5% per annum and pensionable salary increases of 3.62% to 4.57% per annum. The valuation was performed by Clare Wilmington, a Fellow of the Institute and Faculty of Actuaries, of Hewitt Associates Limited.

Notes to the Accounts

30 Pension plans (continued)

(b) Defined contribution plans

The Group's costs in respect of defined contribution plans for the year amounted to HK\$964 million (2011 – HK\$865 million). No forfeited contributions (2011 – nil) were used to reduce the current year's level of contributions and forfeited contribution of HK\$2 million was available at 31 December 2012 (2011 – nil) to reduce future years' contributions.

31 Other non-current liabilities

	2012 HK\$ millions	2011 HK\$ millions
Cash flow hedges (see note 28(a))		
Interest rate swaps	249	201
Forward foreign exchange contracts	238	—
Obligations for telecommunications licences and other rights	3,870	3,409
Provisions (see note 27)	719	686
	5,076	4,296

32 Share capital and capital management

(a) Share capital

	2012 Number of shares	2011 Number of shares	2012 HK\$ millions	2011 HK\$ millions
Authorised:				
Ordinary shares of HK\$0.25 each	5,500,000,000	5,500,000,000	1,375	1,375
7½% cumulative redeemable participating preference shares of HK\$1 each	402,717,856	402,717,856	403	403
			1,778	1,778
Issued and fully paid:				
Ordinary shares	4,263,370,780	4,263,370,780	1,066	1,066

32 Share capital and capital management (continued)

(b) Perpetual capital securities

In October 2010 and May 2012, wholly owned subsidiary companies of the Group issued subordinated guaranteed perpetual capital securities with nominal amount of US\$2,000 million and US\$1,000 million (approximately HK\$15,600 million and HK\$7,800 million) respectively for cash. These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2012, total equity amounted to HK\$438,592 million (2011 – HK\$398,783 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK\$124,705 million (2011 – HK\$127,076 million). The Group's net debt to net total capital ratio decreased to 21.9% from 23.8% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the end of the reporting period.

Net debt / Net total capital ratios⁽ⁱ⁾ at 31 December

	2012	2011
A1 – excluding interest-bearing loans from non-controlling shareholders from debt	21.9%	23.8%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	19.3%	21.7%
B1 – including interest-bearing loans from non-controlling shareholders as debt	23.0%	25.1%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	20.3%	22.8%

- (i) Net debt is defined on the Consolidated Statement of Cash Flows. Net total capital is defined as total principal amount of bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments as shown on the Consolidated Statement of Cash Flows.

33 Notes to consolidated statement of cash flows

- (a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	2012 HK\$ millions	2011 HK\$ millions
Profit after tax	32,360	73,862
Less: share of profits less losses after tax of		
Associated companies	(14,978)	(13,819)
Jointly controlled entities	(6,530)	(5,877)
	10,852	54,166
Adjustments for:		
Current tax charge	3,097	3,237
Deferred tax credit	(676)	(2,150)
Interest expenses and other finance costs	9,243	8,415
Change in fair value of investment properties	(790)	—
Depreciation and amortisation	14,149	14,080
Others (see note 6)	2,052	12,497
Non-cash items (see note 33(e))	(447)	(457)
EBITDA of Company and subsidiaries ⁽ⁱ⁾	37,480	89,788
Profit on disposal of other unlisted investments	(67)	(309)
Loss (profit) on disposal of fixed assets, leasehold land and investment properties	383	(478)
Dividends received from associated companies and jointly controlled entities	8,740	6,864
Distribution from property jointly controlled entities	1,812	1,395
Profit on disposal / de-recognition of subsidiary companies and jointly controlled entities	(393)	(57,330)
Other non-cash items	(768)	151
	47,187	40,081

- (i) Reconciliation of EBITDA:

	2012 HK\$ millions	2011 HK\$ millions
EBITDA of Company and subsidiaries	37,480	89,788
Share of EBITDA of associated companies and jointly controlled entities		
Share of profits less losses after tax:		
Associated companies	14,978	13,819
Jointly controlled entities	6,530	5,877
Adjustment for:		
Depreciation and amortisation	15,834	15,656
Change in fair value of investment properties	(377)	(780)
Interest expenses and other finance costs	7,116	6,389
Current tax charge	5,564	4,047
Deferred tax charge	731	2,106
Non-controlling interests	362	281
	50,738	47,395
EBITDA (see notes 5(b) and 5(m))	88,218	137,183

33 Notes to consolidated statement of cash flows (continued)

(b) Changes in working capital

	2012 HK\$ millions	2011 HK\$ millions
Increase in inventories	(1,147)	(951)
Decrease (increase) in debtors and prepayments	(661)	9,701
Increase (decrease) in creditors	(1,613)	1,371
Other non-cash items	334	(173)
	(3,087)	9,948

(c) Purchase of subsidiary companies

	2012 Book / Fair value HK\$ millions	2011 Fair value HK\$ millions
Aggregate net assets acquired at acquisition date:		
Cash and cash equivalents	—	16
Creditors and current tax liabilities	—	(1)
Non-controlling interests	—	(7)
	—	8
Goodwill arising on acquisition	—	13
	—	21
Less: Cost of investments just prior to purchase	—	(6)
Discharged by cash payment	—	15
Net cash outflow (inflow) arising from acquisition:		
Cash payment	—	15
Cash and cash equivalents acquired	—	(16)
Total net cash acquired	—	(1)

The contribution to the Group's revenue and profit after tax from these subsidiaries acquired since the respective date of acquisition is not material.

Notes to the Accounts

33 Notes to consolidated statement of cash flows (continued)

(d) Disposal / de-recognition of subsidiary companies

	2012 HK\$ millions	2011 HK\$ millions
Aggregate net assets disposed / de-recognised at date of disposal / de- recognition (excluding cash and cash equivalents):		
Fixed assets	100	18,500
Investment properties	—	590
Leasehold land	—	16,603
Goodwill	—	463
Brand name and other rights	—	16
Associated companies	—	128
Interests in joint ventures	—	291
Deferred tax assets	11	—
Liquid funds and other listed investments	—	37
Trade and other receivables	399	3,498
Inventories	—	151
Creditors and current tax liabilities	(266)	(21,717)
Bank and other debts	—	(9,318)
Loans from non-controlling shareholders	—	(6,613)
Deferred tax liabilities	—	(1,691)
Pension obligations	—	(83)
Other non-current liabilities	—	(693)
Non-controlling interests	—	(4,962)
Reserves	69	1,038
	313	(3,762)
Profit on disposal / de-recognition*	378	57,167
	691	53,405
Less: Investments retained subsequent to disposal / de-recognition	—	(17,796)
	691	35,609
Satisfied by:		
Cash and cash equivalents received as consideration	857	41,698
Less: Cash and cash equivalents sold	(166)	(6,089)
Total net cash consideration	691	35,609

* The profit on disposal / de-recognition for the current year is included in the income statement line item other operating expenses and the profit on disposal / de-recognition for 2011 is mainly included in the income statement line item profits on disposal of investments and others.

- (e) Included in non-cash items in 2012 is a one-time net gain of HK\$447 million from a network sharing arrangement, which includes a benefit of HK\$2,032 million from future cost savings arising from a right to share another Irish operator's mobile network, partially offset by a HK\$1,585 million one-time provision mainly related to the restructuring of 3 Ireland's network infrastructure. Included in the non-cash items in 2011 is a one-time gain of HK\$457 million, comprising a benefit of HK\$1,843 million relating to two blocks of 5MHz of 1,800MHz spectrum assigned to 3 Italy in 2010, as a result of favourable changes in the licence terms in 2011, partially offset by a write-off of HK\$917 million due to an adverse court ruling on the incoming mobile termination rates by the Italian State Council and certain other one-off provisions amounting to HK\$469 million.

34 Share-based payments

The Company has no share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies are not material to the Group.

35 Pledge of assets

At 31 December 2012, assets of the Group totalling HK\$824 million (2011 – HK\$524 million) were pledged as security for bank and other debts.

36 Contingent liabilities

At 31 December 2012, Hutchison Whampoa Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to associated companies and jointly controlled entities of HK\$11,920 million (2011 – HK\$10,932 million).

The amount utilised by its associated companies and jointly controlled entities are as follows:

	2012 HK\$ millions	2011 HK\$ millions
To associated companies		
Other businesses	1,815	1,366
To jointly controlled entities		
Property businesses	1,285	1,619
Other businesses	7,385	5,602
	8,670	7,221

At 31 December 2012, the Group had provided performance and other guarantees of HK\$4,411 million (2011 – HK\$4,838 million).

37 Commitments

Outstanding Group commitments not provided for in the accounts at 31 December 2012 are as follows:

Capital commitments

- (a) Contracted for:
- (i) Ports and related services - HK\$1,632 million (2011 - HK\$2,050 million)
 - (ii) 3 Group Europe - HK\$579 million (2011 - HK\$953 million)
 - (iii) Telecommunications, Hong Kong and Asia - HK\$12,627 million (2011 - HK\$14,738 million)
 - (iv) Investment properties, Hong Kong - HK\$38 million (2011 - HK\$13 million)
 - (v) Other fixed assets - HK\$402 million (2011 - HK\$995 million)
 - (vi) Other assets - nil (2011 - HK\$1,121 million)
- (b) Authorised but not contracted for:
- The Group, as part of its annual budget process, budgets for future capital expenditures and these amounts are shown below. These budgeted amounts are subject to a rigorous authorisation process before the expenditure is committed.
- (i) Ports and related services - HK\$4,963 million (2011 - HK\$6,899 million)
 - (ii) 3 Group Europe - HK\$12,785 million (2011 - HK\$10,779 million)
 - (iii) Telecommunications, Hong Kong and Asia - HK\$3,397 million (2011 - HK\$3,257 million)
 - (iv) Investment properties, Hong Kong - HK\$1,162 million (2011 - HK\$1,178 million)
 - (v) Investment in joint ventures, Hong Kong - HK\$257 million (2011 - HK\$282 million)
 - (vi) Investment in joint ventures outside Hong Kong - HK\$1,186 million (2011 - HK\$5,662 million)
 - (vii) Other fixed assets - HK\$4,887 million (2011 - HK\$4,840 million)
 - (viii) Other assets - nil (2011 - HK\$1,280 million)

Operating lease commitments – future aggregate minimum lease payments for land and buildings leases

- (a) In the first year - HK\$11,697 million (2011 - HK\$10,680 million)
- (b) In the second to fifth years inclusive - HK\$23,934 million (2011 - HK\$23,221 million)
- (c) After the fifth year - HK\$42,670 million (2011 - HK\$32,256 million)

Operating lease commitments – future aggregate minimum lease payments for other assets

- (a) In the first year - HK\$1,753 million (2011 - HK\$1,642 million)
- (b) In the second to fifth years inclusive - HK\$5,517 million (2011 - HK\$5,442 million)
- (c) After the fifth year - HK\$3,504 million (2011 - HK\$4,378 million)

38 Related parties transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and jointly controlled entities as disclosed in notes 19 and 20 are unsecured. Balances totalling HK\$7,793 million (2011 – HK\$7,741 million) are interest bearing. In addition, during 2009, the Group acquired traded debt securities outside Hong Kong with a principal amount of US\$200 million notes issued by listed associated company, Husky Energy Inc and in the same year, sold certain of these notes with a principal amount of US\$97 million. As disclosed in note 23, as at 31 December 2012 and 2011, principal amount totalling US\$78 million and US\$25 million of these notes will mature in 2014 and 2019 respectively.

The Group has entered into joint ventures with Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake various, mainly property and infrastructure, projects. At 31 December 2012, included in associated companies and interests in joint ventures on the statement of financial position is a total amount of HK\$42,012 million (2011 – HK\$40,864 million) representing equity contributions to and the net amount due from these related entities. The Group had guaranteed bank and other borrowing facilities of HK\$4,054 million (2011 – HK\$3,649 million) for the benefit of these same entities.

No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 7.

39 Legal proceedings

As at 31 December 2012, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

40 Subsequent events

On 4 January 2013, Hutchison 3G Austria (“3 Austria”), a wholly owned subsidiary of the Group announced that it has completed its acquisition of 100% interest of Orange Austria, following the approval of all of the relevant Austrian and European authorities. At the date these accounts are authorised for issue, 3 Austria is in the process of gathering information and has not commenced the initial accounting for this business combination. The Group expects to be in a position to report the nature and financial effect of this business combination when it issues its 2013 interim accounts.

On 15 January 2013, Cheung Kong Infrastructure (“CKI”), a subsidiary company of the Group, announced that it has agreed to acquire 100% interest of Enviro Waste Services Limited for a cash consideration of NZ\$490 million (approximately HK\$3,180 million). The acquisition is subject to approval from the New Zealand Overseas Investment Office. Completion is expected to take place in the second quarter of 2013.

41 US dollar equivalents

Amounts in these accounts are stated in Hong Kong dollars (HK\$), the currency of the place in which the Company is incorporated and is the functional currency of the Company. The translation into US dollars of these accounts as of, and for the year ended, 31 December 2012, is for convenience only and has been made at the rate of HK\$7.80 to US\$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

42 Approval of accounts

The accounts set out on pages 146 to 238 were approved and authorised for issue by the Board of Directors on 26 March 2013.

Notes to the Accounts

43 Profit before tax

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, profit before tax is shown after crediting and charging the following items:

	2012 HK\$ millions	2011 HK\$ millions
Credits:		
Share of profits less losses of associated companies		
Listed	9,144	9,343
Unlisted	5,834	4,476
	14,978	13,819
Share of gross rental income of associated companies and jointly controlled entities	462	466
Gross rental income from investment properties held by:		
Listed subsidiary - HHR	83	82
Other subsidiaries (excluding HHR)	3,343	3,393
Less: intra group rental income	(367)	(360)
	3,059	3,115
Less: related outgoings	(86)	(25)
Net rental income of subsidiary companies	2,973	3,090
Dividend and interest income from managed funds and other investments		
Listed	552	694
Unlisted	57	67
Charges:		
Depreciation and amortisation		
Fixed assets	12,789	12,688
Leasehold land	463	522
Telecommunications licences	664	458
Brand names and other rights	233	412
	14,149	14,080
Inventories write-off	998	1,193
Operating leases		
Properties	16,879	16,185
Hire of plant and machinery	2,411	2,262
Auditors' remuneration		
Audit and audit related work - PricewaterhouseCoopers	189	179
- other auditors	14	12
Non-audit work - PricewaterhouseCoopers	36	70
- other auditors	22	30

44 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents, liquid funds and other listed investments and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. The Group uses interest rate and foreign currency swaps and forward currency contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

(a) Cash management and funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, which will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

The Group continues to maintain a healthy and sound financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK\$131,447 million at 31 December 2012, an increase of 51% from the balance of HK\$86,778 million at 31 December 2011, mainly reflecting positive funds from operations from the Group's businesses, cash from new borrowings, proceeds from the issue of perpetual capital securities, as well as from issues of perpetual capital securities and new shares by the Group's listed subsidiary, CKI, net of the utilisation of cash for the repayment and early repayment of certain borrowings, dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, and acquisition of fixed assets and investments. Liquid assets were denominated as to 8% in HK dollars, 53% in US dollars, 14% in Renminbi, 8% in Euro, 4% in British Pounds and 13% in other currencies (2011 – 6% were denominated in HK dollars, 48% in US dollars, 19% in Renminbi, 8% in Euro, 5% in British Pounds and 14% in other currencies).

Cash and cash equivalents represented 82% (2011 – 76%) of the liquid assets, US Treasury notes and listed / traded debt securities 11% (2011 – 16%), listed equity securities 7% (2011 – 7%) and long-term deposits and others 0% (2011 – 1%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of US Treasury notes of 47% (2011 – 48%), government and government guaranteed notes of 17% (2011 – 15%), supranational notes of 12% (2011 – 14%), notes issued by the Group's associated company, Husky Energy Inc of 6% (2011 – 7%), notes issued by financial institutions of 2% (2011 – nil), and others of 16% (2011 – 16%). Of these US Treasury notes and listed / traded debt securities, 72% (2011 – 74%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 1.3 years (2011 – 2.1 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

(b) Interest rate exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British Pound, Euro and HK dollar borrowings.

44 Financial risk management (continued)

(b) Interest rate exposure (continued)

At 31 December 2012, approximately 25% (2011 – approximately 34%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 75% (2011 – approximately 66%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$74,966 million (2011 – approximately HK\$70,988 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$7,900 million (2011 – HK\$3,996 million) principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 51% (2011 – approximately 66%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 49% (2011 – approximately 34%) were at fixed rates at 31 December 2012. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are expected to be highly effective.

(c) Foreign currency exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinancing these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in overseas subsidiaries and associates. During the year, the currencies of certain countries where the Group has overseas operations, including Euro, British Pound, the Canadian and Australian dollars as well as Renminbi in the Mainland, fluctuated against the Hong Kong dollar. This gave rise to an unrealised gain of approximately HK\$5,077 million (2011 – HK\$2,478 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associated companies and jointly controlled entities. This unrealised gain is reflected as a movement in the Consolidated Statement of Changes in Equity under the heading of exchange reserve.

At 31 December 2012, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$28,593 million (2011 – HK\$28,593 million) to Hong Kong dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 32% in Euro, 36% in US dollars, 20% in HK dollars, 6% in British Pounds and 6% in other currencies (2011 – 33% in Euro, 29% in US dollars, 22% in HK dollars, 9% in British Pounds and 7% in other currencies).

(d) Credit exposure

The Group's holdings of cash, managed funds and other liquid investments, and interest rate and foreign currency swaps and forward currency contracts with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements, credit ratings and setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, which is continuously monitored by the local operational management.

44 Financial risk management (continued)

(e) Market price risk

The Group's main market price risk exposures relate to listed / traded debt and equity securities described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed / traded debt and equity securities represented approximately 18% (2011 – approximately 23%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analyses

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

(i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair value. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair value (arising from gain or loss from re-measurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

44 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis (continued)

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 24)
- some of the listed debt securities and managed funds (see note 23) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 23) that bear interest at floating rate
- some of the bank and other debts (see note 28) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 29)

Under these assumptions, the impact of a hypothetical 100 basis points increase in market interest rate at the end of the reporting period, with all other variables held constant:

- profit for the year would decrease by HK\$240 million (2011 - HK\$958 million) due to increase in interest expense;
- total equity would decrease by HK\$240 million (2011 - HK\$958 million) due to increase in interest expense; and
- total equity would increase by HK\$292 million mainly due to increase in fair value of interest rate swaps (2011 - decrease by HK\$119 million mainly due to decrease in value of available-for-sale investments).

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward currency contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair value. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7. Changes in the fair value of cash flow currency hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 24)
- some of the liquid funds and other listed investments (see note 23)
- some of the bank and other debts (see note 28)

44 Financial risk management *(continued)*

(f) Market risks sensitivity analyses *(continued)*

(ii) Foreign currency exchange rate sensitivity analysis *(continued)*

Under these assumptions, the impact of a hypothetical 10% weakening of HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

	2012		2011	
	Hypothetical increase (decrease) in profit for the year HK\$ millions	Hypothetical increase (decrease) in total equity HK\$ millions	Hypothetical increase (decrease) in profit for the year HK\$ millions	Hypothetical increase (decrease) in total equity HK\$ millions
Euro	73	73	66	66
British Pounds	149	(2,247)	156	(1,672)
Australian dollars	163	(125)	167	11
Renminbi	9	47	16	86
US dollars	1,507	1,507	1,647	1,647
Japanese Yen	(287)	(288)	(309)	(311)

(iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair value. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- available-for-sale investments (see note 23)
- financial assets at fair value through profit or loss (see note 23)

Under these assumptions, the impact of a hypothetical 10% increase in the market price of the Group's available-for-sale investments and financial assets at fair value through profit or loss at the end of the reporting period, with all other variables held constant:

- profit for the year would increase by HK\$42 million (2011 - HK\$42 million) due to increase in gains on financial assets at fair value through profit or loss;
- total equity would increase by HK\$42 million (2011 - HK\$42 million) due to increase in gains on financial assets at fair value through profit or loss; and
- total equity would increase by HK\$2,304 million (2011 - HK\$1,978 million) due to increase in gains on available-for-sale investments.

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

	Contractual maturities				Difference from carrying amount HK\$ millions	Carrying amounts HK\$ millions
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows		
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions		
At 31 December 2012						
Trade payables	20,742	–	–	20,742	–	20,742
Other payables and accruals	55,932	–	–	55,932	–	55,932
Interest free loans from non-controlling shareholders	476	–	–	476	–	476
Bank loans	4,892	59,534	549	64,975	(246)	64,729
Other loans	124	179	232	535	(54)	481
Notes and bonds	34,487	96,000	60,155	190,642	4,184	194,826
Interest bearing loans from non-controlling shareholders	–	6,074	233	6,307	–	6,307
Obligations for telecommunications licences and other rights	899	3,032	998	4,929	(1,059)	3,870
	117,552	164,819	62,167	344,538	2,825	347,363

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$9,400 million in "within 1 year" maturity band, HK\$25,725 million in "after 1 year, but within 5 years" maturity band, and HK\$22,161 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

	Contractual maturities			
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
At 31 December 2012				
Derivative settled gross:				
Cash flow hedges - interest rate swaps				
Net outflow	(170)	(399)	(304)	(873)
Cash flow hedges - forward foreign exchange contracts				
Inflow	13,434	9,644	–	23,078
Outflow	(13,656)	(9,909)	–	(23,565)

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amount	Carrying amounts
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
At 31 December 2011						
Trade payables	24,694	—	—	24,694	—	24,694
Other payables and accruals	51,663	—	—	51,663	—	51,663
Interest free loans from non-controlling shareholders	468	—	—	468	—	468
Bank loans	28,812	44,764	4	73,580	(268)	73,312
Other loans	55	170	239	464	(54)	410
Notes and bonds	—	96,610	43,200	139,810	5,022	144,832
Interest bearing loans from non-controlling shareholders	—	6,269	233	6,502	—	6,502
Obligations for telecommunications licences and other rights	637	2,798	1,405	4,840	(1,431)	3,409
	106,329	150,611	45,081	302,021	3,269	305,290

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$9,617 million in “within 1 year” maturity band, HK\$22,527 million in “after 1 year, but within 5 years” maturity band, and HK\$20,843 million in “after 5 years” maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

	Contractual maturities			
	Within 1 year HK\$ millions	After 1 year, but within 5 years HK\$ millions	After 5 years HK\$ millions	Total undiscounted cash flows HK\$ millions
At 31 December 2011				
Derivative settled gross:				
Cash flow hedges – interest rate swaps				
Net outflow	(42)	(95)	–	(137)
Cash flow hedges – forward foreign exchange contracts				
Inflow	1,642	–	–	1,642
Outflow	(1,594)	–	–	(1,594)

(h) In accordance with the disclosure requirement of HKFRS 7, other gains and losses recognised in income statement includes the following items:

	2012 HK\$ millions	2011 HK\$ millions
Change in fair value of financial assets at fair value through profit or loss	1	(6)
Gains arising on derivatives in a designated fair value hedge	65	1,530
Losses arising on adjustment for hedged item in a designated fair value hedge	(65)	(1,530)
Interest income on available-for-sale financial assets	352	492

Notes to the Accounts

44 Financial risk management (continued)

(i) Fair value of financial instruments

In accordance with the disclosure requirement of HKFRS 7, fair value measurement is disclosed by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

The following tables provide an analysis of financial instruments that are measured at fair value, grouped into Level 1 to Level 3:

	Level 1 HK\$ millions	Level 2 HK\$ millions	Level 3 HK\$ millions	Total HK\$ millions
At 31 December 2012				
Financial instruments measured at fair value				
Available-for-sale investments				
Unlisted equity securities (see note 22)	—	—	930	930
Managed funds, outside Hong Kong (see note 23)	10,541	—	—	10,541
Listed / traded debt securities, outside Hong Kong (see note 23)	1,565	2,269	—	3,834
Listed equity securities, Hong Kong (see note 23)	2,165	—	—	2,165
Listed equity securities, outside Hong Kong (see note 23)	5,269	—	1,229	6,498
Financial assets at fair value through profit or loss (see note 23)	—	422	—	422
	19,540	2,691	2,159	24,390
Fair value hedges				
Interest rate swaps (see notes 22 and 25)	—	2,960	—	2,960
Cross currency interest rate swaps (see note 22)	—	1,527	—	1,527
	—	4,487	—	4,487
Cash flow hedges				
Forward foreign exchange contracts (see note 25)	—	47	—	47
Interest rate swaps (see note 31)	—	(249)	—	(249)
Forward foreign exchange contracts (see notes 26 and 31)	—	(439)	—	(439)
	—	(641)	—	(641)

44 Financial risk management *(continued)*

(i) Fair value of financial instruments *(continued)*

	Level 1 HK\$ millions	Level 2 HK\$ millions	Level 3 HK\$ millions	Total HK\$ millions
At 31 December 2011				
Financial instruments measured at fair value				
Available-for-sale investments				
Unlisted equity securities (see note 22)	—	—	1,197	1,197
Managed funds, outside Hong Kong (see note 23)	10,485	—	—	10,485
Listed / traded debt securities, outside Hong Kong (see note 23)	902	2,218	—	3,120
Listed equity securities, Hong Kong (see note 23)	988	—	—	988
Listed equity securities, outside Hong Kong (see note 23)	4,046	—	1,142	5,188
Financial assets at fair value through profit or loss (see note 23)	—	422	—	422
	16,421	2,640	2,339	21,400
Fair value hedges				
Interest rate swaps (see note 22)	—	2,518	—	2,518
Cross currency interest rate swaps (see note 22)	—	1,883	—	1,883
	—	4,401	—	4,401
Cash flow hedges				
Forward foreign exchange contracts (see notes 22 and 25)	—	425	—	425
Interest rate swaps (see note 31)	—	(201)	—	(201)
Forward foreign exchange contracts (see note 26)	—	(12)	—	(12)
	—	212	—	212

Notes to the Accounts

44 Financial risk management (continued)

(i) Fair value of financial instruments (continued)

There were no transfers between the Level 1 and Level 2 during the year.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques.

Specific valuation techniques used to value financial instruments include discounted cash flow analysis, are used to determine fair value for the financial instruments.

The movements of the balance of financial instruments measured at fair value based on Level 3 are as follows:

	2012 HK\$ millions	2011 HK\$ millions
At 1 January	2,339	2,246
Total gains (losses) recognised in		
Income statement	(1)	(1)
Other comprehensive income	126	91
Additions	44	129
Disposals	(367)	(133)
Exchange translation differences	18	7
At 31 December	2,159	2,339
Total losses for the year included in income statement and presented in other operating expenses	(1)	(1)
Total losses recognised in income statement relating to those instruments held at the end of the reporting period	(1)	(1)

45 Statement of financial position of the Company, unconsolidated

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the statement of financial position of the Company as at 31 December 2012 is set out as follows:

	2012 HK\$ millions	2011 HK\$ millions
Assets		
Non-current assets		
Subsidiary companies – Unlisted shares ^(a)	39,931	39,931
Current assets		
Amounts due from subsidiary companies ^(b)	68,597	67,766
Current liabilities		
Other payables and accruals	67	81
Net current assets	68,530	67,685
Net assets	108,461	107,616
Capital and reserves		
Share capital (see note 32(a))	1,066	1,066
Reserves ^(c)	107,395	106,550
Shareholders' funds	108,461	107,616

Fok Kin Ning, Canning

Director

Frank John Sixt

Director

Notes to the Accounts

45 Statement of financial position of the Company, unconsolidated (continued)

- (a) Particulars regarding the principal subsidiary companies are set forth on pages 233 to 238.
- (b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.
- (c) Reserves

	Share premium HK\$ millions	Retained profit HK\$ millions	Total HK\$ millions
At 1 January 2011	28,359	77,343	105,702
Profit for the year	—	9,204	9,204
Dividends paid relating to 2010	—	(6,011)	(6,011)
Dividends paid relating to 2011	—	(2,345)	(2,345)
At 31 December 2011	28,359	78,191	106,550
Profit for the year	—	9,702	9,702
Unclaimed dividend write back	—	11	11
Dividends paid relating to 2011	—	(6,523)	(6,523)
Dividends paid relating to 2012	—	(2,345)	(2,345)
At 31 December 2012	28,359	79,036	107,395

- (d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.
- (e) Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the Company is required to disclose that it has guaranteed the borrowings of its finance and other subsidiary companies which have been consolidated and included in the consolidated statement of financial position of the Group. Of the consolidated borrowings included in note 28 totalling HK\$260,036 million (2011 – HK\$218,554 million), the Company has guaranteed a total of HK\$213,387 million (2011 – HK\$173,244 million) which has been borrowed in the name of subsidiary companies. The Company has also guaranteed perpetual capital securities of US\$3,000 million, approximately HK\$23,400 million (2011 – US\$2,000 million, approximately HK\$15,600 million) issued by wholly owned subsidiary companies.
- (f) The Company has provided some guarantees in respect of the bank and other borrowing facilities utilised by the jointly controlled entities and associated companies totalling HK\$7,385 million (2011 – HK\$5,102 million) and HK\$1,815 million (2011 – HK\$1,366 million) respectively and other guarantees of HK\$1,675 million (2011 – HK\$1,214 million). These amounts have been included in the Group's contingent liabilities disclosed in note 36.
- (g) Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the net profit of the Company is HK\$9,702 million (2011 – HK\$9,204 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.
- (h) Reserves of the Company available for distribution to shareholders of the Company as at 31 December 2012 amounting to HK\$79,036 million (2011 – HK\$78,191 million).

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2012

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital	Percentage of equity attributable to the Group	Principal activities
Ports and related services					
#	Alexandria International Container Terminals Company S.A.E.	Egypt	USD 30,000,000	40	Container terminal operating
	Amsterdam Port Holdings B.V.	Netherlands	EUR 170,704	56	Holding Company
	Brisbane Container Terminals Pty Limited	Australia	AUD 34,100,000	80	Container terminal operating
	Buenos Aires Container Terminal Services S.A.	Argentina	ARS 31,628,668	80	Container terminal operating
	ECT Delta Terminal B.V.	Netherlands	EUR 18,000	71	Stevedoring activities
	ECT Home Terminal B.V.	Netherlands	EUR 18,000	75	Stevedoring activities
	Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP 145,695,000	80	Cruise terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP 160,195,000	80	Container terminal operating
	Europe Container Terminals B.V.	Netherlands	EUR 45,000,000	75	Holding company
	Euromax Terminal Rotterdam B.V.	Netherlands	EUR 18,000	75	Stevedoring activities
	Freeport Container Port Limited	Bahamas	B\$ 2,000	41	Container terminal operating
	Gdynia Container Terminal S.A.	Poland	PLN 11,379,300	79	Container terminal operating
	Harwich International Port Limited	United Kingdom	GBP 16,812,002	80	Container terminal operating
☆	Hongkong United Dockyards Limited	Hong Kong	HKD 76,000,000	50	Ship repairing, general engineering and tug operations
	HPH Finance Limited	British Virgin Islands	USD 1	80	Finance
☆	Huizhou Port Industrial Corporation Limited	China	RMB 300,000,000	27	Container terminal operating
☆ ㄖ	Huizhou Quanwan Port Development Co., Ltd.	China	RMB 359,300,000	40	Port related land development
ㄖ	Huizhou International Container Terminals Limited	China	RMB 685,300,000	64	Container terminal operating
	Hutchison Ajman International Terminals Limited - F.Z.E.	United Arab Emirates	AED 60,000,000	80	Container terminal operating
	Hutchison Atlantic Limited	British Virgin Islands	USD 10,000	80	Holding company
	Hutchison Delta Ports Limited	Cayman Islands/ Hong Kong	USD 2	80	Holding company
	Hutchison Port Holdings Limited	British Virgin Islands/ Hong Kong	USD 26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Korea Terminals Limited	South Korea	Won 4,107,500,000	80	Container terminal operating
	Hutchison Laemchabang Terminal Limited	Thailand	THB 1,000,000,000	64	Container terminal operating
◇ * #	Hutchison Port Holdings Trust	Singapore/China	USD 8,795,976,880	28	Container port business trust
	Hutchison Ports Finance Limited	British Virgin Islands	USD 10	80	Finance
	Hutchison Port Investments Limited	Cayman Islands	USD 74,870,807	80	Holding company
	Hutchison Ports Investments S.à r.l.	Luxembourg	EUR 12,750	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Ports (Jersey) Port Development Limited	Jersey	GBP 30,000,002	80	Port development and property management
	Hutchison Ports (Jersey) Property Management Limited	Jersey	GBP 25,000,100	80	Port property management and leasing
	Hutchison Ports (UK) Finance Plc	United Kingdom	GBP 50,000	80	Finance
	Hutchison Westport Investments Limited	British Virgin Islands	USD 2	80	Holding company
	Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP 138,623,200	80	Container terminal operating
	International Ports Services Co. Ltd.	Saudi Arabia	SAR 2,000,000	41	Container terminal operating
☆ ㄖ	Jiangmen International Container Terminals Limited	China	USD 14,461,665	40	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	PKR 1,109,384,220	80	Container terminal operating
	Korea International Terminals Limited	South Korea	Won 45,005,000,000	71	Container terminal operating
	L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP 67,000,000	80	Container terminal operating
	Maritime Transport Services Limited	United Kingdom	GBP 13,921,323	64	Container terminal operating

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2012

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital	Percentage of equity attributable to the Group	Principal activities
	Ports and related services (continued)				
✧	Nanhai International Container Terminals Limited	China	USD 42,800,000	40	Container terminal operating
✧	Ningbo Beilun International Container Terminals Limited	China	RMB 700,000,000	39	Container terminal operating
	Oman International Container Terminal L.L.C.	Oman	OMR 4,000,000	52	Container terminal operating
	Panama Ports Company, S. A.	Panama	USD 10,000,000	72	Container terminal operating
	Port of Felixstowe Limited	United Kingdom	GBP 100,002	80	Container terminal operating
	PT Hutchison Ports Indonesia	Indonesia	IDR 130,000,000,000	80	Holding company
	PT Jakarta International Container Terminal	Indonesia	IDR 221,450,406,000	41	Container terminal operating
✧	River Trade Terminal Co. Limited	British Virgin Islands/ Hong Kong	USD 1	40	River trade terminal operation
	Saigon International Terminals Vietnam Limited	Vietnam	USD 80,084,000	56	Container terminal operating
✧	Shanghai Mingdong Container Terminals Limited	China	RMB 4,000,000,000	40	Container terminal operating
✧	Shantou International Container Terminals Limited	China	USD 88,000,000	56	Container terminal operating
	South Asia Pakistan Terminals Limited	Pakistan	PKR 3,826,770,000	72	Container terminal operating
	Sydney International Container Terminals Pty Limited	Australia	AUD 49,000,001	80	Container terminal operating
✧	Taranto Container Terminal S.p.A.	Italy	EUR 1,280,000	40	Container terminal operating
	Talleres Navales del Golfo, S.A. de C.V.	Mexico	MXP 143,700,000	80	Marine construction and ship repair yard
+	Tanzania International Container Terminal Services Limited	Tanzania	TZS 1,801,666,000	56	Container terminal operating
	Terminal Catalunya, S.A.	Spain	EUR 2,342,800	80	Container terminal operating
	Thai Laemchabang Terminal Co., Ltd.	Thailand	THB 800,000,000	70	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP 2	64	Container terminal operating
# +	Westports Holdings Sdn. Bhd.	Malaysia	MYR 117,000,000	25	Holding company
✧	Xiamen Haicang International Container Terminals Limited	China	RMB 555,515,000	39	Container terminal operating
✧	Xiamen International Container Terminals Limited	China	RMB 1,148,700,000	39	Container terminal operating
✧	Zhuhai International Container Terminals (Gaolan) Limited	China	USD 105,750,000	40	Container terminal operating
✧	Zhuhai International Container Terminals (Jiuzhou) Limited	China	USD 52,000,000	40	Container terminal operating
	Property and hotels				
	Aberdeen Commercial Investments Limited	Hong Kong	HKD 2	100	Property owning
✧	Bayswater Regency (HK) Ltd	Hong Kong	HKD 5,000,000	50	Holding company
	Consolidated Hotels Limited	Hong Kong	HKD 78,000,000	39	Investment in hotel
	Elbe Office Investments Limited	Hong Kong	HKD 2	100	Property owning
	Foxton Investments Limited	Hong Kong	HKD 10,000	100	Property owning
	Glenfuir Investments Limited	Hong Kong	HKD 1,000,000	100	Property owning
	Grafton Properties Limited	Hong Kong	HKD 100,000	100	Property owning
#	Harbour Plaza Hotel Management Limited	Hong Kong	HKD 2	50	Hotel management
	Harley Development Inc.	Panama/Hong Kong	USD 2	100	Property owning
	Hongville Limited	Hong Kong	HKD 2	100	Property owning
✧	Hutchison Enterprises (Chongqing) Limited	China	RMB 470,000,000	50	Property owning
	Hutchison Estate Agents Limited	Hong Kong	HKD 50,000	100	Property management, agency & related services
	Hutchison Hotel Hong Kong Limited	Hong Kong	HKD 2	100	Investment in hotel
	Hutchison International Hotels Limited	British Virgin Islands	USD 1	100	Holding company
	Hutchison Lucaya Limited	Bahamas	USD 5,000	100	Investment in hotel
	Hutchison Whampoa Properties Limited	Hong Kong	HKD 2	100	Holding company

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital	Percentage of equity attributable to the Group	Principal activities
Property and hotels (continued)				
✧ 卅 + Hutchison Whampoa Properties (Beijing Chaoyang) Limited	China	USD 81,579,000	50	Property developing & investment
✧ 卅 + Hutchison Whampoa Properties (Changchun) Limited	China	USD 34,870,000	50	Property developing & investment
✧ 卅 + Hutchison Whampoa Properties (ChangSha WangCheng) Limited	China	RMB 149,000,000	50	Property developing
✧ 卅 + Hutchison Whampoa Properties (Chengdu) Limited	China	RMB 1,050,000,000	50	Property developing & investment
✧ 卅 + Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited	China	RMB 250,000,000	50	Property developing
✧ 卅 + Hutchison Whampoa Properties (Chongqing Nanan) Limited	China	RMB 2,090,000,000	48	Property developing & investment
✧ 卅 + Hutchison Whampoa Properties (Guangzhou Liwan) Limited	China	RMB 600,000,000	50	Property developing & investment
✧ 卅 + Hutchison Whampoa Properties (Guangzhou Panyu) Limited	China	RMB 285,000,000	50	Property developing & investment
Hutchison Whampoa Properties (Management & Agency) Limited	Hong Kong	HKD 20	100	Project management & related services
✧ 卅 + Hutchison Whampoa Properties (Shanghai) Gubei Limited	China	USD 48,550,000	50	Property developing & investment
# 卅 + Hutchison Whampoa Properties (Shanghai) Lujiazui Limited	China	USD 372,000,000	25	Property developing & investment
✧ 卅 + Hutchison Whampoa Properties (Shenzhen) Co., Ltd.	China	USD 100,000,000	50	Property developing & investment
✧ 卅 + Hutchison Whampoa Properties (Tianjin) Limited	China	USD 47,500,000	40	Property developing & investment
✧ 卅 + Hutchison Whampoa Properties (Wuhan Jiangnan North) Limited	China	USD 54,400,000	50	Property developing & investment
✧ 卅 + Hutchison Whampoa Properties (Wuhan Jiangnan South) Limited	China	USD 147,300,000	50	Property developing
✧ 卅 + Hutchison Whampoa Properties (Xi An) Limited	China	USD 59,600,000	50	Property developing
✧ 卅 + Hutchison Whampoa Properties (Zhuhai) Company Limited	China	USD 15,000,000	50	Property developing & investment
Hybonia Limited	Hong Kong	HKD 20	100	Property owning
✧ 卅 + Jiangmen Hutchison Whampoa Properties Limited	China	RMB 120,000,000	45	Property developing
✧ + Konorus Investment Limited	Hong Kong	HKD 2	43	Property developing
✧ Marketon Investment Limited	Hong Kong	HKD 4	50	Property owning
Matrica Limited	Hong Kong	HKD 20	70	Property owning and hotel operation
✧ Montoya (HK) Ltd	Hong Kong	HKD 500,000,000	50	Holding company
Mossburn Investments Limited	Hong Kong	HKD 1,000	100	Property owning
✧ New Zetland Investments (HK) Ltd	Hong Kong	HKD 5,000,000	50	Holding company
Omaha Investments Limited	Hong Kong	HKD 10,000	100	Property owning
Palliser Investments Limited	Hong Kong	HKD 100,000	100	Property owning
# Randash Investment Limited	Hong Kong	HKD 110	39	Investment in hotel
✧ 卅 + Regal Lake Property Development Limited Guang Zhou	China	RMB 1,040,640,000	40	Property developing
Rhine Office Investments Limited	Hong Kong	HKD 2	100	Property owning
✧ 卅 + Shanghai Cheung Tai Property Development Limited	China	RMB 870,000,000	50	Property developing
✧ 卅 + Shanghai Helian Property Development Co., Ltd.	China	USD 74,700,000	50	Property developing
✧ 卅 Shanghai Westgate Mall Co., Ltd.	China	USD 40,000,000	30	Property owning
✧ 卅 + Shenzhen Hutchison Whampoa CATIC Properties Limited	China	RMB 620,000,000	40	Property developing & investment
✧ 卅 + Shenzhen Hutchison Whampoa Guanlan Properties Limited	China	RMB 250,000,000	50	Property developing
✧ 卅 + Shenzhen Hutchison Whampoa Longgang Properties Limited	China	RMB 232,000,000	50	Property developing
# The Kowloon Hotel Limited	Bahamas/Hong Kong	USD 5	50	Investment in hotel
Trillium Investment Limited	Bahamas/Hong Kong	USD 1,060,000	100	Property owning
Turbo Top Limited	Hong Kong	HKD 2	100	Property owning
Vember Lord Limited	Hong Kong	HKD 2	100	Property owning

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2012

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital	Percentage of equity attributable to the Group	Principal activities
Retail				
A.S. Watson & Company, Limited	Hong Kong	HKD 109,550,965	100	Holding company
A.S. Watson (Europe) Finance B.V.	Netherlands	EUR 18,000	100	Finance
A.S. Watson (Europe) Holdings B.V.	Netherlands	EUR 18,300	100	Holding company
A.S. Watson Group (HK) Limited	British Virgin Islands/ Hong Kong	USD 1	100	Retailing, supermarket operating, and water, beverage & fruit juice manufacturing & distributing
A.S. Watson Group Holdings Limited	British Virgin Islands	USD 1	100	Holding company
A.S. Watson (Health & Beauty Continental Europe) B.V.	Netherlands	EUR 450,100	100	Retailing
A.S. Watson Investments S.à r.l.	Luxembourg	EUR 125,025	100	Holding company
A/S Drogas	Latvia	LVL 1,280,000	100	Retailing
DC Ukraine LLC	Ukraine	UAH 29,300,000	100	Retailing
☆ + Dirk Rossmann GmbH	Germany	EUR 12,000,000	40	Retailing
Fortress Limited	Hong Kong	HKD 20	100	Retailing
⌘ Guangzhou Park'N Shop Supermarkets Limited	China	HKD 83,330,000	97	Retailing
⌘ Guangzhou Watson's Food and Beverages Company Limited	China	USD 32,283,432	95	Beverage manufacturing & trading
⌘ Guangzhou Watson's Personal Care Stores Limited	China	HKD 71,600,000	95	Retailing
Ici Paris XL Nederland B.V.	Netherlands	EUR 20,000	100	Perfume retailing
Kruidvat B.V.B.A.	Belgium	EUR 62,000	100	Retailing
Marionnaud Parfumeries Autriche GmbH	Austria	EUR 2,543,549	100	Perfume retailing
Marionnaud Parfumeries Iberica, S.L.	Spain	EUR 15,000,166	100	Perfume retailing
Marionnaud Parfumeries Portugal Lda	Portugal	EUR 550,000	100	Perfume retailing
Marionnaud Parfumeries Italia S.p.A.	Italy	EUR 3,500,000	100	Perfume retailing
Marionnaud Parfumeries SAS	France	EUR 76,575,832	100	Holding in perfume retailing business
Marionnaud Switzerland AG	Switzerland	CHF 10,000,000	100	Perfume retailing
☆ Nuance-Watson (HK) Limited	Hong Kong	HKD 20	50	Operation of duty free shops
☆ Nuance-Watson (Singapore) Pte Ltd	Singapore	SGD 2	50	Operation of duty free shops
Parfumerie Ici Paris XL N.V.	Belgium	EUR 770,000	100	Perfume retailing
Park'N Shop Limited	Hong Kong	HKD 1,000,000	100	Supermarket operating
Savers Health and Beauty Limited	United Kingdom	GBP 1,400,000	100	Retailing
Spektr Group Limited Liability Company	Russia	RUB 3,000,000	100	Retailing
Superdrug Stores plc	United Kingdom	GBP 22,000,000	100	Retailing
The Perfume Shop Limited	United Kingdom	GBP 100,000	100	Perfume retailing
Watson's Personal Care Stores (Taiwan) Co., Limited	Taiwan	NT\$ 711,000,000	100	Retailing
Watsons Personal Care Stores (Philippines), Inc.	Philippines	PHP 135,000,000	60	Retailing
Watson's Personal Care Stores Pte Ltd	Singapore	SGD 5,000,000	100	Retailing
Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR 6,000,000	100	Retailing
Watson's The Chemist Limited	Hong Kong	HKD 1,000,000	100	Retailing

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital	Percentage of equity attributable to the Group	Principal activities
Infrastructure and energy				
* ☉ + Cheung Kong Infrastructure Holdings Limited	Bermuda/Hong Kong	HKD 2,495,845,400	78	Holding Company
* # + Husky Energy Inc.	Canada	C\$ 6,939,096,660	34	Investment in oil and gas
☉ # + Northern Gas Networks Holdings Limited	United Kingdom	GBP 571,670,980	37	Gas distribution
☉ # + Northumbrian Water Group Limited	United Kingdom	GBP 51,862,385	31	Water & sewerage businesses
* ☉ # +Power Assets Holdings Limited	Hong Kong	HKD 2,134,261,654	30	Investment holdings in power and utility-related businesses
☉ # + UK Power Networks Holdings Limited	United Kingdom	GBP 10,000,000	31	Electricity distribution
☉ # + Wales & West Gas Networks (Holdings) Limited	United Kingdom	GBP 290,272,506	23	Gas distribution
Telecommunications				
3 Italia S. p. A.	Italy	EUR 3,047,756,290	97	3G mobile multimedia services
Hi3G Access AB	Sweden	SEK 10,000,000	60	3G mobile multimedia services
Hi3G Denmark ApS	Denmark	DKK 64,375,000	60	3G mobile multimedia services
Hutchison 3G Austria GmbH	Austria	EUR 35,000	100	3G mobile multimedia services
Hutchison 3G UK Limited	United Kingdom	GBP 1	100	3G mobile multimedia services
Hutchison Global Communications Limited	Hong Kong	HKD 20	65	Fixed-line communications
* Hutchison Telecommunications (Australia) Limited	Australia	AUD 4,204,487,847	88	Holding company
* Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands/ Hong Kong	HKD 1,204,724,052	65	Holding company of mobile and fixed-line telecommunications businesses
Hutchison Telecommunications (Vietnam) S.à.r.l.	Luxembourg/ Vietnam	USD 20,000	100	Investment holdings in mobile telecommunications business
Hutchison Telephone Company Limited	Hong Kong	HKD 1,258,120	49	Mobile telecommunications services
PT. Hutchison 3 Indonesia	Indonesia	IDR 649,890,000,000	65	Mobile telecommunications services
☉ + Vodafone Hutchison Australia Pty Limited	Australia	AUD 6,046,889,713	44	3G mobile multimedia service
Finance and investments				
Binion Investment Holdings Limited	Cayman Islands	USD 3	100	Overseas portfolio investment
Cavendish International Holdings Limited	Hong Kong	HKD 2,898,985,782	100	Holding company
Hongkong and Whampoa Dock Company, Limited	Hong Kong	HKD 139,254,060	100	Holding company
Hutchison International Finance (03/08) Limited	British Virgin Islands	USD 1	100	Finance
Hutchison International Limited	Hong Kong	HKD 446,349,093	100	Holding company & corporate
Hutchison OMF Limited	British Virgin Islands	USD 1	100	Overseas portfolio investment
Hutchison Whampoa Europe Finance (12) Limited	Cayman Islands	USD 2	100	Finance
Hutchison Whampoa Europe Investments S.à.r.l.	Luxembourg	EUR 1,764,026,925	100	Holding company
Hutchison Whampoa (Europe) Limited	United Kingdom	GBP 1,000	100	Consultancy services
Hutchison Whampoa Finance (03/13) Limited	Cayman Islands	USD 2	100	Finance
Hutchison Whampoa Finance (05) Limited	Cayman Islands	USD 2	100	Finance
Hutchison Whampoa Finance (06) Limited	Cayman Islands	USD 2	100	Finance
Hutchison Whampoa Finance (09) Limited	Cayman Islands	USD 2	100	Finance
Hutchison Whampoa Finance (CI) Limited	Cayman Islands	USD 1	100	Finance
Hutchison Whampoa Finance UK plc	United Kingdom	GBP 50,000	100	Finance
Hutchison Whampoa International (03/33) Limited	Cayman Islands	USD 2	100	Finance
Hutchison Whampoa International (09) Limited	Cayman Islands	USD 1	100	Finance
Hutchison Whampoa International (09/16) Limited	Cayman Islands	USD 1	100	Finance

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2012

Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital	Percentage of equity attributable to the Group	Principal activities
Finance and investments (continued)				
Hutchison Whampoa International (09/19) Limited	Cayman Islands	USD 2	100	Finance
Hutchison Whampoa International (10) Limited	Cayman Islands	USD 1	100	Finance
Hutchison Whampoa International (11) Limited	Cayman Islands	USD 2	100	Finance
Hutchison Whampoa International (12) Limited	Cayman Islands	USD 1	100	Finance
Hutchison Whampoa International (12) (II) Limited	Cayman Islands	USD 2	100	Finance
Others				
✧ ✂ + Guangzhou Aircraft Maintenance Engineering Company Limited	China	USD 65,000,000	50	Aircraft maintenance
* Hutchison China MediTech Limited	Cayman Islands/China	USD 52,048,448	70	Holding company of healthcare businesses
* Hutchison Harbour Ring Limited	Bermuda/Hong Kong	HKD 896,814,071	71	Holding company of property investment business
Hutchison Water Holdings Limited	Cayman Islands	USD 100,000	80	Investment holding in water businesses
Hutchison Whampoa (China) Limited	Hong Kong	HKD 15,000,000	100	Investment holding & China business
# Metro Broadcast Corporation Limited	Hong Kong	HKD 1,000,000	50	Radio broadcasting
* # TOM Group Limited	Cayman Islands/Hong Kong	HKD 389,327,056	24	Cross media

The above table lists the principal subsidiary and associated companies and jointly controlled entities of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and jointly controlled entities would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation. The activity of portfolio investment is international, and not attributable to a principal place of operation.

Except Hutchison International Limited which is 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and jointly controlled entities are held indirectly.

✧ The percentage of equity attributable to the Group of the Cheung Kong Infrastructure group excludes the shares issued to and held by the fiduciary in connection with the issue of perpetual capital securities by Cheung Kong Infrastructure in February 2012.

* Company listed on the Stock Exchange of Hong Kong except Hutchison Port Holdings Trust which is listed on Singapore Stock Exchange, Husky Energy Inc. which is listed on the Toronto Stock Exchange, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange and Hutchison China MediTech Limited which is listed on the Alternative Investment Market of London Stock Exchange.

Associated companies

✧ Jointly controlled entities

✂ Equity joint venture registered under PRC law

⌋ Cooperative joint venture registered under PRC law

⚡ Wholly owned foreign enterprise (WOFE) registered under PRC law

✧ The share capital of Hutchison Port Holdings Trust is in a form of trust units.

+ The accounts of these subsidiary and associated companies and jointly controlled entities have been audited by firms other than PricewaterhouseCoopers. The aggregate net assets, turnover (excluding share of associated companies and jointly controlled entities) attributable to shareholders of these companies not audited by PricewaterhouseCoopers amounted to approximately 30% and 4% of the Group's respective items.

Schedule of Principal Properties

at 31 December 2012

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Hutchison House, 10 Harcourt Road, Hong Kong	IL 8286	Long	100%	503,715	C	Existing
Cheung Kong Center, 2 Queen's Road, Central, Hong Kong	IL 8887	Medium	100%	1,263,363	C	Existing
Aon China Building, 29 Queen's Road, Central, Hong Kong	IL 2317	Long	100%	258,751	C	Existing
28 Barker Road, The Peak, Hong Kong (site area approx 31,446 sq ft)	RBL126 and extension thereto	Medium	100%	29,477	R	2013 (70%)
Cavendish Centre, 23 Yip Hing Street, Wong Chuk Hang, Hong Kong	AIL 399	Long	100%	342,868	I	Existing
Aberdeen Centre, Aberdeen, Hong Kong	AIL 302 & 304	Long	100%	345,026	C	Existing
Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong	IL 8885	Medium	39%	343,081	H	Existing
Trust Tower, 1/F -20/F, 68-74 Johnston Road, Wan Chai, Hong Kong	IL 4280 & RP of Sec A of ML 64A	Long	43%	56,260	C	Existing
One and Two Harbourfront and Harbour Grand Kowloon, Hung Hom, Kowloon	Sec A, B & RP of HHML 6 and extension thereto	Long	100%	862,988	C	Existing
Harbour Plaza Metropolis, Metropolis Drive, Hung Hom, Kowloon	KIL 11077	Medium	50%	461,310	H	Existing
Hunghom Bay Centre, Hung Hom, Kowloon	RP of HHML 1	Long	100%	80,402	C	Existing
Whampoa Garden, Hung Hom, Kowloon	KIL 10750 Sec A-H & Sec J-L	Long	100%	1,713,990	C	Existing
Sheraton Hong Kong Hotel & Towers, Salisbury Road, Tsim Sha Tsui, Kowloon	KIL 9172	Long	39%	729,945	H	Existing
The Kowloon Hotel, 19-21 Nathan Road, Kowloon	KIL 10737	Medium	50%	329,486	H	Existing
Victoria Mall, Canton Road, Kowloon	RP of KIL 11086	Medium	43%	168,002	C	Existing
9 Chong Yip Street, Kwun Tong, Kowloon	KTIL 444	Medium	100%	124,724	C	Existing
Hutchison Logistics Centre, Kwai Chung, New Territories	M/F to 6/F on KCL No 4 G/F on KCL No 4	Medium	100%	4,705,141	C/W	Existing
Watson Centre, 16-22 Kung Yip Street, Kwai Chung, New Territories	KCTL 258	Medium	100%	737,394	C/W	Existing
99 Cheung Fai Road at Container Terminal No 9, Tsing Yi, New Territories	TYTL 139	Medium	27.6%	59,713	C	Existing
Rambler Garden Hotel	TYTL 140	Medium	100%	300,268	C	Existing
Rambler Oasis Hotel	TYTL 140	Medium	70%	211,108	H	Existing
Rambler Plaza Tsing Yi, New Territories	TYTL 140	Medium	70%	213,235	H	Existing
Watson House, Wo Liu Hang Road, Shatin, New Territories	STTL 61	Medium	70%	60,859	C	Existing
Horizon Suite Hotel at Tolo Harbour, Ma On Shan, New Territories	STTL 461	Medium	100%	280,900	C/W	Existing
Watson's Water Centre, 6 Dai Li Street, Tai Po Industrial Estate, New Territories	Tai Po Town Lot 1 Sec B S52	Medium	49%	602,784	H	Existing
Food Distribution Depot, Sheung Shui, New Territories	FSSTL 97	Medium	100%	255,138	I	Existing
Cement Manufacturing Plant, Tap Shek Kok, Tuen Mun, New Territories	TMTL 201	Medium	100%	142,394	I	Existing
		Medium	78%	1,645,301	I	Existing

Schedule of Principal Properties

at 31 December 2012

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
The Great Wall Sheraton Hotel Beijing, 10 North Dong San Huan Road, Chao Yang District, Beijing, China	Chaoyang District, Beijing	Medium	50%	898,800	H	Existing
The Greenwich, Yao Jia Yuan Dong Li, Chaoyang District, Beijing, China (site area approx 2,882,120 sq ft)	Chaoyang District, Beijing Commercial Phase 1C Phase 2	Medium Long Long	50% 50% 50%	21,732 44,291 2,371,675	C R R	Existing Existing 2015 (3%)
A residential development at Shisanling Town, Changping District, Beijing, China (site area approx 2,759,132 sq ft)	Changping District, Beijing	Long	50%	861,112	R	2015 (1%)
Regency Park, Jingyue Economic Development Zone, Changchun, China (site area approx 9,910,215 sq ft)	Jingyue Economic Development Zone, Changchun Phase 2 Phase 3 Phases 4A & 4B	 Medium Medium Medium	 50% 50% 50%	 40,559 559,217 2,010,105	 R R R/C	 Existing 2013 (80%) 2014 (1%)
Regency Residence, Nanguan District, Changchun, China (site area approx 2,214,134 sq ft)	Nanguan District, Changchun Phases 1, 2A & 2B Phase 1 Phase 2B	 Medium Medium Medium	 50% 50% 50%	 360,093 32,293 79,674	 R/C C R/C	 Existing 2013 (95%) 2013 (95%)
Regency Cove, Changchun National Hi-Tech Industrial Development Zone, Changchun, China (site area approx 1,710,298 sq ft)	Changchun National Hi-Tech Industrial Development Zone, Changchun	Long Medium	50% 50%	2,411,081 123,344	R C	2015 (1%) 2015 (1%)
Noble Hills, Wangcheng County, Changsha, China (site area approx 5,989,357 sq ft)	Wangcheng County, Changsha Phases 1 & 2 Phase 3 Phase 4 Phase 5	 Long Long Long Long	 50% 50% 50% 50%	 73,959 1,170,746 760,599 3,528,170	 R/C R R R/C	 Existing 2013 (83%) 2014 (10%) 2016 (1%)
Regency Park, Tianning District, Changzhou, China (site area approx 867,570 sq ft)	Tianning District, Changzhou Phases 1 & 2 Phase 3A Phase 3B	 Long Long Long	 50% 50% 50%	 141,502 178,724 1,838,549	 R R R	 Existing 2013 (90%) 2014 (5%)
Le Parc, Chengdu High-Tech Zone, Chengdu, China (site area approx 8,737,053 sq ft)	Chengdu High-Tech Zone, Chengdu Phases 1A, 1B, 2A & 2B Phases 3A & 3B Phase 4A Phase 4A Phase 4B Phase 5 Phase 6A Phase 6B Phase 6B Phase 6C Phases 7 & 8	 Long Long Long Long Long Long Medium Medium Medium Long Long	 50% 50% 50% 50% 50% 50% 50% 50% 50% 50% 50%	 207,995 274,403 727,901 1,605,713 2,461,306 3,258,602 9,763 311,141 384,971 1,931,065 6,726,985	 R R/C R R R R C C C R R	 Existing Existing 2013 (80%) 2013 (70%) 2013 (40%) 2014 (10%) Existing 2013 (25%) 2015 (2%) 2015 (2%) 2017 (2%)
Regency Oasis, Wenjiang District, Chengdu, China (site area approx 4,018,519 sq ft)	Wenjiang District, Chengdu Phases 1A, 1B & 2 Phase 1B Phase 1B	 Long Medium Long	 50% 50% 50%	 2,065,603 13,218 1,219,636	 R C R	 Existing Existing 2013 (80%)
Metropolitan Plaza, Ba Yi Lu, Yuzhong District, Chongqing, China	Yuzhong District, Chongqing	Medium	50%	1,511,515	C	Existing
Harbour Plaza Chongqing, Zou Rong Lu, Yuzhong District, Chongqing, China	Yuzhong District, Chongqing	Medium	50%	556,972	H	Existing
Cape Coral, Nanan District, Chongqing, China (site area approx 1,380,083 sq ft)	Nanan District, Chongqing Phases 1A, 1B & 2A Phase 2B	 Medium Medium	 48% 48%	 358,816 838,013	 R/C R	 Existing 2013 (80%)

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Noble Hills, Douxu, Chongqing, China (site area approx 4,811,765 sq ft)	Douxu, Chongqing Phase 1A Phases 2A & 2B Phase 2C	Medium Medium Medium	50% 50% 50%	26,361 891,331 390,902	C R/C R	Existing Existing 2014 (1%)
A commercial and residential development at Yangjiashan, Chongqing, China (site area approx 11,209,095 sq ft)	Yangjiashan, Chongqing Lands No. 1, 8 & 11 Lands No. 2-7, 9-10 & 12-18	Medium Medium	48% 48%	2,888,751 30,490,717	R/C R/C	2016 (2%) 2021 (1%)
A residential development at Zhaomushan, Liangjiang New Area, Chongqing, China (site area approx 1,425,905 sq ft)	Liangjiang New Area, Chongqing Land No. G19 Land No. G18	Medium Medium	50% 50%	791,265 2,177,731	R R	2013 (8%) 2014 (8%)
A commercial and residential development at Wolong Bay, Jinzhou New Area, Dalian, China (site area approx 3,437,548 sq ft)	Jinzhou New Area, Dalian	Medium	50%	4,269,856	R/C	2017 (1%)
A commercial and residential development at Heizui Wharf and the surrounding area, Xigang District Dalian, China (site area approx 1,539,604 sq ft)	Xigang District, Dalian	Long Medium	50% 50%	3,390,629 2,045,141	R C	2017 (1%) 2017 (1%)
The Metropolitan Plaza, Huangsha, Guangzhou, China	Huangsha, Guangzhou Phase 1	Medium	50%	956,997	C	Existing
Cape Coral, Panyu District, Guangzhou, China (site area approx 4,840,181 sq ft)	Panyu District, Guangzhou Phase 2 Phase 3B Phases 4A & 4B Commercial	Long Long Long Medium	50% 50% 50% 50%	126,369 904,189 1,894,780 21,345	R R R/C C	Existing 2013 (50%) 2015 (1%) Existing
Noble Hills, Zengcheng, Guangzhou, China (site area approx 22,740,585 sq ft)	Zengcheng, Guangzhou Phase 1A Phase 1A Phase 1A Phase 1B Phases 2 & 3	Long Long Long Long Long	50% 50% 50% 50% 50%	358,269 126,252 16,146 377,856 2,443,061	R R C R R	Existing 2013 (95%) 2013 (10%) 2013 (5%) 2015 (1%)
Guangzhou Guoji Wanjucheng, Nangang Village Head of Lang Bridge, Huang Pu District, Guangzhou, China (site area approx 3,458,021 sq ft)	Huang Pu District, Guangzhou Phase 1 Phase 2A Phases 2B & 2C (1) Phases 2C (2) & 3	Medium Medium Medium Medium	30% 30% 30% 30%	455,550 673,646 1,070,604 2,352,447	C C C C	Existing 2013 (98%) 2014 (60%) 2016 (1%)
Yuhu Mingdi, Zhongxin Town, Luogang District, Guangzhou, China (site area approx 2,427,765 sq ft)	Luogang District, Guangzhou Phase 1 Phase 2 Phase 3	Long Long Long	40% 40% 40%	472,543 1,354,939 668,230	R/C R/C R/C	2013 (80%) 2015 (15%) 2015 (5%)
A residential development at Nanzhuang Town, Chancheng District, Foshan, China (site area approx 805,764 sq ft)	Chancheng District, Foshan Phases 1 & 2	Long	50%	1,995,336	R/C	2015 (1%)
Laguna Verona, Hwang Gang Lake, Dongguan, China (site area approx 35,017,302 sq ft)	Hwang Gang Lake, Dongguan Commercial Phases G1a, D1a & D1b1 Phase G1a Phase D1b2 Phase D1c Phase E1 Phase H Phase D2a Phase E2 Phases G1b1 & G2a1 Phases D2b, D2c, F, G1b2, G1b3, G2a2, G2a3 & G2b	Long Long Long Long Long Long Long Long Long Long Long Long	49.9% 49.9% 49.9% 49.9% 49.9% 49.9% 49.9% 49.9% 49.9% 49.9% 49.9% 49.9%	9,321 471,591 48,072 290,841 690,407 280,636 468,014 615,394 402,807 1,059,814 13,589,887	C R C R R R R R R R/C R/C	Existing Existing 2013 (95%) 2013 (70%) 2013 (50%) 2014 (10%) 2014 (2%) 2015 (2%) 2015 (1%) 2015 (5%) 2021 (1%)
Harbour Plaza Golf Club, Hwang Gang Lake, Dongguan, China	Hwang Gang Lake, Dongguan Golf course	Medium	50%	14,257,654	G	Existing
Le Parc, Futian District, Shenzhen, China	Futian District, Shenzhen	Long	50%	102,953	C	Existing

Schedule of Principal Properties

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Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Regency Park, Guanlan, Baoan District, Shenzhen, China	Baoan District, Shenzhen Phases 1, 2 & 3	Long	50%	301,477	R	Existing
Le Sommet, Longgang District, Shenzhen, China (site area approx 2,407,841 sq ft)	Longgang District, Shenzhen Phases 1A, 1B & 3 Phases 4B & 4C	Long Long	50% 50%	23,069 1,286,232	R/C R/C	Existing 2013 (50%)
Century Place, Shennan Road, Huaqiangbei, Futian District, Shenzhen, China	Futian District, Shenzhen Phases 1 & 2 Phase 1	Medium Medium	40% 40%	1,488,604 57,415	C R	Existing Existing
Noble Hills, Guanlan, Baoan District, Shenzhen, China (site area approx 916,923 sq ft)	Baoan District, Shenzhen	Long Long	50% 50%	561,047 1,020,708	R/C R/C	2013 (90%) 2013 (40%)
A commercial development at land lots G/M and H, Futian District, Shenzhen, China (site area approx 147,709 sq ft)	Futian District, Shenzhen	Medium	25%	484,376	C	2015 (17%)
A residential development at Aotou, Daya Bay, Huizhou, China (site area approx 861,672 sq ft)	Daya Bay, Huizhou Phases 1 & 2	Long	50%	2,545,189	R/C	2015 (1%)
Horizon Costa, Qiao Island, Zhuhai, China (site area approx 2,152,780 sq ft)	Qiao Island, Zhuhai Phase 1 Phase 2	Long Long	50% 50%	1,202,801 1,354,314	R/C R	2015 (1%) 2016 (1%)
A residential development at Cuiliu, Zhongshan, China (site area approx 1,128,143 sq ft)	Cuiliu, Zhongshan	Long	50%	651,496	R/C	2014 (1%)
A residential development at Yin Hu Wan, Jiangmen, China (site area approx 14,351,863 sq ft)	Yin Hu Wan, Jiangmen Phases 1, 2(A&B) & 3 Phases 4-6 Commercial & Hotel	Long Long Medium	45% 45% 45%	1,734,710 2,593,562 299,936	R R C/H	2016 (1%) 2019 (1%) 2014 (1%)
A commercial and residential development at Yingtianqiao, Jianye District, Nanjing, China (site area approx 1,286,318 sq ft)	Jianye District, Nanjing Phase 1A Phase 2A Phase 1B Phase 2B Phase 1C Phase 2C	Long Medium Long Medium Long Medium	50% 50% 50% 50% 50% 50%	468,908 83,700 1,318,395 120,244 1,278,116 600,432	R C R C R C	2014 (1%) 2014 (1%) 2015 (3%) 2014 (1%) 2015 (1%) 2015 (1%)
The Harbourfront, Shibei District, Qingdao, China (site area approx 3,329,597 sq ft)	Shibei District, Qingdao Land No. 1 Land No. 2 Lands No. 3-7 Land No. 8	Long Long Long Medium	45% 45% 45% 45%	597,439 595,201 7,189,177 301,378	R/C R/C R/C C	Existing 2013 (90%) 2016 (2%) 2013 (30%)
Westgate Mall & Tower, Nanjing Xi Lu/Jiang Ning Lu, Jing An District, Shanghai, China	Jing An District, Shanghai	Medium	30%	1,099,361	C	Existing
Seasons Villas, Huamu Road, Pudong New District, Shanghai, China	Pudong New District, Shanghai Phases 2, 3, 4A & 5	Long	50%	307,051	R	Existing
Maison des Artistes, Gubei, Changning District, Shanghai, China	Changning District, Shanghai	Long	50%	71,985	C	Existing
Century Link, Lot 2-4 Century Avenue, Pudong New District, Shanghai, China (site area approx 551,984 sq ft)	Lot 2-4 Century Avenue, Pudong New District, Shanghai	Medium	25%	2,351,449	C	2015 (23%)
Regency Cove, Qian Kun Road, Maqiao Town, Minhang District, Shanghai, China	Minhang District, Shanghai Phases 1A, 1B & 2	Long	43%	367,817	R	Existing
City Link, Xin Zha Road, Jing An District, Shanghai, China (site area approx 156,378 sq ft)	Jing An District, Shanghai	Medium	30%	624,037	C	2015 (7%)

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Upper West Shanghai Putuo District, Shanghai, China (site area approx 1,903,638 sq ft)	Putuo District, Shanghai Phase 1A Phase 1B Phase 2 Phase 3 Phase 4 Phase 4 Phase 5 Phase 5	Medium Medium Medium Medium Long Medium Long Medium	30% 30% 30% 30% 30% 30% 30% 30%	144,527 1,105,044 1,507,635 2,540,463 413,334 847,657 1,136,668 54,680	C C C/H C/H R C R C	2014 (85%) 2014 (50%) 2016 (9%) 2018 (1%) 2017 (2%) 2017 (2%) 2017 (1%) 2017 (1%)
Oriental Financial Center, Lujiazui, Pudong New District, Shanghai, China (site area approx 100,083 sq ft)	Pudong New District, Shanghai	Medium	50%	861,112	C	2014 (46%)
Hupan Mingdi, Nanxiang Town, Jiading District, Shanghai, China (site area approx 2,277,864 sq ft)	Jiading District, Shanghai	Long Long Medium Medium	50% 50% 50% 50%	903,048 2,200,787 12,841 434,743	R R C C	2014 (40%) 2014 (6%) 2014 (70%) 2014 (10%)
Regency Garden, Hu Nan Road/Fang Rong Road, Zhoupu Town, Pudong New District, Shanghai, China (site area approx 2,835,394 sq ft)	Pudong New District, Shanghai Phase 1 Phases 2A & 2B Phase 3 Phase 4 Phases 5A & 5B	Long Long Long Long Long Long	43% 43% 43% 43% 43% 43%	19,874 1,417,724 268,968 271,444 1,348,049	R R R R R R	Existing 2014 (20%) 2013 (20%) 2014 (10%) 2014 (5%)
A residential development at Land No.16, Zhao Xiang Town, Qing Pu District, Shanghai, China (site area approx 1,555,190 sq ft)	Qing Pu District, Shanghai Phase 1 Phase 2	Long Long	50% 50%	752,278 742,505	R R	2014 (1%) 2014 (1%)
A residential development at Land No.17, Zhao Xiang Town, Qing Pu District, Shanghai, China (site area approx 797,508 sq ft)	Qing Pu District, Shanghai Phase 1 Phase 2	Long Long	50% 50%	319,042 485,280	R R	2014 (1%) 2014 (1%)
The Metropolitan Tianjin, Yingkoudao, Heping District, Tianjin, China (site area approx 211,155 sq ft)	Heping District, Tianjin Phase 1 Phase 2 Phase 2	Medium Medium Long	40% 40% 40%	699,976 1,086,121 28,965	C C R	2013 (88%) 2013 (55%) Existing
A commercial & residential development at Hualou Jie, Jiangnan District, Wuhan, China (site area approx 1,192,619 sq ft)	Jiangnan District, Wuhan Phase 1A Phases 1B, 2A & 2B	Long Long	50% 50%	198,206 5,797,889	C R/C	2014 (9%) 2015 (6%)
A commercial & residential development at Laopupian, Jiangnan District, Wuhan, China (site area approx 379,040 sq ft)	Jiangnan District, Wuhan	Long	50%	1,805,052	R/C	2015 (8%)
Regency Cove, Caidian District, Wuhan, China (site area approx 8,330,171 sq ft)	Caidian District, Wuhan Phase 1 Phases 2-8	Long Long	50% 50%	961,830 15,271,165	R R/C/H	2013 (85%) 2023 (1%)
The Greenwich, Xian Hi-Tech Industries Development Zone, Xian, China (site area approx 5,176,722 sq ft)	Xian Hi-Tech Industries Development Zone, Xian Phases 2A & 2B Phases 3A & 3B Phases 4A & 4B	Medium Medium Long	50% 50% 50%	727,177 775,528 3,064,116	R/C R R/C	Existing Existing 2016 (5%)
Albion Riverside, Wandsworth, London, United Kingdom	Wandsworth, London	Freehold	45%	79,242 *	C	Existing
A commercial & residential development at Lots Road, Chelsea, London, United Kingdom (site area approx 384,199 sq ft)	Chelsea/Fulham, London	Freehold	95%	902,514*	R/C	2017 (1%)
A commercial & residential development at Convoys Wharf, London, United Kingdom (site area approx 1,742,400 sq ft)	Convoys Wharf, London	Freehold	100%	3,526,384*	R/C	2023 (1%)

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Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Marina Bay, Marina Boulevard/Central Boulevard, Singapore (site area approx 574,045 sq ft)	Land Parcel 662, Singapore Phase 2	Long	17%	469,381	R	2013 (72%)
The Vision, 727 West Coast Crescent, Singapore (site area approx 129,168 sq ft)	Lot 8341X Mukum 5, Singapore	Long	50%	361,670	R	2014 (33%)
Bahamas Grand Lucayan Grand Bahama, Bahamas	Freeport, Grand Bahama Island Bahamas	Freehold Freehold	100% 100%	1,027,494 320 acres	H G	Existing Existing
Container Terminal No 4, Kwai Chung, New Territories	KCL No 4	Medium	27.6%	70 acres	CT	Existing
Container Terminal No 6, Kwai Chung, New Territories	KCL No 6	Medium	27.6%	71 acres	CT	Existing
Container Terminal No 7, Kwai Chung, New Territories	KCL No 7 and extension	Medium	27.6%	85 acres	CT	Existing
Container Terminal No 8, East, Kwai Chung, New Territories	KCL No 8	Medium	13.8%	74 acres	CT	Existing
Container Terminal No 9, Tsing Yi, New Territories	TYTL 139 TYL 9 (co-grantee)	Medium	27.6%	47 acres	CT	Existing
Mid-Stream Terminal, Stonecutters Island, Hong Kong	KCTL No 479	Medium	27.6%	360,000	CT	Existing
River Trade Terminal, Tuen Mun, New Territories	TMTL No 393	Medium	40%	7,000,000	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases I & II)	Yantian, Shenzhen	Medium	15.6%	13,947,657	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases III & Expansion)	Yantian, Shenzhen	Medium	14.3%	24,341,000	CT	Existing
Container Terminal at West Port, Shenzhen, China	Yantian, Shenzhen	Medium	14.3%	1,862,522	CT	Existing
Inland Container Depot and Warehousing, Guanlan, Shenzhen, China	Guanlan, Shenzhen	Medium	21.4%	3,591,699	D/W	Existing
Container Terminal at Dayabay, Huizhou, Guangdong, China (Phase 1)	Dayabay, Huizhou, Guangdong	Medium	27%	5,597,417	CT	Existing
Container Terminal at Dayabay, Huizhou, Guangdong, China (Phase 2)	Dayabay, Huizhou, Guangdong	Medium	64%	6,458,558	CT	2013 (72%)
Container Terminal at Jiuzhou, Zhuhai, Guangdong, China	Lovers Avenue South, Zhuhai, Guangdong	Medium	40%	1,659,592	CT	Existing
Multi purpose Terminal at Zhuhai Port, Gaolan, Zhuhai, Guangdong, China	Zhuhai Port, Zhuhai, Guangdong	Medium	40%	2,242,392	CT	Existing
Container Terminal at Zhuhai Port Gaolan, Zhuhai, Guangdong, China	Zhuhai Port, Zhuhai, Guangdong	Medium	40%	6,072,998	CT	2014 (92%)
Container Terminal at Zhuchi Port, Shantou, Guangdong, China	Zhuchi Port, Shantou, Guangdong	Medium	56%	4,582,505	CT	Existing
Container Terminal at San Shan Port, Nanhai, Guangdong, China	San Shan Island, Nanhai, Guangdong	Medium	40%	4,256,425	CT	Existing
Container Terminal at Gaosha Port, Jiangmen, Guangdong, China	Gaoshawei, Baishi Administration Area, Jiangmen, Guangdong	Medium	40%	1,337,675	CT	Existing
Container Terminal at Haicang Port, Xiamen, Fujian, China	Berth 1, Haicang Port Zone, Xiamen, Fujian	Medium	39%	2,751,137	CT	Existing
Container Terminal at Haicang Port, Xiamen, Fujian, China	Berth 2 & 3, Haicang Port Zone, Xiamen, Fujian	Medium	39%	5,016,444	CT	Existing

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal at Waigaoqiao, Phase V, Shanghai, China	Waigaoqiao, Phase V, Pudong, Shanghai	Medium	40%	17,534,372	CT	Existing
Container Terminals at Beilun, Ningbo, Zhejiang, China	Beilun, Ningbo, Zhejiang	Medium	39%	8,198,101	CT	Existing
Multi-Purpose Terminal at Laem Chabang, Thailand	A2, Laem Chabang	Medium	70%	1,829,825	CT	Existing
Container Terminal at Laem Chabang, Thailand	A3, C1, C2, D1, D2, D3, Laem Chabang	Medium	64%	356 acres	CT	2019 (49%)
Container Terminals at Thi Vai-Cai Mep Port Area, Ba Ria-Vung Tau Province, Vietnam	Lot No.105 (Map Street No.08) Phu My Town, Tan Thanh District, Ba Ria-Vung Tau Province, Vietnam	Medium	56%	3,631,171	CT	Existing
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT1 & CT2 Tanjung Priok, Jakarta	Medium	41%	246 acres	CT	2014 (90%)
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT3 Tanjung Priok, Jakarta	Medium	36%	76 acres	CT	Existing
Container Terminal at Port Klang, Selangor, Malaysia	Westports, Port Klang, Pulau Indah	Medium	25%	63,162,000	CT	Existing
Container Terminal at Karachi, Pakistan (Phases I & II)	Berth Nos 28 to 30 West Wharf	Medium	80%	1,466,284	CT	Existing
Container Terminal at Karachi, Pakistan (Phase III)	Berth Nos 26 to 27 West Wharf	Medium	80%	1,336,084	CT	Existing
Container Terminal at 1116, Jwachon-dong, Dong-ku, Busan, South Korea	Jwachon, Busan-si	Medium	80%	154 acres	CT	Existing
Container Terminal at 624, Gamman-Dong Nam-ku, Busan, South Korea	Gamman, Busan-si	Medium	80%	36 acres	CT	Existing
Container Terminal at 1379, Hwanggil-dong, Gwangyang-si, Jeollanam-do, South Korea	Gwangyang, Gwangyang-si Phase 2-2	Medium	71.1%	5,737,851	CT	Existing
Container Terminal at Sohar, Sultanate of Oman	Plot 2B, Sohar Industrial Port	Medium	52%	69 acres	CT	Existing
Multi-Purpose Terminal at Ajman, United Arab Emirates	Ajman Port	Short	80%	1,388,544	CT	Existing
Container Terminal No 11 at Port of Brisbane, Queensland, Australia	Port of Brisbane, Queensland, Australia	Medium	80%	1,484,300	CT	2013 (90%)
Container Terminal No 12 at Port of Brisbane, Queensland, Australia	Port of Brisbane, Queensland, Australia	Medium	80%	1,315,300	CT	2018 (1%)
Intermodal Terminal at Enfield, New South Wales, Australia	Enfield, New South Wales, Australia	Medium	80%	1,455,100	D/W	2014 (1%)
Empty Container Storage "A" at Enfield, New South Wales, Australia	Enfield, New South Wales, Australia	Medium	80%	580,500	D/W	2018 (0%)
Empty Container Storage "B" at Enfield, New South Wales, Australia	Enfield, New South Wales, Australia	Medium	80%	501,700	D/W	2016 (0%)
Container Terminal No 3 at Port Botany, New South Wales, Australia	Port Botany, New South Wales, Australia	Medium	80%	4,951,400	CT	2013 (40%)
Container Terminal at Felixstowe, United Kingdom	Felixstowe, County of Suffolk	Long Freehold	80%	478.5 acres	CT	Existing
Container Terminal at Thamesport, United Kingdom	Isle of Grain, County of Kent	Long	64%	250 acres	CT	Existing
Multi purpose freight & passenger port & Bathside Bay Land, Harwich, United Kingdom	Harwich, County of Essex	Freehold	80%	185 acres	P	Existing
		Freehold	80%	250 acres	CT	2021 (25%)
Container Terminal in Taranto Port, Molo Polisetitoriale, Italy	Molo Polisetitoriale, Taranto Port, S.S. 106	Long	40%	252 acres	CT	Existing
Container Terminal at Amsterdam, The Netherlands	Amsterdam Container Terminal	Long	56%	136 acres	CT	Existing
Ro Ro Terminal at Amsterdam, The Netherlands	Amsterdam Container Terminal (Ro Ro)	Long	56%	38 acres	CT	Existing

Schedule of Principal Properties

at 31 December 2012

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal at Rotterdam, The Netherlands	Home Terminal, Rotterdam	Short	75%	161 acres	CT	Existing
	Delta Terminal, Rotterdam	Medium	71%	672 acres	CT	Existing
	Euromax Terminal, Rotterdam	Medium	75%	208 acres	CT	Existing
Inland Container Terminal at Venlo, The Netherlands	TCT Venlo Terminal (Rail)	Freehold	75%	16 acres	CT	Existing
	TCT Venlo Terminal (Barge)	Long	75%	4 acres	CT	Existing
Inland Container Terminal at Moerdijk, The Netherlands	Moerdijk Container Terminal	Long	37%	58 acres	CT	Existing
Inland Container Terminal at Willebroek, Belgium	TCT Belgium Terminal, Willebroek	Freehold	75%	25 acres	CT	Existing
Inland Container Terminal at Duisburg, Germany	DeCeTe Terminal, Duisburg	Medium	39%	42 acres	CT	Existing
Container Terminal at Stockholm, Sweden	Stockholm Container Terminal (CTF)	Medium	80%	21 acres	CT	Existing
Container Terminal at Muelle Principe de Espana, Barcelona, Spain	Terminal de Catalunya Barcelona, Spain	Medium	80%	4,537,417	CT	Existing
Container Terminal at Muelle Prat (Phase 1A), Barcelona, Spain	Barcelona Europe South Terminal (BEST) Barcelona, Spain	Medium	80%	6,561,640	CT	2013 (95%)
Container Terminal at Gdynia, Poland	Port of Gdynia, Poland	Long	79%	47.1 acres	CT	2017 (70%)
Container Terminal at Alexandria, Egypt	Alexandria	Medium	40%	1,207,731	CT	Existing
	El Dekheila	Medium	40%	2,004,848	CT	Existing
Container Terminal at Veracruz, Mexico	Recinio portuario, Zona II Puerto de Veracruz, Veracruz	Medium	80%	4,492,133	CT	Existing
Container Terminal at Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	80%	1,522,508	CT	Existing
Cruise Port & Marina at Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	80%	2,137,449	P	Existing
Container Terminal at Manzanillo, Mexico	CT Manzanillo	Medium	80%	914,468	CT	Existing
Inland Container Depot at Manzanillo, Mexico	Ejido Tapeixtlas	Freehold	80%	645,835	CT	Existing
Inland Container Depot at Santa Fe, Veracruz, Mexico	Ejido Delfino Vict.	Freehold	80%	1,723,141	CT	Existing
Container Terminal at Lazaro Cardenas, Michoacan, Mexico	Lazaro Cardenas, Michoacan	Freehold	80%	2,220,024	CT	Existing
	Phase I	Medium	80%	3,049,416	CT	Existing
	Phase II	Medium	80%	3,049,416	CT	2013 (50%)
Container Terminal at Buenos Aires, Argentina	Puerto Nuevo, Buenos Aires	Short	80%	2,918,520	CT	Existing
Grand Bahama Airport Company Bahamas	Freeport, Grand Bahamas Island	Freehold	40%	2,655 acres	A	Existing
Sea Air Business Centre at Freeport, Bahamas	Freeport, Grand Bahamas Island	Freehold	40%	721 acres	C	Existing
Freeport Harbour Company Bahamas	Freeport, Grand Bahamas Island	Freehold	40%	1,630 acres	P/CT	Existing
Freeport Container Port Bahamas	Freeport, Grand Bahamas Island	Long	41%	168 acres	CT	Existing

Lease term: Long = lease not less than 50 years; Medium = lease less than 50 years but not less than 10 years; Short = lease less than 10 years.

* Total net floor area for UK projects

A = Airport C = Commercial CT = Container Terminal D = Depot G = Golf Course H = Hotel I = Industrial

P = Cruise Port SA = Serviced Apartment R = Residential W = Warehouse

Ten Year Summary

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CONSOLIDATED INCOME STATEMENT										
HK\$ millions										
Revenue	104,912	134,592	182,526	183,790	218,678	235,478	208,808	209,180	233,700	243,089
Profit attributable to ordinary shareholders of the Company	6,370	11,202	12,610	17,243	33,347	12,308	13,854	20,179	56,019	26,128
Dividends	7,375	7,375	7,375	7,375	7,375	7,375	7,375	8,185	8,868	8,868
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
HK\$ millions										
ASSETS										
Non-current assets										
Fixed assets	129,350	153,273	129,467	145,280	186,342	178,143	176,192	167,851	155,502	167,588
Investment properties	25,892	31,741	38,557	41,657	43,680	41,282	42,323	43,240	42,610	43,652
Leasehold land	25,185	25,367	27,150	30,194	31,272	29,848	29,191	27,561	10,004	9,495
Telecommunications licences	98,943	103,060	84,624	89,077	91,897	72,175	70,750	68,333	75,503	78,655
Goodwill	8,583	10,577	17,959	21,840	31,573	30,436	28,858	27,332	26,338	26,492
Brand names and other rights	1,929	1,559	3,579	7,582	10,901	10,486	7,351	12,865	12,615	15,328
Associated companies	50,662	54,887	65,261	74,906	75,364	76,106	83,777	105,589	137,703	151,860
Interests in joint ventures	37,241	35,768	37,297	38,525	39,744	45,880	51,634	54,103	67,562	70,397
Deferred tax assets	5,453	12,249	15,625	17,149	17,609	13,241	14,650	14,097	16,992	18,067
Other non-current assets	7,682	8,230	4,426	3,762	5,082	8,904	5,286	9,131	10,184	9,579
Liquid funds and other listed investments	63,929	66,503	60,669	66,251	69,192	30,735	23,213	24,585	20,239	23,499
	454,849	503,214	484,614	536,223	602,656	537,236	533,225	554,687	575,252	614,612
Current assets	161,404	137,160	106,208	130,721	187,680	130,581	157,260	166,614	145,292	189,269
Total assets	616,253	640,374	590,822	666,944	790,336	667,817	690,485	721,301	720,544	803,881
Current liabilities	96,199	91,267	84,202	90,291	142,732	107,818	93,867	106,911	109,359	120,923
Non-current liabilities										
Bank and other debts	230,182	254,779	233,454	260,970	260,086	234,141	242,851	228,134	189,719	220,440
Interest bearing loans from non-controlling shareholders	5,885	5,096	5,429	12,030	12,508	13,348	13,424	13,493	6,502	6,307
Deferred tax liabilities	8,533	8,745	10,234	11,067	13,703	9,501	9,063	9,857	8,893	8,973
Pension obligations	1,943	2,424	2,323	2,378	1,468	2,541	2,436	1,702	2,992	3,570
Other non-current liabilities	2,408	2,167	4,354	6,368	5,929	4,586	4,520	3,945	4,296	5,076
	248,951	273,211	255,794	292,813	293,694	264,117	272,294	257,131	212,402	244,366
Net assets	271,103	275,896	250,826	283,840	353,910	295,882	324,324	357,259	398,783	438,592
CAPITAL AND RESERVES										
Share capital	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066
Perpetual capital securities	—	—	—	—	—	—	—	15,600	15,600	23,400
Reserves	237,297	248,147	239,851	266,376	304,872	262,992	285,829	297,367	342,946	367,093
Total ordinary shareholders' funds and perpetual capital securities	238,363	249,213	240,917	267,442	305,938	264,058	286,895	314,033	359,612	391,559
Non-controlling interests	32,740	26,683	9,909	16,398	47,972	31,824	37,429	43,226	39,171	47,033
Total equity	271,103	275,896	250,826	283,840	353,910	295,882	324,324	357,259	398,783	438,592

Ten Year Summary

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
PERFORMANCE DATA										
Earnings per share for profit attributable to ordinary shareholders of the Company - (HK\$)	1.49	2.63	2.96	4.04	7.82	2.89	3.25	4.73	13.14	6.13
Dividends per share - (HK\$)	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.92	2.08	2.08
Dividend cover	0.9	1.5	1.7	2.3	4.5	1.7	1.9	2.5	6.3	2.9
Return on average ordinary shareholders' funds (%)	2.8%	4.6%	5.1%	6.8%	11.6%	4.3%	5.0%	6.9%	17.4%	7.3%
Current ratio	1.7	1.5	1.3	1.4	1.3	1.2	1.7	1.6	1.3	1.6
Net debts - (HK\$ millions)	81,717	137,596	153,187	157,111	130,780	165,863	143,355	131,125	127,076	124,705
Net debt / Net total capital (%) ⁽¹⁾	22.4%	32.7%	37.1%	34.5%	26.1%	34.7%	29.7%	26.0%	23.8%	21.9%
Net assets attributable to ordinary shareholders of the Company per share - book value (HK\$)	55.9	58.5	56.5	62.7	71.8	61.9	67.3	70.0	80.7	86.3
Number of shares (million)	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3

(1) Net debt is defined on the Consolidated Statement of Cash Flows. Net total capital is defined as total principal amount of bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments as shown on the Consolidated Statement of Cash Flows.

Information for Shareholders

LISTING	The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited														
STOCK CODE	13														
PUBLIC FLOAT CAPITALISATION	Approximately HK\$162,006 million (approximately 47% of the issued share capital of the Company) as at 31 December 2012														
FINANCIAL CALENDAR	<table><tr><td>Payment of 2012 Interim Dividend:</td><td>14 September 2012</td></tr><tr><td>2012 Final Results Announcement:</td><td>26 March 2013</td></tr><tr><td>Closure of Register of Members:</td><td>15 May 2013 - 21 May 2013</td></tr><tr><td>Annual General Meeting:</td><td>21 May 2013</td></tr><tr><td>Record Date for 2012 Final Dividend:</td><td>27 May 2013</td></tr><tr><td>Payment of 2012 Final Dividend:</td><td>5 June 2013</td></tr><tr><td>2013 Interim Results Announcement:</td><td>August 2013</td></tr></table>	Payment of 2012 Interim Dividend:	14 September 2012	2012 Final Results Announcement:	26 March 2013	Closure of Register of Members:	15 May 2013 - 21 May 2013	Annual General Meeting:	21 May 2013	Record Date for 2012 Final Dividend:	27 May 2013	Payment of 2012 Final Dividend:	5 June 2013	2013 Interim Results Announcement:	August 2013
Payment of 2012 Interim Dividend:	14 September 2012														
2012 Final Results Announcement:	26 March 2013														
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Record Date for 2012 Final Dividend:	27 May 2013														
Payment of 2012 Final Dividend:	5 June 2013														
2013 Interim Results Announcement:	August 2013														
REGISTERED OFFICE	22nd Floor, Hutchison House 10 Harcourt Road, Hong Kong Telephone: +852 2128 1188 Facsimile: +852 2128 1705														
SHARE REGISTRAR	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong Telephone: +852 2862 8628 Facsimile: +852 2865 0990														
INVESTOR INFORMATION	Corporate press releases, financial reports and other investor information on the Group are available on the website of the Company														
INVESTOR RELATIONS CONTACT	Please direct enquiries to: Group Corporate Affairs Department 22nd Floor, Hutchison House 10 Harcourt Road, Hong Kong Telephone: +852 2128 1188 Facsimile: +852 2128 1705 Email: info@hwl.com.hk														
WEBSITE ADDRESS	www.hutchison-whampoa.com														

