

Promising Growth on Solid Foundations

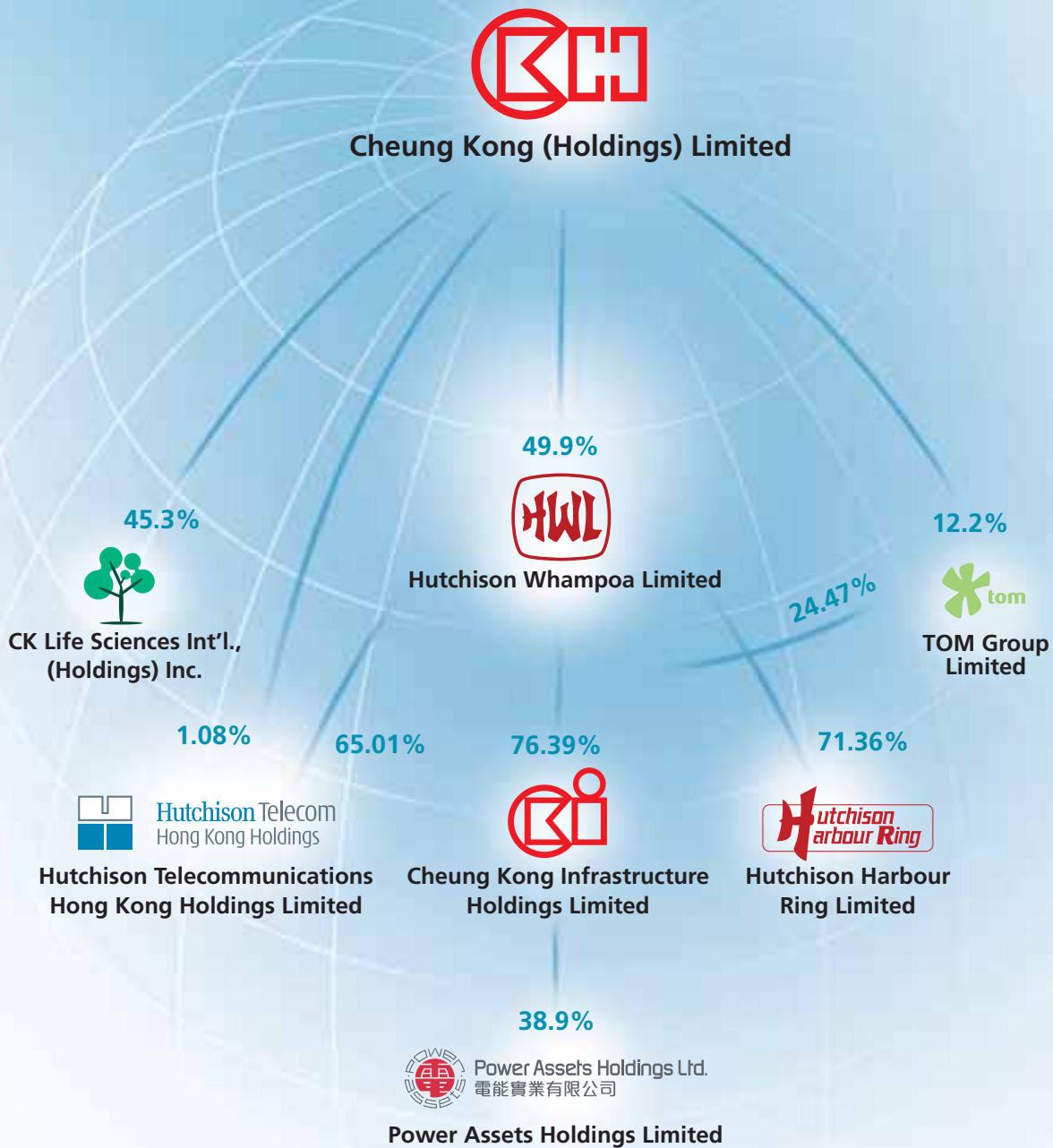


CHEUNG KONG (HOLDINGS) LIMITED
長江實業(集團)有限公司

STOCK CODE: 0001

Annual Report 2012

Group Structure



CHEUNG KONG GROUP
 TOTAL MARKET CAPITALISATION
HK\$927 Billion



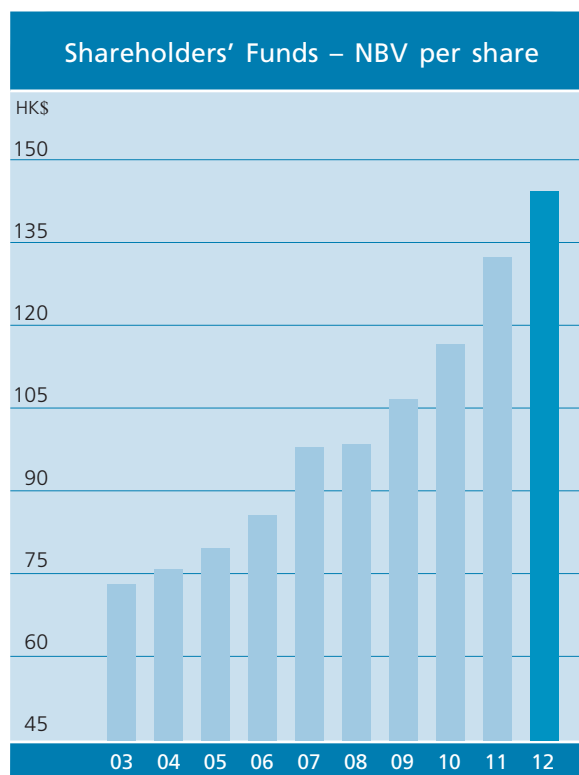
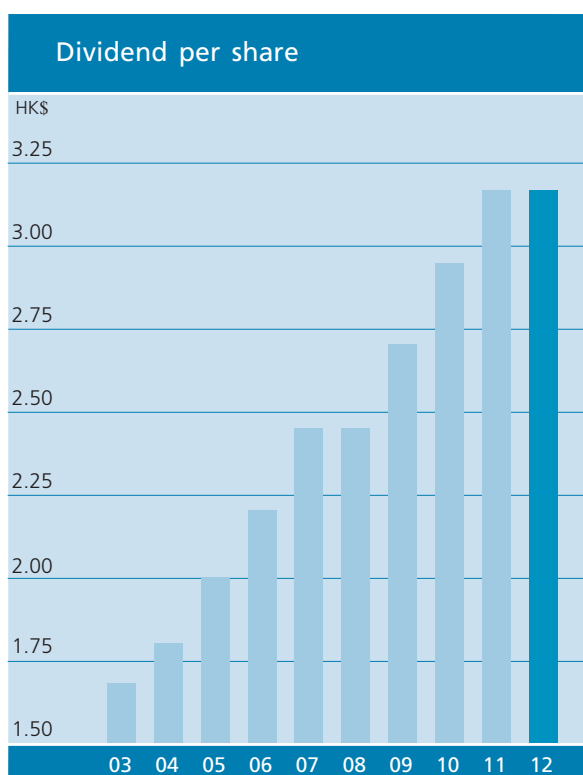
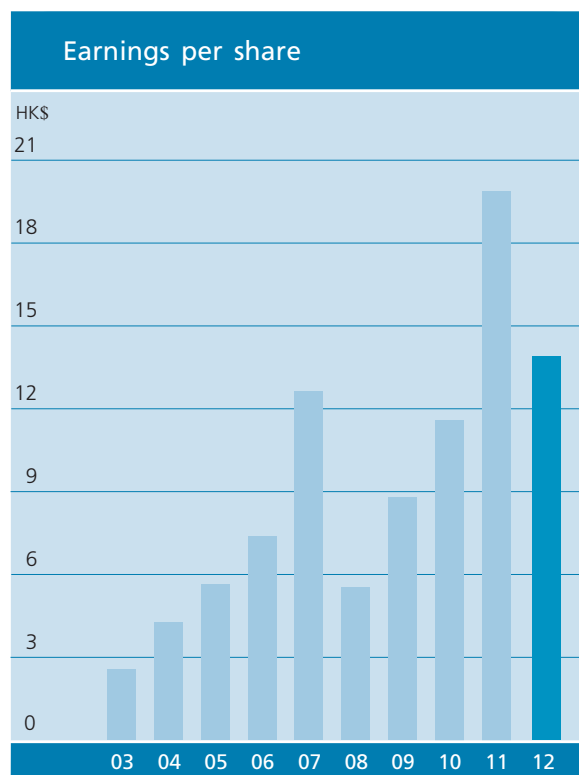
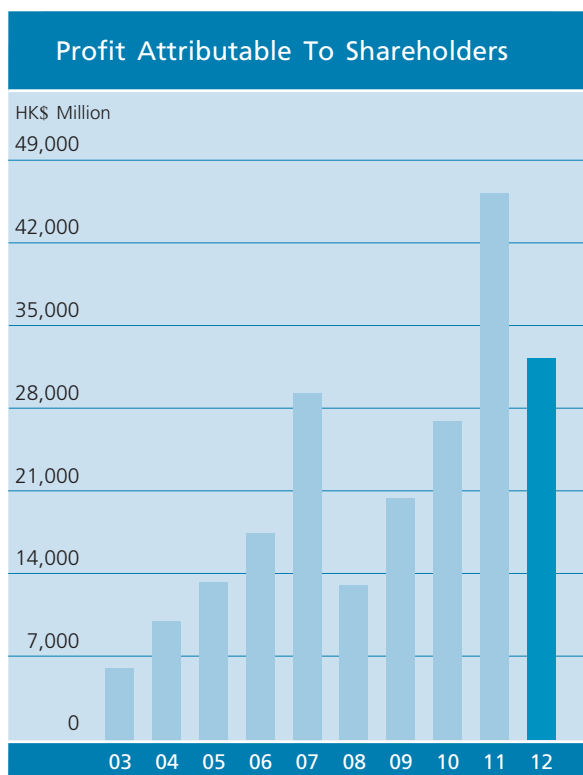
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Ten Year Financial Summary

Consolidated Income Statement (HK\$ million)										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Turnover	14,336	18,431	14,358	15,346	15,442	16,436	24,293	32,863	42,359	31,106
Profit attributable to										
Shareholders of the Company	5,959	9,880	13,064	17,084	29,259	12,819	20,370	26,836	46,055	32,152
Non-controlling interests and holders of perpetual securities	(19)	72	210	205	298	201	419	323	204	372
Profit for the year	5,940	9,952	13,274	17,289	29,557	13,020	20,789	27,159	46,259	32,524
Consolidated Statement of Financial Position (HK\$ million)										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fixed assets	6,987	7,385	9,612	10,222	10,560	11,624	10,696	10,399	11,233	10,145
Investment properties	9,876	10,545	11,710	14,508	15,497	15,670	19,433	21,170	25,180	29,656
Associates	121,865	123,805	124,777	131,462	144,585	146,808	149,723	156,369	190,937	202,787
Jointly controlled entities	22,631	21,418	22,861	24,222	23,624	29,398	32,653	39,497	45,323	48,705
Other non-current assets	8,160	8,864	7,572	8,925	11,016	5,771	7,470	9,639	8,507	11,928
Net current assets	20,435	26,784	31,126	46,067	52,768	56,659	56,455	59,172	56,975	84,156
Total assets less current liabilities	189,954	198,801	207,658	235,406	258,050	265,930	276,430	296,246	338,155	387,377
Bank and other loans	16,357	17,907	18,683	27,609	23,655	31,258	25,279	22,027	23,020	43,001
Other non-current liabilities	295	343	378	4,432	4,517	2,598	664	761	850	883
Net assets	173,302	180,551	188,597	203,365	229,878	232,074	250,487	273,458	314,285	343,493
Representing:										
Share capital	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158
Share premium	9,331	9,331	9,331	9,331	9,331	9,331	9,331	9,331	9,331	9,331
Reserves	158,770	164,913	173,343	187,612	215,974	217,234	236,187	259,148	295,936	324,195
Shareholders' funds	169,259	175,402	183,832	198,101	226,463	227,723	246,676	269,637	306,425	334,684
Perpetual securities	–	–	–	–	–	–	–	–	4,648	5,652
Non-controlling interests	4,043	5,149	4,765	5,264	3,415	4,351	3,811	3,821	3,212	3,157
Total equity	173,302	180,551	188,597	203,365	229,878	232,074	250,487	273,458	314,285	343,493
Shareholders' funds										
– NBV per share (HK\$)	73.08	75.73	79.37	85.53	97.78	98.32	106.50	116.42	132.30	144.50
Earnings per share (HK\$)	2.57	4.27	5.64	7.38	12.63	5.53	8.79	11.59	19.88	13.88
Dividend per share (HK\$)	1.68	1.80	2.00	2.20	2.45	2.45	2.70	2.95	3.16	3.16
Interim dividend	0.38	0.38	0.42	0.46	0.50	0.50	0.50	0.50	0.53	0.53
Final dividend	1.30	1.42	1.58	1.74	1.95	1.95	2.20	2.45	2.63	2.63

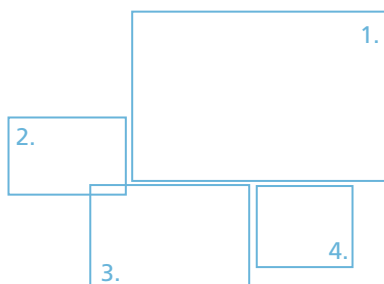
Results Highlights



The Year at a Glance



1-3



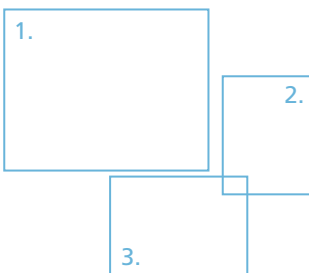
1. The Group announced its 2012 Annual Results on 26th March, 2013
2. Sheraton Chengdu Lido Hotel
3. 2012 Annual Results Analysts' Briefing
4. IFR Asia Awards 2011

-  The Cheung Kong Group supported the mentorship programme of the Hong Kong Institute of Education.
-  The Group received two accolades at "IFR Asia Awards 2011" presented by *International Financing Review Asia (IFR Asia)*: "Issuer of the Year" and "Domestic Bond".

-  The Group received the award of "Best Hotel Owner of China" at the *7th China Hotel Starlight Awards*.
-  The Sheraton Chengdu Lido Hotel received various awards in 2012 – *Business Traveller China*: "Best Business Hotel in Chengdu"; *TripAdvisor*: "Certificate of Excellence for the Year 2012"; *The 7th China Hotel Starlight Awards*: "Top 10 Business Hotels of China".





4-6



1. The Community Chest Rainbow Fund
2. Metro Creative Awards 2012
3. FIABCI Prix d'Excellence Awards 2012

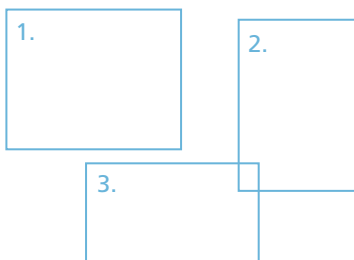
-  Festival City Phase 3 in Tai Wai received "The Best Creative Buy" Award at the "Metro Creative Awards 2012".
-  Satisfactory sales were registered for Kennedy Park at Central in the Mid-Levels district on Hong Kong Island.
-  107 member companies of the Cheung Kong Group were awarded the "Caring Company Logo" by the Hong Kong Council of Social Services – the highest number of participating companies for a commercial entity for 9 consecutive years.

-  The Cheung Kong Group continued its support to The Community Chest Rainbow Fund to provide emergency relief to those with imminent needs.
-  Marina Bay Financial Centre Phase 1 and Marina Bay Residences in Singapore received the awards of "FIABCI Prix d'Excellence (Office Category)" and the "Runner-up in the Residential (High-rise) Category" respectively at "FIABCI Prix d'Excellence Awards 2012".

The Year at a Glance (continued)






4-6



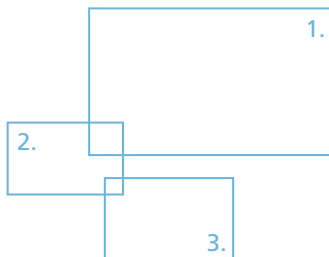
1. Awards presented by The Community Chest
2. The TV Commercial of La Splendeur in Tseung Kwan O received an award presented by "TVB Most Popular TV Commercial Awards 2012"
3. Launch of The Beaumont

-  The Group issued US\$500 million Floating Rate Notes due 2015 under the Euro Medium Term Note Programme.
-  The Group continues to be one of the 30 Hong Kong-listed constituents of Hang Seng Corporate Sustainability Index which comprises of companies that perform well in corporate sustainability – encompassing environmental, social and corporate governance.

-  The Cheung Kong Group was named one of The Community Chest's Top Three Donors for the 13th consecutive year.
-  La Splendeur in Tseung Kwan O received "Real Estate Citation for Excellence" at "TVB Most Popular TV Commercial Awards 2012" which was organised by Television Broadcasts Limited.
-  Launch of The Beaumont in Tseung Kwan O was well-received by purchasers.



7-9



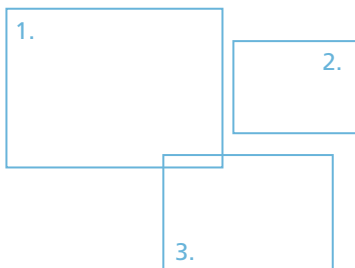
1. The Endeavour Australia Cheung Kong Awards 2012 Reception
2. Greater China Super Brands Awards 2012
3. Launch of Le Chateau

- 📌 The Group issued HK\$1,000 million Guaranteed Senior Perpetual Securities.
- 📌 Satisfactory sales were registered for Le Chateau in Kowloon Tong.
- 📌 Yuhu Mingdi in Guangzhou achieved favourable sales results.

- 📌 Received the "Greater China Super Brands Award 2012" presented by *Eastweek* magazine.
- 📌 The Endeavour Australia Cheung Kong Awards 2012 Reception was held in Hong Kong at which scholarship recipients were presented awards.

The Year at a Glance *(continued)*

10-12

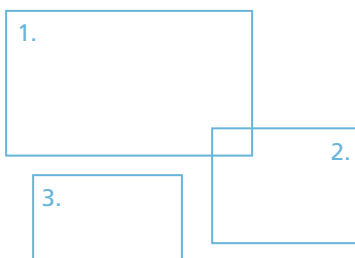


- 1. Acquisition of Wales & West Utilities in the United Kingdom that was jointly made by the Group, CKI, Power Assets and Li Ka Shing Foundation was completed in October 2012.
- 2. The "ARCASIA Award for Architecture 2011-2012 (Restoration and Adaptive Re-use)" given to 1881 Heritage was presented by Architects Regional Council, Asia.

- 1. A tour of the facilities of Wales & West Utilities, which was acquired by the Group, CKI, Power Assets and Li Ka Shing Foundation during the year
 - 2. MTR HONG KONG Race Walking 2012
 - 3. 1881 Heritage won the "ARCASIA Award for Architecture 2011-2012 (Restoration and Adaptive Re-use)"
- Received the Highest Fund Raising Corporate Team Award in the MTR HONG KONG Race Walking 2012.
 - Festival City Phase 3 in Tai Wai achieved satisfactory sales results.



10-12



1. Release of One West Kowloon
2. Sale of La Grande Ville Phase 2 in Beijing
3. Director's training on their duties and responsibilities

- ☞ Good market responses were received for the sale of La Grande Ville Phase 2 in Beijing.
- ☞ Director's training was held with distinguished professionals presenting topics relating to directors' duties and responsibilities.

- ☞ One West Kowloon in Lai Chi Kok was released to the market.
- ☞ The Group ranked the 24th in the "Global Chinese Business 1000" released by Yazhou Zhoukan.

Report of the Chairman and the Managing Director

Promising Growth on Solid Foundations



HIGHLIGHTS

	2012	2011	Change
	HK\$ Million	HK\$ Million	
Turnover ^{Note 1}	31,106	42,359	-27%
Profit before investment property revaluation	14,213	13,127	+8%
Investment property revaluation (net of tax)	4,885	4,941	-1%
Profit before share of results of Hutchison Whampoa Group	19,098	18,068	+6%
Share of results of Hutchison Whampoa Group			
Profit attributable to shareholders before profit on disposal of investments and others	13,955	11,566	+21%
	33,053	29,634	+12%
Profit on disposal of investments and others ^{Note 2}	(901)	16,421	N/A
Profit attributable to shareholders	32,152	46,055	-30%
Earnings per share	HK\$13.88	HK\$19.88	-30%
Final dividend per share	HK\$2.63	HK\$2.63	–
Full year dividend per share	HK\$3.16	HK\$3.16	–

Note 1: Turnover does not include the turnover of jointly controlled entities (except for proceeds from property sales shared by the Group) or the turnover of associates, notably the Hutchison Whampoa Group. Total revenue of the Hutchison Whampoa Group for the year amounted to HK\$398,391 million (2011 (restated) – HK\$383,793 million).

Note 2: This represents the Group's share of the Hutchison Whampoa Group's profit on disposal of investments and others after tax. In 2011, the Hutchison Whampoa Group recorded profit on disposal of investments and others after tax of HK\$32,868 million, primarily due to the IPO of Hutchison Port Holdings Trust.

PROFIT FOR THE YEAR

The Group's audited profit attributable to shareholders for the year ended 31st December, 2012 amounted to HK\$32,152 million (2011 – HK\$46,055 million). Earnings per share were HK\$13.88 (2011 – HK\$19.88).

The Group's audited profit attributable to shareholders amounted to HK\$32,152 million.

DIVIDEND

The Directors recommend the payment of a final dividend of HK\$2.63 per share in respect of 2012 to shareholders whose names appear on the Register of Members of the Company at the close of business on 27th May, 2013. This together with the interim dividend of HK\$0.53 per share gives a total of HK\$3.16 per share for the year (2011 – HK\$3.16 per share). The proposed final dividend will be paid on 7th June, 2013 following approval at the 2013 Annual General Meeting.

Report of the Chairman and the Managing Director (*continued*)

PROSPECTS

2012 in Review

Business Performance

2012 was a challenging year for global markets. While economic sentiment has moderately improved in view of the stabilising U.S. economic situation, Eurozone uncertainties have continued to persist.

Despite an uncertain global economic landscape, our core operations performed well and delivered solid results. For the year ended 31st December, 2012, the Group's profit before share of results of the Hutchison Whampoa Group was HK\$19,098 million, an increase of 6% over the previous year. The Group's share of results of the Hutchison Whampoa Group decreased in 2012. This comparative decline against the previous year was primarily attributable to the significant one-off gain included in the 2011 annual results arising from the disposal of part of the Hutchison Whampoa Group's interests in its port businesses. Excluding this significant one-off gain in 2011, the 2012 annual results of the Group would show an increase of 12% as compared to the previous year.

In 2012, less profit contribution was recorded from the Group's property sales as a result of the timing of the completion of developments with relatively more developments completed during 2011. Contributions from property rental and hotels and serviced suites increased solidly over 2011, and the growth in contribution from the recently invested infrastructure business was in line with expectations.

Our property business performed well despite the reduced number of developments completed in Hong Kong in 2012. Strong contributions from Singapore and the Mainland have mitigated the impact of less profit contribution from property sales in Hong Kong. Various operating and marketing goals were met, and our landbank was further strengthened. Looking into 2013, the rise in building costs will continue, at a rate likely to reach double digits. This, coupled with solid end-user demand, low interest rates and a favourable employment environment, will continue to lend support to a stable property market in Hong Kong. However, overall market conditions will continue to be impacted by external economic factors and the formulation of local housing policies.

The contribution from the Group's property business on the Mainland increased favourably over 2011. Our property projects are maturing steadily, and marketing activities are proceeding as planned. The Central Government's tightening measures will continue to steer the development of the Mainland's property market. However, we remain focused on driving long-term sustainable growth on the Mainland. Our various projects will proceed as scheduled and in response to market developments.

The Group's overseas property business performed solidly in 2012. We will continue to position ourselves for suitable overseas investment opportunities to further strengthen our foundations for growth.

In addition to healthy organic growth of existing operations, the Group also benefited from the profit contribution generated from its infrastructure investments. The Group's participation in the acquisitions of Northumbrian Water Group Limited and Wales & West Utilities Limited in the United Kingdom, which were completed in October 2011 and October 2012 respectively, represented its first foray into the infrastructure sector and attractive returns are expected as a result of this diversification strategy.

We are steadfast in maintaining financial prudence and soundness. Corporate finance initiatives were taken to further strengthen the capital base of the Group. US\$500 million Floating Rate Notes under the Euro Medium Term Note Programme were issued in June 2012, and HK\$1,000 million Guaranteed Senior Perpetual Securities (“GSPS”) and US\$500 million GSPS were issued in July 2012 and January 2013 respectively.

Listed Affiliated Companies

The Group continued to benefit from the global opportunities arising from its strategic investments in listed affiliated companies, particularly through the Hutchison Whampoa Group’s diversified portfolio of global businesses. In 2012, businesses in markets beyond Hong Kong continued to perform well and generate satisfactory results to the Group and its listed affiliated companies.

The Hutchison Whampoa Group

The overall performances of the Hutchison Whampoa Group before one time items, including the gain generated from the initial public offer of units in Hutchison Port Holdings Trust in 2011, continued to be resilient during the year under review. All major operating divisions, other than its telecommunications joint venture in Australia, continued to perform well around the globe, including Europe, and reported improved recurring results. Looking into 2013, we expect the Hutchison Whampoa Group’s various businesses to be challenged by the weak economic conditions and continued uncertainties in a number of markets in which they operate, but barring unforeseen material adverse circumstances, the Hutchison Whampoa Group is poised for another year of solid progress and good results.

CKI

Cheung Kong Infrastructure Holdings Limited (“CKI”) has achieved another strong performance in 2012. Over the past few years, CKI has stepped up the pace of its acquisition strategy and benefited from the opportunities presented in the uncertain global economic environment. Its earnings base has been expanded and profitability enhanced. Good organic growth has also been achieved. At the same time, prudent corporate finance initiatives have been undertaken to strengthen its balance sheet. Though the economic climate going into 2013 remains uncertain, CKI is well-positioned to weather such conditions and to capitalise on any opportunities which may arise.

Power Assets

2012 has been a year of continued success for Power Assets Holdings Limited (“Power Assets”), with earnings from operations outside Hong Kong having increased significantly, again surpassing those from Hong Kong. Power Assets’ long-term strategy of seeking steady earnings growth via carefully selected global investments has proven its worth. Power Assets will continue with this strategy as it continues to expand at a measured pace.

Report of the Chairman and the Managing Director (*continued*)

CK Life Sciences

CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") achieved a strong performance in 2012. Through the acquisitions of Peaty Trading Group, three vineyards and Cheetham Salt Limited in Australia, the scope of CK Life Sciences' investment portfolio has been strengthened, and the profitability of its agriculture-related business enhanced. Meanwhile, organic growth of CK Life Sciences' existing businesses is also poised to continue to contribute to its revenue stream, while its R&D initiatives continue to make good progress. We are confident about the future prospects of CK Life Sciences.

Looking Ahead

As compared to last year, global market conditions will likely turn more stable in 2013. However, many challenges and uncertainties will continue. While some improvement has been seen in the U.S. economic outlook, the global economic outlook remains fragile as the uncertainties in the Eurozone economies continue to weigh on the pace of global recovery.

China continued to experience strong economic growth. For 2012 as a whole, real GDP growth was 7.8%, moderately above the growth target of 7.5%. In 2013, China's growth momentum is expected to continue as the Central Government has reaffirmed a proactive fiscal and prudent monetary policy with particular emphasis on quality and efficient economic growth, long-term sustainability, and urbanisation. Hong Kong is expected to stay on track to achieve modest economic growth this year, leveraging the strength of its healthy economic fundamentals as well as China's sustainable development. We remain optimistic about the long-term economic prospects for the Mainland and Hong Kong.

The global geopolitical and economic landscape is ever changing and there will be many challenges ahead. The Cheung Kong Group has been presented with numerous investment opportunities and options, and continues to maintain a low debt ratio. We will continue with our strategy of "Growth with Stability". The Group will vigilantly strengthen its core business and operations with a view to undertaking steady progress in a constantly challenging market. We will be agile in seizing investment opportunities for long-term growth. We will also achieve new growth through the continued pursuit of quality investments both in Hong Kong and abroad to create further value for shareholders. The Cheung Kong Group is poised for a solid performance in 2013. We are strongly confident in the Cheung Kong Group's business prospects.

Intelligent, creative, dedicated and loyal employees are the Group's most valuable asset in this extremely competitive and challenging global environment. We take this opportunity to thank our colleagues on the Board, the staff members of the Group and our diligent employees worldwide for their hard work, loyal service and contributions during the year.

Li Ka-shing

Chairman

Li Tzar Kuoi, Victor

Managing Director

Hong Kong, 26th March, 2013

Management Discussion and Analysis

SUSTAINABLE DEVELOPMENT STRATEGY

The principal activities of the Group encompass property development and investment, hotel and serviced suite operation, property and project management, and investment in infrastructure business. These core businesses have been the key drivers in providing steady streams of revenue to the Group. The Hutchison Whampoa Group, our major listed affiliate, has also been a major contributor to the Group's results. With diversified operations spanning 52 countries around the globe, the Hutchison Whampoa Group has six core businesses – ports and related services; property and hotels; retail; infrastructure; energy and telecommunications.

It has been the core strategic objective of the Cheung Kong Group to maximise shareholder value by driving long-term sustainable growth of its businesses. Based on its strategic positioning as a multinational conglomerate, the listed companies under the Cheung Kong Group are committed to nurturing new growth through diversification and globalisation. We are focused on the pursuit of attractive investment opportunities around the world to extend our business scope and geographic coverage beyond Hong Kong, and to create further value for shareholders.

The Cheung Kong Group also benefits from operating and financial synergies across the core businesses of each of its listed companies. These synergies translate into enhanced competitiveness that allows the Cheung Kong Group to capture good investment opportunities around the globe which, in turn, drive business growth and create new sources of revenue. By building on a stronger and more diversified operating base, the Cheung Kong Group will enhance further its operational efficiency and effectiveness, and strengthen its risk management capacity to deal with unforeseen market changes.

Achieving a fine balance between progress and stability has always been one of the Cheung Kong Group's traditional operating philosophies. We are steadfast in maintaining financial prudence in our pursuit of global acquisitions and investments. In adhering to our fundamental financial policy of maintaining a low debt ratio under all circumstances, we have strong liquidity and sufficient financial resources to capitalise on acquisition and investment opportunities as they arise, and to create shareholder value on a sustainable basis.

Management Discussion and Analysis (*continued*)**BUSINESS REVIEW****Major Business Activities****1. Developments Completed during 2012:**

Name	Location	Total Gross Floor Area (sq.m.)	Group's Interest
LOHAS Park La Splendeur	Site AB of The Remaining Portion of Tseung Kwan O Town Lot No. 70	82,685	Joint Venture
Le Chateau	New Kowloon Inland Lot No. 4782	4,417	100%
CROWN by the Sea	Tuen Mun Town Lot No. 334	4,026	100%
Marina Bay Financial Centre Tower 3	Marina Bay, Singapore	151,776	16.67%
Regency Park Phase 2C	Jingyue Economic Development Zone, Changchun	17,664	50%
Regency Park Phases 1 and 2	Tianning District, Changzhou	31,500	50%
Le Parc Phase 6A	Chengdu High-Tech Zone, Chengdu	12,854	50%
Regency Oasis Phases 1B and 2	Wenjiang District, Chengdu	227,652	50%
Cape Coral Phase 2A	Nanan District, Chongqing	68,849	47.5%
Noble Hills Phases 2A and 2B	Douxi, Chongqing	143,876	50%
Laguna Verona Phases D1a, D1b1 and G1a	Hwang Gang Lake, Dongguan	164,232	49.91%
Cape Coral Phase 3A	Panyu District, Guangzhou	84,053	50%
Noble Hills Phase 1A	Zengcheng, Guangzhou	62,092	50%

Name	Location	Total Gross Floor Area (sq.m.)	Group's Interest
The Harbourfront Land No. 1	Shibei District, Qingdao	214,906	45%
Regency Garden Phase 1	Pudong New District, Shanghai	34,067	42.5%
Le Sommet Phases 1B, 2 and 4A	Longgang District, Shenzhen	59,902	50%
Century Place Phases 1 and 2	Shennan Road, Huaqiangbei, Futian District, Shenzhen	179,433	40%
The Metropolitan Tianjin Phase 2	Yingkoudao, Heping District, Tianjin	31,661	40%
The Greenwich Phases 2A, 2B and 3A	Xian Hi-Tech Industries Development Zone, Xian	282,689	50%

Management Discussion and Analysis (continued)

2. Developments in Progress and Scheduled for Completion in 2013:

Name	Location	Total Gross Floor Area (sq.m.)	Group's Interest
The Beaumont	Tseung Kwan O Town Lot No. 90	97,400	Joint Venture
One West Kowloon	New Kowloon Inland Lot No. 6354	23,996	100%
Kennedy Park at Central	Section A, The Remaining Portion of Section B, Subsection 1 of Section N and Subsection 1 of Section O of Inland Lot No. 1381	8,106	100%
Fung Yuen Project	Tai Po Town Lot No. 183	87,356	100%
Marina Bay Suites	Marina Bay, Singapore	43,607	16.67%
La Grande Ville Phase 2	Shun Yi District, Beijing	45,726	100%
Yuhu Mingdi Phase 1	Luogang District, Guangzhou	43,901	40%
Guangzhou Guoji Wanjucheng Phase 2A	Huangpu District, Guangzhou	62,584	30%
Regency Park Phase 3	Jingyue Economic Development Zone, Changchun	51,953	50%
Regency Residence Phases 1 and 2B	Nanguan District, Changchun	10,402	50%
Le Parc Phases 4A, 4B and 6B	Chengdu High-Tech Zone, Chengdu	474,369	50%
Regency Oasis Phase 1B	Wenjiang District, Chengdu	113,308	50%
Cape Coral Phase 2B	Nanan District, Chongqing	77,854	47.5%
Zhaomushan Project Land No. G19	Liangjiang New Area, Chongqing	73,511	50%

Name	Location	Total Gross Floor Area (sq.m.)	Group's Interest
Noble Hills Phase 3	Wangcheng County, Changsha	108,766	50%
Regency Park Phase 3A	Tianning District, Changzhou	16,604	50%
Laguna Verona Phases D1b2, D1c and G1a	Hwang Gang Lake, Dongguan	95,627	49.91%
Cape Coral Phase 3B	Panyu District, Guangzhou	84,002	50%
Noble Hills Phases 1A and 1B	Zengcheng, Guangzhou	48,333	50%
The Harbourfront Land No. 2 and 8	Shibei District, Qingdao	83,295	45%
Regency Garden Phase 3	Pudong New District, Shanghai	24,988	42.5%
Le Sommet Phases 4B and 4C	Longgang District, Shenzhen	119,495	50%
Noble Hills	Baoan District, Shenzhen	146,950	50%
The Metropolitan Tianjin Phases 1 and 2	Yingkoudao, Heping District, Tianjin	165,934	40%
Regency Cove Phase 1	Caidian District, Wuhan	89,357	50%

Management Discussion and Analysis (continued)

3. New Acquisitions and Joint Developments and Other Major Events:

Hong Kong

- (1) May 2012: A wholly owned subsidiary of the Group successfully bid in a public tender exercise for the joint development of the site at Peel Street / Gage Street / Graham Street, Central, Inland Lot No. 9038 and entered into a development agreement with the Urban Renewal Authority. With an aggregate area of approximately 1,690 sq.m., the site is planned for a residential and commercial development estimated to have a total developable gross floor area of approximately 17,790 sq.m.
- (2) June 2012: A wholly owned subsidiary of the Group has established a US\$2,000,000,000 Euro Medium Term Note Programme (the "Programme") as guaranteed by the Company for the purpose of issuing notes (the "Notes") which may be denominated in any currency as agreed with the dealer(s) from time to time. The Programme provides that the Notes may be listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or such other stock exchanges as may be agreed with the relevant dealer(s). On 15th June, 2012, the Group issued US\$500,000,000 Floating Rate Notes due 2015 under the Programme, which have been listed on the Stock Exchange since 18th June, 2012. As at 31st December, 2012, Notes of an aggregate nominal amount of approximately US\$849.3 million were issued and outstanding under the Programme. In January 2013, the Programme has been updated to include a wholly owned Singapore subsidiary of the Group as another issuer.
- (3) July 2012: A wholly owned subsidiary of the Group issued HK\$1,000 million Guaranteed Senior Perpetual Securities ("GSPS") at an issue price of 100% of the principal amount with distribution rate of 5.25% per annum for the first five years and thereafter at the rate of 6.25% per annum, which have been listed on the Stock Exchange since 10th July, 2012. The GSPS is guaranteed by the Company.
- (4) August 2012: A wholly owned subsidiary of the Group successfully won in a public tender exercise for the joint development with Tsuen Wan West Property Development Limited ("TWWP"), with MTR Corporation Limited acting as TWWP's agent, in respect of the development at West Rail Tsuen Wan West Station TW5 Bayside, Tsuen Wan Town Lot No. 401. With an area of approximately 42,870 sq.m., the site is earmarked for a residential and commercial development estimated to have a developable gross floor area of approximately 207,650 sq.m.
- (5) November 2012: A wholly owned subsidiary of the Group was awarded a Government tender for the development at Choi Sha Street, Lok Wo Sha, Ma On Shan, Sha Tin, New Territories, Sha Tin Town Lot No. 574. With an area of approximately 14,400 sq.m., the site is designated for a residential development estimated to have a developable gross floor area of approximately 52,227 sq.m.

- (6) January 2013: A wholly owned subsidiary of the Group issued US\$500 million Guaranteed Senior Perpetual Securities at an issue price of 100% of the principal amount with distribution rate of 5.375% per annum, which have been listed on the Stock Exchange since 25th January, 2013. Such securities are guaranteed by the Company.
- (7) During the year under review, the Group continued to pursue opportunities for acquisition of properties and agricultural land with potential for development. Some of the properties and agricultural land are under varying stages of design and planning applications.

The Mainland and Overseas

- (8) May 2012: An indirect 50/50 joint venture company of the Group and the Hutchison Whampoa Group signed a land use right transfer contract to acquire a piece of land with an area of approximately 144,480 sq.m. and a gross floor area of approximately 138,870 sq.m. at Zhao Xiang Town, Qing Pu District, Shanghai, the Mainland for development into residential properties.
- (9) July 2012: Two indirect 30/30/30/10 joint venture companies of the Company, Cheung Kong Infrastructure Holdings Limited, Power Assets Holdings Limited and Li Ka Shing Foundation Limited entered into an arrangement to acquire the issued share capital and the loan notes of MGN Gas Networks (UK) Limited (now known as Wales & West Gas Networks (Holdings) Limited) at the consideration of approximately £645 million. The acquisition was completed on 10th October, 2012.
- (10) During the year under review, the Group continued to focus on project development and the marketing of properties on the Mainland and overseas in a timely manner.

Property Sales

Turnover of property sales for the year, including share of property sales of jointly controlled entities, was HK\$26,521 million (2011 – HK\$38,143 million), a decrease of HK\$11,622 million when compared with last year, and comprised mainly the sale of residential units of two property projects completed last year – Festival City Phase 3 in Hong Kong and The Greenwich Phase 1C in Beijing, and the sale of residential units of property projects completed during the year, including Crown by the Sea, Le Chateau and La Splendeur in Hong Kong, Century Place Phase 1 and Le Sommet Phases 1B, 2 and 4A in Shenzhen, Cape Coral Phase 3A in Guangzhou, The Harbourfront Land No. 1 in Qingdao, The Greenwich Phases 2A, 2B and 3A in Xian, Regency Garden Phase 1 in Shanghai, Regency Park Phase 2 in Changzhou, The Metropolitan Tianjin Phase 2 in Tianjin, Cape Coral Phase 2A and Noble Hills Phase 2B in Chongqing, Laguna Verona Phases D1a, D1b1 and G1a in Dongguan and a few others on the Mainland.

Management Discussion and Analysis (*continued*)

Contribution from property sales, including share of results of jointly controlled entities, was HK\$10,004 million (2011 – HK\$11,218 million), a decrease of HK\$1,214 million when compared with last year. During the year, residential property prices in Hong Kong maintained their rising trend on the back of solid demand from end users and tougher measures were introduced by the Hong Kong government to curb the residential property market; whereas sale of residential properties on the Mainland showed signs of recovery in a number of cities in the second half year.

Contribution from property sales for 2013 will mainly be derived from the sale of residential units of The Beaumont, One West Kowloon and Kennedy Park at Central in Hong Kong, Marina Bay Suites in Singapore, La Grande Ville Phase 2 in Beijing, Le Parc Phases 4A, 4B and 6B in Chengdu, Cape Coral Phase 3B in Guangzhou, The Harbourfront Land No. 2 and 8 in Qingdao, Laguna Verona Phases D1b2, D1c and G1a in Dongguan and several other property projects scheduled for completion.

The presales of residential units of The Beaumont, One West Kowloon and Kennedy Park at Central have been launched in Hong Kong and over 95% of all the units of these projects have been presold. The sale/presale of residential units of Marina Bay Suites in Singapore and various property projects on the Mainland are also progressing well.

Property Rental

Turnover of the Group's property rental for the year was HK\$1,867 million (2011 – HK\$1,377 million), an increase of HK\$490 million when compared with last year, mainly due to increasing rental rates for retail properties in Hong Kong as demand for retail properties continued to be driven by growing tourist and domestic spending. The Group's investment properties comprise mainly retail shopping malls and commercial office properties in Hong Kong, which accounted for approximately 56% and 35% respectively of the turnover of the Group's property rental for the year.

Contribution from the Group's property rental was HK\$1,703 million (2011 – HK\$1,274 million), an increase of HK\$429 million when compared with last year, mainly attributable to an increase in contribution from the Group's retail shopping malls in Hong Kong. Property rental contribution from jointly controlled entities was HK\$275 million (2011 – HK\$424 million), a decrease of HK\$149 million when compared with last year due to the fact that Oriental Plaza in Beijing no longer provides rental contribution after its listing on the Hong Kong Stock Exchange in April 2011. Overall contribution from property rental, including share of results of jointly controlled entities, amounted to HK\$1,978 million (2011 – HK\$1,698 million), an increase of HK\$280 million when compared with last year.

In December 2012, Marina Bay Financial Centre Tower 3, an investment property completed in Singapore and of which the Group's 16.7% interest was held through jointly controlled entities, was divested and the Group shared a surplus of HK\$1,326 million arising from loss of control of indirect interest in the jointly controlled entities.

At the year end date, the Group accounted for an increase in fair value of investment properties of HK\$4,470 million (2011 – HK\$4,010 million) based on a professional valuation and shared an increase in fair value of investment properties of HK\$531 million (2011 – HK\$1,151 million) of jointly controlled entities.

Hotels and Serviced Suites

Turnover of the Group's hotels and serviced suites for the year was HK\$2,350 million (2011 – HK\$2,489 million), a decrease of HK\$139 million when compared with last year. The decrease in turnover was mainly due to the Group's disposal of a 70% interest in Sheraton Shenyang Lido Hotel on the Mainland in January 2012. The disposal contributed a surplus of HK\$1,077 million to group profit for the year.

Contribution from the Group's hotels and serviced suites was HK\$930 million (2011 – HK\$916 million) and contribution including share of results of jointly controlled entities was HK\$1,235 million (2011 – HK\$1,188 million), an overall increase of HK\$47 million when compared with last year, notwithstanding a decrease in contribution from Sheraton Shenyang Lido Hotel, now owned by a jointly controlled entity, as a result of the Group's reduced interest in the hotel. During the year, local business travel and inbound tourism continued to be active and operating results reported by most of the hotels and serviced suites owned by the Group and jointly controlled entities in Hong Kong and on the Mainland were satisfactory.

During the second half year, the Group's interest in a jointly controlled entity which owned the Metropark Lido Hotel, Beijing on the Mainland was disposed of at a profit of HK\$450 million. In February 2013, The Apex Horizon owned and operated by the Group in Hong Kong was also disposed of to investors in the public. These transactions will have no significant impact on the overall contribution from the Group's hotel and serviced suite operation in 2013.

Although global economic recovery is slowly underway with uncertainties ahead, the Group will strive for satisfactory results for its hotel and serviced suite operation.

Property and Project Management

Turnover of the Group's property and project management for the year was HK\$368 million (2011 – HK\$350 million), of which income from property management was HK\$171 million (2011 – HK\$161 million), an increase of HK\$10 million when compared with last year, and income from project related services was HK\$197 million (2011 – HK\$189 million), an increase of HK\$8 million when compared with last year.

Contribution from the Group's property management was HK\$109 million (2011 – HK\$105 million), an increase of HK\$4 million when compared with last year, while the Group's project related services made a small contribution to group profit. The Group also shared the profits of jointly controlled entities amounting to HK\$45 million (2011 – HK\$17 million), which were engaged in the management of major property projects, including Beijing Oriental Plaza on the Mainland and Marina Bay Financial Centre in Singapore.

The Group is committed to providing high quality services to properties under our management. At the year end date, the total floor area under the Group's property management was approximately 87 million square feet and this is expected to grow steadily following the gradual completion of the Group's property projects in the years ahead.

Management Discussion and Analysis (*continued*)

Major Associates

The Hutchison Whampoa Group, a listed associate, reported profit attributable to shareholders for the year ended 31st December, 2012 of HK\$26,128 million (2011 – HK\$56,019 million, including a net gain of HK\$32,868 million on disposal of investments and others, mainly from the IPO of Hutchison Port Holdings Trust).

The CK Life Sciences Group, another listed associate, reported profit attributable to shareholders for the year ended 31st December, 2012 of HK\$176.3 million (2011 – HK\$125.8 million).

FINANCIAL REVIEW

Liquidity and Financing

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings as appropriate. During the year, the Group issued notes with a three-year term under the Euro Medium Term Note Programme in the amount of US\$500 million in Hong Kong.

At the year end date, the Group's bonds and notes, bank loans and other loans were HK\$13.6 billion, HK\$33.9 billion and HK\$0.6 billion respectively, and the Group's total borrowings amounted to HK\$48.1 billion, an increase of HK\$2.2 billion from last year end date. The maturity profile is spread over a period of nine years, with HK\$5.1 billion repayable within one year, HK\$38.5 billion within two to five years and HK\$4.5 billion beyond five years.

During the year, the Group also issued perpetual securities in the amount of HK\$1 billion with an annual distribution rate of 5.25% for the first five years and thereafter at the rate of 6.25%. With no fixed maturity, the perpetual securities are redeemable at the Group's option on or after 9th July, 2017 and are accounted for as equity in the financial statements.

The Group's net debt to net total capital ratio at the year end date was approximately 7.3% (2011 – 7.6%). Net debt is arrived at by deducting bank balances and deposits of HK\$21.2 billion from the Group's total borrowings and net total capital is the aggregate of the Group's total equity and net debt.

With cash and marketable securities in hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management. At the year end date, approximately 78.8% of the Group's borrowings were in HK\$ and US\$, with the balance in GBP and SGD mainly for the purpose of financing investments and property projects in the United Kingdom and Singapore. The Group derives its revenue mainly in HK\$ and cash is mainly held in HK\$. Income in foreign currencies, including RMB, SGD and GBP, is also generated from the Group's investments and property projects outside Hong Kong and cash in these foreign currencies is maintained for operational requirements. The Group ensures that its exposure to fluctuations in foreign exchange rates is minimised.

The Group's borrowings are principally on a floating rate basis and where appropriate, swaps are arranged to convert the rates and related terms of the fixed rate bonds and notes issued to a floating rate basis.

At times of interest rate or exchange rate uncertainty or volatility and as appropriate, hedging instruments including swaps and forwards are used by the Group in the management of exposure to interest rate and foreign exchange rate fluctuations.

Charges on Assets

At the year end date, there was no charge on assets of the Group (2011 – HK\$135 million).

Contingent Liabilities

At the year end date, the Group's contingent liabilities were as follows:

- (1) guarantee provided for the minimum share of revenue to be received by the partner of a joint development project amounted to HK\$612 million (2011 – HK\$624 million); and
- (2) guarantees provided for bank loans utilised by jointly controlled entities and investee company amounted to HK\$1,281 million (2011 – HK\$1,617 million) and HK\$359 million (2011 – HK\$334 million) respectively.

Employees

At the year end date, the Group employed approximately 8,900 employees for its principal businesses. The related employees' costs for the year (excluding directors' emoluments) amounted to approximately HK\$2,226 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

Directors' Biographical Information



LI Ka-shing

LI Tzar Kuoi, Victor

KAM Hing Lam

IP Tak Chuen, Edmond

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, is the founder of the Group. He has been the Chairman since 1971 and acted as the Managing Director from 1971 to 1998. He has been a member of the Remuneration Committee of the Company since March 2005. Mr. Li has also been the Chairman of Hutchison Whampoa Limited, a listed company, since 1981, and is the 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, the Managing Director and Deputy Chairman of the Company, and the brother-in-law of Mr. Kam Hing Lam, Deputy Managing Director of the Company. Mr. Li Ka-shing also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

LI Tzar Kuoi, Victor, aged 48, joined the Group in 1985 and acted as Deputy Managing Director from 1993 to 1998. He has been Deputy Chairman since 1994 and Managing Director since 1999. He is also the Deputy Chairman of Hutchison Whampoa Limited, the Chairman of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., an Executive Director of Power Assets Holdings Limited and Co-Chairman of Husky Energy Inc., all being listed companies. Mr. Victor Li is also the 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. Mr. Victor 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. Victor 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. Victor Li is a son of Mr. Li Ka-shing, the Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a nephew of Mr. Kam Hing Lam, Deputy Managing Director of the Company. Mr. Victor Li is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

KAM Hing Lam, aged 66, has been Deputy Managing Director since 1993. He is also the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc., and an Executive Director of Hutchison Whampoa Limited and Power Assets Holdings Limited, all being listed companies. He is also the Chairman of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). 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 a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and an uncle of Mr. Li Tzar Kuoi, Victor, Managing Director and Deputy Chairman of the Company.



CHUNG Sun Keung, Davy

PAU Yee Wan, Ezra

WOO Chia Ching, Grace

CHIU Kwok Hung, Justin

IP Tak Chuen, Edmond, aged 60, has been an Executive Director since 1993 and Deputy Managing Director since 2005. He is also an Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited, the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), TOM Group Limited, AVIC International Holding (HK) Limited, Real Nutraceutical Group Limited, Shougang Concord International Enterprises Company Limited (all being listed companies), ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (listed in Hong Kong and Singapore) and Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong), and a Director of ARA Trust Management (Suntec) Limited as the manager of Suntec REIT (listed in Singapore). He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

CHUNG Sun Keung, Davy, aged 61, has been an Executive Director since 1993. Mr. Chung is a Registered Architect. He was a member of the 11th Guangzhou Committee of the Chinese People's Political Consultative Conference of the People's Republic of China.

PAU Yee Wan, Ezra, aged 57, joined the Group in 1982 and has been an Executive Director since 1993. Ms. Pau is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and a director of certain companies controlled by certain substantial shareholders of the Company.

WOO Chia Ching, Grace, aged 56, joined the Group in 1987 and has been an Executive Director since 1996. She holds a Bachelor of Arts degree from the University of Pennsylvania, U.S.A. and a Master's degree in City and Regional Planning from Harvard University, U.S.A. Ms. Woo is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

CHIU Kwok Hung, Justin, aged 62, joined the Group in 1997 and has been an Executive Director since 2000. He is the Chairman of ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (listed in Hong Kong and Singapore), ARA Trust Management (Suntec) Limited as the manager of Suntec REIT (listed in Singapore), and ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT (listed in Hong Kong). Mr. Chiu is also a Director of ARA Fund Management (Asia Dragon) Limited as the manager of the ARA Asia Dragon Fund. Mr. Chiu has more than 30 years of international experience in real estate in Hong Kong and various countries. He serves as a member of the Standing Committee of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and was a member of the 10th and 11th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Mr. Chiu is a Fellow of The Hong Kong Institute of Real Estate Administrators and a member of the Board of Governors of Hong Kong Baptist University Foundation. He holds Bachelor degrees in Sociology and Economics and was conferred with the degree of Doctor of Social Sciences, honoris causa by Hong Kong Baptist University. Mr. Chiu is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Directors' Biographical Information (continued)



LEUNG Siu Hon, aged 81, is a Non-executive Director of the Company and has been a Director since 1984. He was an Independent Non-executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in September 2004. Mr. Leung holds a B.A. Law (Honors) (Southampton) degree and has been awarded the Honorary degree of Doctor of Laws by the University of Southampton in July 2001. Mr. Leung is a solicitor of the High Court of the Hong Kong Special Administrative Region and an attesting officer appointed by the PRC. He is presently a consultant of Messrs. S.H. Leung and Co., Solicitors. Mr. Leung is a cousin of Mr. Chow Kun Chee, Roland, a Non-executive Director of the Company.

FOK Kin Ning, Canning, aged 61, is a Non-executive Director of the Company and has been a Director since 1985. Mr. Fok is currently the Group Managing Director of Hutchison Whampoa Limited and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited. He is also the Chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust and Power Assets Holdings Limited, Co-Chairman of Husky Energy Inc. and Alternate Director to Mrs. Chow Woo Mo Fong, Susan, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, all being listed companies/business trust (except HPHM). 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. Mr. Fok is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Frank John SIXT, aged 61, is a Non-executive Director of the Company and has been a Director since 1991. He is the Non-executive Chairman of TOM Group Limited, the Group Finance Director of Hutchison Whampoa Limited, and an Executive Director of Cheung Kong Infrastructure Holdings Limited and Power Assets Holdings Limited. He is also a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust, a Director of Hutchison Telecommunications (Australia) Limited and Husky Energy Inc., and an Alternate Director of Hutchison Telecommunications (Australia) Limited, all being listed companies/business trust (except HPHM). In addition, Mr. Sixt is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and a director of certain companies controlled by certain substantial shareholders of the Company. 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 Québec and Ontario, Canada.

CHOW Kun Chee, Roland, aged 75, is a Non-executive Director of the Company and has been a Director since 1993. He was an Independent Non-executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in September 2004. Mr. Chow is a solicitor of the High Court of the Hong Kong Special Administrative Region and is a consultant of Messrs. Herbert Tsoi and Partners, Solicitors. Mr. Chow is a cousin of Mr. Leung Siu Hon, a Non-executive Director of the Company. Mr. Chow is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master of Laws degree from the University of London.

George Colin MAGNUS, OBE, aged 77, acted as an Executive Director from 1980 and Deputy Chairman from 1985 until he retired from these offices in October 2005. He has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of Hutchison Whampoa Limited and Cheung Kong Infrastructure Holdings Limited, an Independent Non-executive Director of Power Assets Holdings Limited (re-designated as an Independent Non-executive Director since September 2012), and a Director of Husky Energy Inc., all being listed companies. He holds a Master's degree in Economics.

LEE Yeh Kwong, Charles, GBM, GBS, OBE, JP, aged 76, has been a Non-executive Director of the Company since 2013. Mr. Charles Lee was a Director of the Company during the period from August 1972 to March 1997. Mr. Charles Lee is also a Non-executive Director of Hutchison Whampoa Limited since 2013. He is also the 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. Charles 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 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.



KWOK Tun-li, Stanley

YEH Yuan Chang, Anthony

Simon MURRAY

CHOW Nin Mow, Albert

HUNG Siu-lin, Katherine

WONG Yick-ming, Rosanna

CHEONG Ying Chew, Henry

KWOK Tun-li, Stanley, aged 86, is an Independent Non-executive Director, and a member of the Audit Committee and the Remuneration Committee of the Company. He has been a Director since 1989. Mr. Kwok holds a Bachelor's degree in Science (Architecture) from St. John's University, Shanghai, China, and an A.A. Diploma from the Architectural Association School of Architecture, London, England. He is also presently a Director of Amara Holdings Inc., CTC Bank of Canada, Husky Energy Inc., a listed company, and Stanley Kwok Consultants Inc.

YEH Yuan Chang, Anthony, aged 89, is an Independent Non-executive Director of the Company. He has been a Director since 1993. Mr. Yeh holds a Master's degree in Science (Mechanical Engineering). He is the Honorary Life President of Tai Ping Carpets International Limited, a listed company.

Simon MURRAY, CBE, aged 73, is an Independent Non-executive Director of the Company. He has been a Director since 1993. Mr. Murray is currently the Chairman of General Enterprise Management Services (International) Limited (GEMS Ltd.), a private equity fund management company. He is the Chairman of Glencore International plc, a Non-executive Director of Greenheart Group Limited and IRC Limited, and an Independent Non-executive Director of Orient Overseas (International) Limited and Wing Tai Properties Limited, all being listed companies in Hong Kong. He is also a Non-executive Director of Compagnie Financière Richemont SA, and the Vice Chairman and Non-executive Director of Essar Energy plc, all being listed companies.

CHOW Nin Mow, Albert, aged 63, has been a Director of the Company since 1983. Mr. Chow acted as a Non-executive Director from April 1997 to October 2004 and has been an Independent Non-executive Director of the Company since October 2004. He is the Chairman and Managing Director of Wah Yip (Holdings) Limited.

HUNG Siu-lin, Katherine, aged 65, joined the Group in March 1972, and acted as an Executive Director from 1985 to August 2000. She was a Non-executive Director from September 2000 to October 2004, has been an Independent Non-executive Director of the Company since October 2004, and has been a member of the Audit Committee of the Company since 1st January, 2007. Ms. Hung is a member of the Tianjin Committee of the 13th Chinese People's Political Consultative Conference of the People's Republic of China; also a Director of Li Ka Shing Foundation Limited, an Executive Committee Member of Hong Kong Housing Society, a Court Member of The Hong Kong University of Science and Technology, a Court Member of The Hong Kong Polytechnic University, an Honorary Court Member of Lingnan University, a Director of Chinese Academy of Governance (HK) Industrial and Commercial Professionals Alumni Association. She was a Member of HKSAR Estate Agents Authority during the period 2006 to 2012, and a Steering Committee Member of the Institute for Enterprise of The Hong Kong Polytechnic University from April 2000 to August 2011. Ms. Hung is a University Fellow of The Hong Kong Polytechnic University.

WONG Yick-ming, Rosanna, DBE, JP, aged 60, has been an Independent Non-executive Director since 2001 and a member of the Remuneration Committee of the Company since 2005. She has been appointed as the Chairman of the Remuneration Committee of the Company on 1st January, 2012. She holds a Doctor of Philosophy degree in Sociology from the University of California (Davis), U.S.A. and has been awarded Honorary Doctorates by The Chinese University of Hong Kong, The Hong Kong Polytechnic University, The University of Hong Kong, The Hong Kong Institute of Education and University of Toronto in Canada. She is currently a member of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. She is a Court Member of The Hong Kong University of Science and Technology, a member of The Hong Kong

University of Science and Technology Business School Advisory Council, an elected Member of the Council and an *ex-officio* Member of the Court of The University of Hong Kong and a member of the Commission on Poverty of the Government of the Hong Kong Special Administrative Region. She also serves as a Global Advisor to Mars, Incorporated. She is the Executive Director of The Hong Kong Federation of Youth Groups, the Non-executive Chairman of The Hongkong Bank Foundation's Advisory Committee, a Non-executive Director of The Hongkong and Shanghai Banking Corporation Limited and an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and The Hongkong and Shanghai Hotels, Limited, both being listed companies.

CHEONG Ying Chew, Henry, aged 65, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. He has been appointed as the Chairman of the Audit Committee of the Company on 1st January, 2007. He is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, CNNC International Limited, Creative Energy Solutions Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited, New World Department Store China Limited, SPG Land (Holdings) Limited and TOM Group Limited, an Independent Director of BTS Group Holdings Public Company Limited, and an Alternate Director to Dr. Wong Yick-ming, Rosanna, an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, all being listed companies. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited, a listed company. Mr. Cheong is a member of the Securities and Futures Appeals Tribunal and a member of the Advisory Committee of the Securities and Futures Commission. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

Key Personnel's Biographical Information

Accounts Department

Man Ka Keung, Simon, aged 55, Director, Corporate Strategy Unit & Chief Manager, joined the Group in December 1987. He is the Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman and Executive Director of Cheung Kong Infrastructure Holdings Limited and a Director of Harbour Plaza Hotel Management Limited. He has over 32 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is an associate member of The Institute of Chartered Accountants in Australia.

Lee Shu Yan, Simon, aged 49, Deputy Chief Manager, joined the Group in October 1987. He has over 30 years of experience in accounting. He holds a Postgraduate Diploma in Management Studies. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants, a non-practising member of The Chinese Institute of Certified Public Accountants, and a fellow member and Certified Tax Adviser of The Taxation Institute of Hong Kong.

Ng Yuet Fong, Betty, aged 64, Senior Manager, joined the Group in September 1993. She has over 40 years of experience in accounting and treasury. She holds a Bachelor of Business Administration degree in Accounting.

Lee King Hang, Delfen, aged 43, Senior Manager, joined the Group in June 1996. He has over 21 years of experience in accounting and auditing. He holds a Bachelor of Arts degree with Honours in Accountancy and a Postgraduate Diploma in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Administration Department

Pau Shiu Yung, Anita, aged 56, Senior Manager, joined the Group in December 1977. She has over 35 years of experience in office administration management. She is a professional member of The Hong Kong Institute of Human Resource Management.

Ng Po Lung, aged 51, Manager, joined the Group in November 1993. He has over 28 years of experience in office administration management. He holds a Diploma in Legal Studies, a Bachelor of Social Science degree with Honours and a Master's degree in Business Administration.

Yuen Pui Sim, Milly, aged 50, Manager, joined the Group in June 1998. She has over 25 years of experience in office administration management. She holds a Professional Diploma in Company Secretaryship and Administration and a Master's degree in Management. She is an associate member of The Institute of Chartered Secretaries and Administrators and of The Hong Kong Institute of Chartered Secretaries.

Building Cost & Contract Department

Kwan Chi Kin, Anthony, aged 57, Chief Manager, joined the Group in May 1990. He has over 35 years of experience in building construction and quantity surveying. He holds a Higher Diploma in Building Technology and Management. He is a Registered Professional Surveyor, a Registered Professional Engineer, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building, a member of The Hong Kong Institution of Engineers, a member of Hong Kong Institute of Construction Managers and a member of Chartered Management Institute.

Chee Chun Kit, aged 50, Deputy Chief Manager, joined the Group in December 1991. She has over 24 years of experience in quantity surveying. She holds an Associateship in Building Technology and Management. She is a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of Hong Kong Institute of Construction Managers and possesses the qualification of PRC Cost Engineer.

Wong Tak On, Andy, aged 49, Senior Contracts Manager, joined the Group in May 1997. He has over 25 years of experience in quantity surveying. He holds a Bachelor of Applied Science degree in Building Studies. He is a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Yau Charm Ping, Steve, aged 53, Senior Contracts Manager, joined the Group in June 1987. He has over 31 years of experience in quantity surveying. He holds an Advanced Higher Diploma in Quantity Surveying and is a professional member of The Royal Institution of Chartered Surveyors.

Cheung Ka Sing, Henry, aged 54, Contracts Manager, joined the Group in November 1996. He has over 30 years of experience in quantity surveying. He holds a Master of Science degree in Construction Management. He is a Professional Quantity Surveyor of The Canadian Institute of Quantity Surveyors, a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Choi Kwok Leung, Edberg, aged 44, Contracts Manager, joined the Group in January 2012. He has over 19 years of experience in quantity surveying. He holds a Bachelor of Science degree in Building and a Master of Science degree in Construction Management. He is a Registered Professional Surveyor, a PRC Registered Cost Engineer, a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Lam Man Na, Mana, aged 47, Contracts Manager, joined the Group in April 1996. She has over 23 years of experience in quantity surveying. She holds a Higher Diploma in Building and a Diploma in Surveying (Quantity Surveying). She is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors and possesses the qualification of PRC Cost Engineer.

Luk Wai Sang, Michael, aged 51, Contracts Manager, joined the Group in June 1996. He has over 31 years of experience in quantity surveying. He holds a Diploma in Building Studies, a Diploma in Interior Design and a Diploma in Surveying (Quantity Surveying). He is a Registered Professional Surveyor, a PRC Registered Cost Engineer, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of Association of Cost Engineers, a member of Hong Kong Institute of Project Management and a member of Australian Institute of Project Management.

Wong Che Keung, Andy, aged 46, Contracts Manager, joined the Group in June 1997. He has over 20 years of experience in quantity surveying. He holds a Bachelor of Science degree with Honours in Quantity Surveying and a Master of Science degree in Construction & Real Estate. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of The Australian Institute of Building, a member of The Chartered Institute of Building and a member of Hong Kong Institute of Construction Managers.

Chairman's Office

Au Siu Yin, Amy, aged 50, Manager, joined the Group in February 1990. She has over 28 years of experience in office and charity project management. She holds a Bachelor of Arts degree with Honours and a Master's degree in Business Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators.

Yue Shuk Chun, Jennie, aged 52, Manager & Secretary to Chairman, joined the Group in March 1993. She has over 33 years of experience in secretarial and office management. She holds a Bachelor of Social Sciences degree.

China Department

Beijing

Chan Yuet Ming, Louis, aged 53, Senior Project Manager, Beijing and Dalian Projects, joined the Group in October 1992. He is the General Manager of CKH (China) Investment Company Limited, Beijing Po Garden Real Estates Development Company Limited, Beijing Chang Le Real Estate Development Company Limited and Dalian Dalian Property Development Company Limited. He has over 28 years of experience in property development. He holds a Bachelor of Science degree in Architecture, a Bachelor's degree in Architecture and an Executive Master's degree in Business Administration. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Hong Kong Institute of Architects and a member of The Chinese People's Political Consultative Conference (Dong Cheng District, Beijing).

Yeung Shun Kiu, Eva, aged 36, Finance Manager, Beijing Project, joined the Group in September 2008. She has over 14 years of experience in accounting. She holds a Bachelor of Business Administration degree with Honours in Accounting. She is an associate member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Beijing Office

Wong K, James, aged 49, Manager, Business Development, joined the Cheung Kong Group in September 1991. He has over 27 years of experience in business development. He is the Chief Representative of the Beijing Office of the Company, and is also the Director, Deputy General Manager and Chief Corporate Affairs Officer of Beijing Oriental Plaza Company Limited. He holds a Master's degree in Management Science.

Dalian

Ng Kai Chi, Paul, aged 58, Project Manager, Dalian Project, joined the Group in March 2013. He has over 39 years of experience in electrical and mechanical engineering, and project management. He holds a Master of Design Science degree in Building Services. He is a Chartered Engineer, a member of The Chartered Institution of Building Services Engineers (UK), a member of The Hong Kong Institution of Engineers, a member of The Chartered Institute of Plumbing and Heating Engineering, a member of American Society of Plumbing Engineers and a member of The Association of Hydraulic Services Consultants Australia.

Guangzhou

Tang Sek Wai, Max, aged 53, Senior Project Manager, Guangzhou Project, joined the Group in November 1986. He is the General Manager of Regal Lake Property Development Limited Guangzhou. He has over 27 years of experience in project management. He holds a Master's degree in Environmental Engineering Management and a Master's degree in Business Administration (Executive). He is a Chartered Builder, a member of The Hong Kong Institution of Engineers and a member of Hong Kong Institute of Construction Managers.

Lam Ka Keung, aged 55, Project Manager, Guangzhou Project, joined the Group in June 1994. He has over 35 years of experience in project management. He holds a Higher Certificate in Construction Technology.

Wu Kwok Leung, Eddy, aged 56, Finance Manager, Guangzhou Project, joined the Group in May 2008. He has over 36 years of experience in accounting. He holds a Diploma in Chinese Law and a Professional Diploma for Financial Controllers & Finance Directors of Foreign Investment & Foreign Enterprise in China.

Shanghai

Lam Yuk, Bruce, aged 44, Senior Project Manager, Shanghai Project, joined the Group in June 1998. He is the General Manager of Shanghai Changrun Jianghe Property Development Company Limited. He has over 19 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Master's degree in Architecture, a Master's degree in Business Administration and a Postgraduate Diploma in Project Management. He is a Registered Architect, a member of The Hong Kong Institute of Architects and possesses the qualification of PRC Class 1 Registered Architect.

Ma Ching Che, Christina, aged 54, Senior Project Manager, Shanghai Project, joined the Group in August 2007. She is the General Manager of Shanghai Cheung Tai Property Development Limited, Shanghai Lianya Investment Consultancy Limited (上海聯雅投資諮詢有限公司) and Shanghai Heya Property Development Company Limited (上海和雅房地產開發有限公司). She has over 26 years of experience in project management. She holds a Bachelor of Science degree with Honours in Architectural Studies and Structural Design and a Diploma in Architecture. She is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Institute of British Architects and a member of The Hong Kong Institute of Architects.

Au Hoe Kye, Quincy, aged 57, Finance Manager, Shanghai Project, joined the Group in September 1994. He is also the Financial Controller of our project Companies in Shanghai. He has over 25 years of experience in accounting. He is an associate member of The Institute of Chartered Accountants in England and Wales, a fellow member of The Association of Chartered Certified Accountants and a fellow of Hong Kong Institute of Certified Public Accountants.

Chan Wing Fai, Eric, aged 46, Leasing Manager, Shanghai Project, joined the Group in July 2012. He is also the Senior Leasing Manager of our project Company in Shanghai. He has over 20 years of experience in property leasing. He holds a Bachelor of Science degree in Land Management.

Key Personnel's Biographical Information (continued)

China Property

Hui Tung Keung, Tommy, aged 50, Business Development Manager, China Property, joined the Group in January 1994. He is also the Chief Operating Officer of Hui Xian Asset Management Limited. He has over 29 years of experience in accounting, hotel and property management. He holds a Master's degree in Business Administration.

Lee Chi Kin, Casey, aged 50, Business Development Manager, China Property, joined the Group in August 1998. He is also an Executive Director and the Chief Investment Officer of Hui Xian Asset Management Limited. He has over 28 years of experience in accounting, hotel management and property development. He holds a Bachelor of Social Sciences degree with Honours. He is a member of The Chinese Institute of Certified Public Accountants, a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants, and a member of The Institute of Chartered Accountants in England and Wales. Mr. Lee is also a member of the Chinese People's Political Consultative Conference (Shenyang).

Chu Yu Fai, Kenneth, aged 60, Business Development Manager, China Property, joined the Group in July 1994. He is also the Director & Deputy General Manager of Chengdu Changtian Company Limited, and the Deputy General Manager of Sheraton Chengdu Lido Hotel. He has over 34 years of experience in finance, accounting, auditing, hotel management and business development. He holds a Bachelor of Arts degree in Economics and a Bachelor of Commerce degree in Business Administration. He is a Certified Management Accountant.

Cheung Sau Ying, Dorothy, aged 51, Business Development Manager, China Property, joined the Group in August 2000. She is also the Director and Deputy General Manager of Shenyang Lido Business Company Limited and Deputy General Manager of Sofitel Shenyang Lido. Ms. Cheung has over 30 years of experience in accounting. She holds a Higher Certificate in Company Secretaries and Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Ng Hok Leung, Sidney, aged 57, Project Manager, China Property, joined the Group in June 1998. He is the Project Manager of Shenyang Lido Business Company Limited. He has over 38 years of experience in hotel construction, E & M engineering and property management.

Company Secretarial Department

Yeung, Eirene, aged 52, Director, Corporate Strategy Unit and Company Secretary, joined the Group in August 1994. She is the Company Secretary of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc.; and a Non-executive Director of ARA Asset Management (Fortune) Limited. She is also the Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of Cheung Kong Infrastructure Holdings Limited. She is a member of the Board of Review (Inland Revenue Ordinance), a member of the Listing Committee of the Main Board and Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, a member of the Companies Ordinance Rewrite Advisory Group, a member of the Advisory Board of the MBA Programmes of The Chinese University of Hong Kong ("CUHK") and a member of the Advisory Group on BBA-JD Programme of CUHK. She is a solicitor of the High Court of HKSAR and of the Supreme Court of Judicature in England and Wales. She is also a fellow member of The Hong Kong Institute of Directors, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She holds a Master of Science degree in Finance, a Master's degree in Business Administration and a Bachelor's degree in Laws.

Tse Kwok Yee, Erica, aged 38, Deputy Chief Manager, joined the Group in September 2002. She has over 15 years of experience in the legal field. She holds a Bachelor's degree with Honours in Laws and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of England and Wales. She is a member of The Law Society of Hong Kong and of The Law Society of England and Wales.

Pao Ting Ting, Nicole, aged 39, Deputy Chief Manager, joined the Group in November 2008. She has over 14 years of experience in corporate finance and commercial legal work, listing, regulatory and compliance. She holds a Bachelor of Commerce degree in Accounting & Finance and a Master of Laws degree in Corporate & Financial Law. She is a Certified Practising Accountant of CPA Australia and a solicitor of the High Court of the Hong Kong Special Administrative Region.

Tse Kin Keung, Augustine, aged 43, Senior Manager, joined the Group in October 2010. He has over 20 years of experience in the legal field. He holds a Bachelor's degree with Honours in Laws, a Postgraduate Certificate in Laws and a Master's degree in Business Administration. He is a solicitor of the Supreme Court of the Hong Kong Special Administrative Region.

Chan Siu Yin, Bomie, aged 42, Senior Manager, joined the Group in August 2012. She has over 17 years of experience in company secretarial, accounting, finance and the auditing field. She holds a Master of Science degree in Accountancy and a Graduate Diploma in China Business Law. She is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants.

Cheng Shuk Chi, Bridie, aged 41, Senior Manager, joined the Group in September 2004. She has over 17 years of experience in the company secretarial field. She holds a Bachelor's degree with Honours in Business Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Chan Ho Choi, Bons, aged 48, Senior Manager, joined the Group in March 1997. He has over 22 years of experience in the company secretarial field. He holds a Bachelor of Laws degree with Honours and a Master of Business degree. He is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Lam Ling Sheung, Elina, aged 43, Manager, joined the Group in February 2001. She has over 19 years of experience in the company secretarial field. She holds a Master's degree in Corporate Finance. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Chan Cho Mui, Jo, aged 44, Manager, joined the Group in November 2003. She has over 20 years of experience in the company secretarial field. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

Wong Yee Wah, Eva, aged 44, Copywriting Manager, joined the Group in March 1997. She has years of translation and copywriting experience in areas of finance, economics and commerce. She holds a Bachelor of Arts degree with Honours in Business Studies and a Master of Arts degree in China Development Studies.

Construction Audit & Quality Assurance Department

Tsui Ying Kit, Simon, aged 53, Senior Manager, joined the Group in March 1976. He has over 32 years of experience in electrical and mechanical engineering and building quality management. He holds a Master of Science degree in Facility Management, and is a member of International Facility Management Association.

Corporate Affairs Department

Tong Barnes Wai Che, Wendy, aged 52, Chief Corporate Affairs Officer, joined the Group in March 1999. She is also the Chief Corporate Affairs Officer of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. as well as the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. Mrs. Barnes is also a board member of the Community Chest of Hong Kong. She holds a Bachelor's degree in Business Administration.

Tsui Sau Yuen, Anita, aged 49, Deputy Chief Manager, Marketing Communications, joined the Group in August 2005. She has over 24 years of experience in advertising and marketing communications. She holds a Diploma in Journalism.

Cheong Yuen Mei, Winnie, aged 44, Deputy Chief Manager, Corporate Affairs, joined the Group in March 1999. She is also the Deputy Chief Manager, Corporate Affairs of Cheung Kong Infrastructure Holdings Limited. She has over 22 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours in Philosophy.

Cheung Yim Lam, Carolina, aged 39, Senior Corporate Affairs Manager, joined the Group in May 2003. She has over 16 years of experience in public relations and corporate affairs. She holds a Bachelor of Social Science degree with Honours in Journalism and Communication.

Lai Man Yee, Emily, aged 45, Senior Marketing Communications Manager, joined the Group in April 1995. She has over 21 years of experience in advertising and marketing communications. She holds a Bachelor of Business Administration degree with Honours.

Ng Yee Wa, Eva, aged 34, Corporate Affairs Manager, joined the Cheung Kong Group in June 2005. She has over 11 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours in Humanities and a Master of Arts degree in Communication.

Yim Wai Fan, Abby, aged 38, Marketing Communications Manager, joined the Group in November 2009. She has over 14 years of experience in the marketing communications field. She holds a Bachelor of Science degree with Honours in Sociology.

Corporate Business Development Department

Ma Lai Chee, Gerald, aged 45, Director, Corporate Strategy Unit & Chief Manager, joined the Group in February 1996. He is the Alternate Director to Mr. Lai Kai Ming, Dominic, Non-Executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and a Non-Executive Director of ARA Asset Management (Prosperity) Limited as the manager of Prosperity Real Estate Investment Trust ("Prosperity REIT"). He is also the Alternate Director to Mr. Ip Tak Chuen, Edmond in respect of certain of his directorships, namely, ARA Trust Management (Suntec) Limited as the manager of Suntec Real Estate Investment Trust ("Suntec REIT") and ARA Asset Management (Fortune) Limited as the manager of Fortune Real Estate Investment Trust ("Fortune REIT"). Prosperity REIT is listed on The Stock Exchange of Hong Kong Limited whereas Suntec REIT is listed on the Singapore Exchange Securities Trading Limited. Fortune REIT is listed on both The Stock Exchange of Hong Kong Limited and the Singapore Exchange Securities Trading Limited. He has over 23 years of experience in banking, investment and portfolio management, real estate development and marketing, and managing IT related ventures and services. He holds a Bachelor of Commerce degree in Finance and a Master of Arts degree in Global Business Management. He is a member of the Hospitality Services Committee of Caritas Hong Kong. He is also a member of the President's Circle, the Dean's Advisory Board for the Faculty of Arts and the China Advisory Council for the Sauder School of Business of the University of British Columbia, Canada.

Lee Kwong Wang, Francis, aged 42, Deputy Chief Manager, joined the Cheung Kong Group in August 2000. He is a Director of e-Smart System Inc., iMarkets Limited, Videofone Company Limited and Beijing Net-Infinity Technology Development Company Limited and Responsible Officer of iMarkets Limited and iMarkets Structured Products Limited. He has over 20 years of experience in banking, investment and managing technology related ventures. He holds a Bachelor of Science degree with Honours and a Master's degree in Business Administration. He is a Chartered Financial Analyst, a member of The CFA Institute and a member of The Hong Kong Society of Financial Analysts Limited.

Chan Cheuk Man, Curley, aged 41, Senior Manager, joined the Cheung Kong Group in July 2000. He has over 18 years of experience in finance, investment and business development. He holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Science degree in Accounting and Finance. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Lau Chun Yu, Sophia, aged 33, Senior Manager, joined the Cheung Kong Group in August 2000. She has over 12 years of experience in business development. She holds a Bachelor of Science degree, a Bachelor of Commerce degree and a Master's degree in International and Public Affairs.

Key Personnel's Biographical Information (continued)

Lau Yuen Sun, aged 48, Senior Manager, Project Management, joined the Cheung Kong Group in August 2001. He has over 22 years of experience in project management. He holds a Bachelor of Engineering degree with Honours, a Master of Science degree and a Diploma in Professional Project Management.

Chan Chuen Kit, Dickie, aged 41, Manager, Engineering, joined the Cheung Kong Group in August 1995. He has over 17 years of experience in networking & system engineering. He holds a Bachelor of Science degree in Computer Science and a Master of Science degree in E-Commerce.

Kwok Stephen Joseph, aged 42, Manager, Engineering, joined the Cheung Kong Group in May 2001. He has over 17 years of experience in networking & system engineering. He holds a Bachelor of Arts degree in Economics.

Luk Ting Chung, Mike, aged 40, Manager, Project Marketing, joined the Cheung Kong Group in February 1998. He has over 22 years of experience in sales & marketing. He holds a Bachelor's degree with Honours in Management Studies.

Wu Cheuk Ying, Ivy, aged 36, Manager, Finance & Administration, joined the Group in April 2008. She has over 13 years of experience in accounting and auditing. She holds a Bachelor of Business Administration degree with Honours in Accountancy and a Master of Corporate Governance degree. She is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Yip Lai On, Maggie, aged 34, Manager, Finance & Administration, joined the Group in May 2008. She has over 12 years of experience in accounting. She holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Professional Accounting degree. She is a member of The Association of Chartered Certified Accountants.

Design & Promotion Department

Leung Yuen Kwan, Josephine, aged 44, Deputy Chief Manager, joined the Group in July 1995. She has over 19 years of experience in design, promotion, market research and property sales. She holds a Bachelor of Commerce degree in Marketing and Finance.

Development Department

Shen Wai Yee, Grace, aged 61, Chief Manager, Construction Management Division, joined the Group in September 1989. She has over 31 years of experience in project management. She holds a Bachelor of Arts degree in Sociology and a Bachelor of Architecture degree. She is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Chan Ho Kei, Kevin, aged 40, Senior Project Manager, joined the Group in June 2003. He has over 14 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Chan Hon Shing, aged 51, Senior Project Manager, joined the Group in December 1995. He has over 26 years of experience in architectural profession and project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Chan Kwok Keung, Dennis, aged 45, Senior Project Manager, joined the Group in May 1997. He has over 19 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architecture, a Master's degree in Architecture, and a Master's degree in Business Administration in Digital Technologies Management. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Hong Kong Institute of Architects, and a member of The Chartered Institute of Arbitrators.

Chu Tak Kwong, Andy, aged 52, Senior Project Manager, joined the Group in June 1998. He has over 28 years of experience in architectural profession and project management. He holds a Bachelor's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Australian Institute of Architects and a member of The Hong Kong Institute of Architects.

Leung Chung Ping, Louis, aged 45, Senior Project Manager, joined the Group in November 2003. He is a Director of Property Enterprises Development (Singapore) Pte Limited. He has over 17 years of experience in project management. He holds a Bachelor of Science degree with Honours in Architecture and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Lo Kin Yip, Terence, aged 49, Senior Project Manager, joined the Group in January 1999. He has over 23 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Institute of British Architects and The Hong Kong Institute of Architects and an associate member of The Chartered Institute of Arbitrators.

Pun Wing Chiu, Anthony, aged 49, Senior Project Manager, Structural, joined the Group in September 1999. He has over 25 years of experience in project/structural engineering management. He holds a Bachelor of Science degree with Honours in Civil Engineering. He is a Chartered Engineer, a Registered Professional Engineer, a Registered Structural Engineer, a member of The Hong Kong Institution of Engineers and a member of The Institution of Structural Engineers.

Yiu Chi Wai, Albert, aged 41, Senior Project Manager, joined the Group in June 2001. He has over 16 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Master's degree in Architecture and a Postgraduate Diploma in Construction Project Management. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a Registered Inspector (List of Architects) of the Hong Kong Special Administrative Region, a member of The Hong Kong Institute of Architects, a member of Hong Kong Institute of Construction Managers, a BEAM Professional of Hong Kong Green Building Council and a member of The Hong Kong Institute of Project Management.

Lam Pui Yu, Eric, aged 40, Project Manager, joined the Group in November 2004. He has over 14 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Wang An Ming, David, aged 37, Project Manager, joined the Group in August 2006. He has over 13 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Hong Kong Institute of Architects and a member of The Royal Institute of British Architects.

Mak Kwok Keung, Charles, aged 51, Senior Construction Manager, joined the Group in January 1994. He has over 30 years of experience in construction management. He holds a Postgraduate Diploma in Construction Management.

Wong Yin Li, Raymond, aged 56, Senior Construction Manager, joined the Group in November 1989. He has over 27 years of experience in construction management. He holds a Higher Diploma in Building Technology and Management.

Chau Chi Wai, Jeff, aged 42, Construction Manager, joined the Group in November 2005. He has over 16 years of experience in construction management. He holds a Diploma in Surveying, a Bachelor of Science degree in Building Technology and Management and a Master's degree in Business Administration. He is a member of The Australian Institute of Building, a member of The Chartered Institute of Building and a member of Hong Kong Institute of Construction Managers.

Cheng Kin Chi, Eddy, aged 37, Construction Manager, joined the Group in July 2009. He has over 13 years of experience in construction management. He holds a Bachelor of Science degree with Honours in Building Technology and Management and a Master of Science degree in Project Management. He is a member of The Australian Institute of Building, a member of The Chartered Institute of Building, a member of The Hong Kong Institution of Engineers, a member of The Society of Professional Engineers and a member of The Institute of Quality Assurance.

Law Chi Hang, Tony, aged 38, Construction Manager, joined the Group in July 2008. He has over 20 years of experience in construction management. He holds a Diploma in Surveying and a Master of Science degree in Project Management. He is a member of The Chartered Institute of Building.

Yeung Sim Fong, aged 43, Construction Manager, joined the Group in August 2004. She has over 18 years of experience in construction management. She holds a Bachelor of Science degree in Building Technology and Management and a Master's degree in Construction Engineering and Management. She is a member of The Chartered Institute of Building and a member of Hong Kong Institute of Construction Managers.

E & M Department

Lo Kin Hing, Isaac, aged 51, Senior Manager, joined the Group in April 2003. He has over 26 years of experience in electrical & mechanical engineering. He holds a Master of Science degree in Construction Project Management. He is a Chartered Engineer, a Registered Professional Engineer, a fellow of The Chartered Institution of Building Services Engineers (UK), a fellow of The Institute of Engineering and Technology and a fellow of The Hong Kong Institution of Engineers.

Lau Man Bun, Barry, aged 45, Manager, joined the Group in July 2003. He has over 22 years of experience in electrical & mechanical engineering. He holds a Bachelor of Engineering degree with Honours in Building Services Engineering and a Master of Science degree in Environmental Management. He is a Chartered Engineer, a Registered Professional Engineer, a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

Human Resources Department

Yip Kim Wing, Kim, aged 49, Senior Manager, joined the Group in November 2003. He has over 23 years of experience in human resources and administration management. He holds a Bachelor's degree in Business Administration and a Postgraduate Diploma in Corporate Administration.

Tsang Chi Lun, Alan, aged 44, Senior Manager, joined the Group in April 2002. He has over 20 years of experience in human resources management. He holds a Bachelor of Arts degree with Honours in Hospitality Management and a Master's degree in Business Administration. He is a professional member of The Hong Kong Institute of Human Resource Management.

Lee Wing Man, Shirley, aged 43, Senior Manager, joined the Group in September 2005. She has over 18 years of experience in human resources management. She holds a Bachelor of Arts degree with Honours in Public & Social Administration, a Master's degree in Business Administration, a Diploma in Human Resource Management and a Certificate in Human Resource Management in the PRC.

Information Technology Department

Lum Man Fai, Brian, aged 45, Senior Manager, joined the Cheung Kong Group in August 2000. He has over 21 years of experience in information technology and telecommunication. He holds a Bachelor of Science degree with Honours in Electronics and a Master's degree in Business Administration.

Lau Yau Keung, Sam, aged 47, Manager, Networking & Operations, joined the Group in July 2005. He has over 21 years of experience in information technology management and network operations. He holds a Bachelor of Science degree with Honours in Mathematics Science and a Bachelor of Science degree with Honours in Computing and Information Systems. He is a member of The Hong Kong Computer Society.

Key Personnel's Biographical Information (continued)

Yung Wing Hung, Nelson, aged 42, System Manager, joined the Group in November 1994. He has over 18 years of experience in information technology management. He holds a Bachelor of Science degree with Honours in Computer Science and a Master of Finance degree. He is a member of The Hong Kong Computer Society, a Certified Information Systems Auditor of Information Systems Audit & Control Association and a Project Management Professional of Project Management Institute.

Internal Audit Department

Lee King Yuen, Albert, aged 57, Senior Manager, joined the Group in November 1987. He has over 35 years of experience in auditing. He holds a Bachelor of Science degree in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and a fellow of The Hong Kong Institute of Certified Public Accountants.

Tse Chun Wai, Richard, aged 46, Senior Manager, joined the Group in January 2009. He is the Internal Audit Manager of Hui Xian Asset Management Limited. He has over 21 years of experience in auditing. He holds a Master's degree in Business Administration, a Master of Science degree in Information Systems Management, a Master of Science degree in Investment Management and a Master of Laws degree in Common Law. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Chartered Institute of Management Accountants and a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants.

Chau Wai Keung, Allen, aged 58, Manager, joined the Group in November 1994. He has over 33 years of experience in auditing. He holds a Bachelor of Business Administration degree and a Master's degree in Business Administration.

Chu Kai Wah, Richard, aged 50, Manager, joined the Group in August 1995. He has over 24 years of experience in auditing. He holds a Professional Diploma in Accountancy and a Master of Business degree in Electronic Commerce. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Institute of Chartered Accountants in England and Wales and a fellow of The Hong Kong Institute of Certified Public Accountants.

Leasing Department

Wong See Hang, Resina, aged 49, Deputy Chief Manager, Leasing, joined the Group in June 1990. She is a Director of Cheung Kong Real Estate Limited and E-Park Parking Management Limited. She has over 27 years of experience in property leasing. She holds a Bachelor of Arts degree with Honours in History and a Master of Science degree in Facilities Management.

Lee Po Chu, Eileen, aged 52, Assistant Chief Manager, Leasing, joined the Group in October 2003. She has over 31 years of experience in property leasing. She holds a Diploma in Business.

Wong Ling Fei, Mable, aged 51, Assistant Chief Manager, Leasing, joined the Group in September 2002. She has over 24 years of experience in property leasing.

Chan Chun Kwok, Boris, aged 40, Leasing Manager, joined the Group in March 2007. He has over 17 years of experience in property leasing. He holds a Bachelor of Business Administration degree with Honours in Finance and a Postgraduate Diploma in Surveying (Real Estate Development). He is an associate member of The Hong Kong Institute of Real Estate Administration and a senior professional member of The Hong Kong Institute of Real Estate.

Chong Kwan Yi, Charles, aged 37, Leasing Manager, joined the Group in January 2006. He has over 14 years of experience in property leasing. He holds a Bachelor of Science degree with Honours in Mathematics, a Master of Science degree in Real Estate, a Master of Arts degree in Quantitative Analysis for Business and a Master of Science degree in China Business Studies.

Deng Chi Yung, Jonathan, aged 42, Leasing Manager, joined the Group in April 2008. He has over 16 years of experience in property leasing. He holds a Bachelor of Business degree in Property and a Master's degree in Business Administration. He is an associate member of Australian Property Institute and a member of The Hong Kong Institute of Surveyors.

Fung Kam Sun, Kam, aged 52, Leasing Manager, joined the Group in June 2007. He has over 26 years of experience in property leasing. He holds a Bachelor of Arts degree and a Master's degree of Housing Management. He is a Registered Professional Housing Manager, a member of The Chartered Institute of Marketing, a corporate member of the Chartered Institute of Housing, a corporate member of The Hong Kong Institute of Housing, and a member of The Hong Kong Institute of Real Estate Administration.

Leung Ho Shan, Susana, aged 44, Leasing Manager, joined the Group in March 1996. She has over 24 years of experience in property leasing. She holds a Bachelor of Science degree with Honours in Estate Management and a Master's degree in Business Administration.

Ng Kwok Leung, Christopher, aged 51, Manager, E-Park, joined the Group in October 2007. He has over 20 years of experience in car park management. He holds a Bachelor of Science degree with Honours in Engineering and a Postgraduate Diploma in Business Administration.

Legal Department

Yip Kin Ming, Emmanuel, aged 60, Chief Manager, joined the Group in July 1985. He has over 29 years of experience in legal field. He holds a Diploma in Economics.

Wong Fung King, Amy, aged 53, Senior Legal Manager, joined the Group in June 1998. She has over 28 years of experience in legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Cheung Kam Heung, Bella, aged 44, Legal Manager, joined the Group in December 2002. She has over 21 years of experience in legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the Supreme Court of the Hong Kong Special Administrative Region.

Managerial

Fung Chi Wai, Chris, aged 49, Manager, joined the Group in April 2000. He has over 23 years of experience in financial management and investment. He holds a Bachelor of Social Sciences degree with Honours and a Master's degree in Business Administration. He is a Chartered Financial Analyst, a member of The CFA Institute and a member of The Hong Kong Society of Financial Analysts Limited.

Property Investment & Valuation Department

Chiu Siu Kam, Selene, aged 46, Assistant Chief Manager, joined the Group in February 1997. She has over 23 years of experience in property development & investment, land management and property valuation. She holds a Bachelor of Science degree with Honours in Estate Management and a Master's degree in Business Administration. She is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Chan Man Wai, Anthony, aged 50, Senior Manager, joined the Group in January 1994. He has over 23 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Electrical Engineering, a Master's degree in Business Administration and a Master of Science degree in Land Management. He is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Ho Kwong Ngai, Eric, aged 49, Senior Manager, joined the Group in July 2005. He has over 22 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Estate Management and a Master of Science degree in International Real Estate. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Fung Sing Tak, Patrick, aged 39, Manager, joined the Group in January 2008. He has over 17 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Surveying. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Leung Hon Man, Alex, aged 41, Manager, joined the Group in May 1996. He has over 18 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Social Science degree with Honours. He is a member of The Hong Kong Institute of Surveyors.

Sales Department

Lau Kai Man, Joseph, aged 54, Deputy Chief Manager, Sales, joined the Group in June 1981. He is a Director of Cheung Kong Real Estate Limited, Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 34 years of experience in property sales.

Kwok Tze Wai, William, aged 47, Deputy Chief Manager, Sales, joined the Group in May 1989. He is a Director of Cheung Kong Real Estate Limited. He has over 24 years of experience in property sales. He holds a Bachelor of Science degree in Business Administration Marketing.

Wong See Chung, Francis, aged 51, Deputy Chief Manager, Sales, joined the Group in January 1994. He is a Director of Cheung Kong Real Estate Limited and Property Enterprises Development (Singapore) Pte Limited. He has over 17 years of experience in property sales. He holds a Master's degree in Business Administration.

Fung Hoi Lun, Helen, aged 42, Senior Sales Manager, joined the Group in March 2001. She has over 19 years of experience in property sales. She holds a Higher Diploma in Hotel and Catering Management.

Ho Ka Yan, Cannas, aged 35, Senior Sales Manager, joined the Group in April 2007. She has over 13 years of experience in property sales. She holds a Bachelor of Science degree with Honours in Surveying and a Master of Science degree in Marketing. She is a member of The Hong Kong Institute of Surveyors and a professional member of The Royal Institution of Chartered Surveyors.

Cho Kau Ming, Iris, aged 44, Sales Manager, joined the Group in May 1995. She has over 18 years of experience in property sales. She holds a Bachelor of Science degree in Business Administration.

Ng Chui Ha, Fiona, aged 49, Manager, Sales Administration, joined the Group in December 1990. She has over 26 years of experience in sales administration. She holds a Bachelor of Arts degree in History.

Tai Mei Ling, Marinda, aged 54, Manager, Customer Service, joined the Group in August 1985. She has over 27 years of experience in customer service.

Wong Oi Ling, Irene, aged 44, Manager, Sales Administration, joined the Group in May 1996. She has over 19 years of experience in sales administration. She holds a Bachelor of Arts degree.

Yeung Kwai Ling, Moni, aged 42, Sales Manager, joined the Group in February 2013. She has over 12 years of experience in property sales. She holds a Bachelor of Arts degree with Honours and a Master of Science degree with Honours in Marketing.

Sales Department – Building Management

Ho Kwong Fai, Ellickey, aged 50, Assistant Chief Manager, Building Management, joined the Group in September 1994. He is a Director of E-Park Parking Management Limited, Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 27 years of experience in building management and holds a Professional Diploma in Real Estate Administration.

Tang Shuk Fan, Shirley, aged 47, Assistant Chief Manager, Building Management, joined the Group in April 2012. She has over 27 years of experience in building management. She holds a Professional Diploma in Housing Management, Postgraduate Diploma in Cultural Heritage Management and a Master of Science Degree in Facilities Management. She is an ordinary member of Hong Kong Institute of Real Estate Administrators, a professional member of International Facility Management Association and a corporate member of the Chartered Institute of Housing.

Wong Wo Muk, Philip, aged 53, Manager, Building Management, joined the Group in May 1987. He is a Director of Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 30 years of experience in building management. He holds a Bachelor of Arts degree with Honours in Business Studies and a Postgraduate Diploma in Surveying (Real Estate Development).

Report of the Directors

The Directors have pleasure in presenting to shareholders their report together with the audited financial statements of the Group for the year ended 31st December, 2012 on pages 108 to 152.

Principal Activities

The principal activities of the Company are investment holding and project management. Its subsidiaries are active in the field of property development and investment, hotel and serviced suite operation, property and project management, and investment in infrastructure business and securities.

Results and Dividends

Results of the Group for the year ended 31st December, 2012 are set out in the consolidated income statement on page 108.

The Directors recommend the payment of a final dividend of HK\$2.63 per share which, together with the interim dividend of HK\$0.53 per share paid on 21st September, 2012, makes a total dividend of HK\$3.16 per share for the year.

Fixed Assets

Movements in fixed assets during the year are set out in note 8 to the financial statements.

Reserves

Movements in reserves of the Company and the Group during the year are set out in note 21 to the financial statements and in the consolidated statement of changes in equity on pages 112 to 113 respectively.

Group Financial Summary

Results, assets and liabilities of the Group for the last ten years are summarised on page 2.

Properties

Particulars of major properties held by the Group are set out on pages 102 to 107.

Directors

The Directors of the Company are listed on page 164. The Directors' biographical information is set out on pages 26 to 29.

On 18th January, 2013, Mr. Lee Yeh Kwong, Charles was appointed as a Non-executive Director of the Company. In accordance with the Company's Articles of Association, any Director appointed by the board of Directors of the Company (the "Board") as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Lee Yeh Kwong, Charles will hold office until the forthcoming annual general meeting and, being eligible, offer himself for re-election.

In accordance with the Company's Articles of Association, the Directors of the Company (including Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Mr. Li Tzar Kuoi, Victor, Mr. Ip Tak Chuen, Edmond, Mr. Chiu Kwok Hung, Justin, Mr. Leung Siu Hon, Mr. Chow Kun Chee, Roland, Mr. Yeh Yuan Chang, Anthony and Dr. Wong Yick-ming, Rosanna will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Each of the Independent Non-executive Directors had made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company considered that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Report of the Directors (*continued*)

Disclosure of Interests

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

As at 31st December, 2012, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

1. Long Positions in Shares

(a) The Company

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	–	–	66,938,000 (Note 1)	936,462,744 (Note 2)	1,003,400,744	43.32 %
Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	100,000	1,529,000 (Note 4)	936,462,744 (Note 2)	938,311,744	40.51%
Kam Hing Lam	Beneficial owner	10,000	–	–	–	10,000	0.0004%
Leung Siu Hon	Beneficial owner & interest of child or spouse	645,500	64,500	–	–	710,000	0.03%
Chow Kun Chee, Roland	Beneficial owner	65,600	–	–	–	65,600	0.003%
George Colin Magnus	Beneficial owner, interest of child or spouse & beneficiary of trust	56,000	10,000	–	184,000 (Note 5)	250,000	0.01%
Lee Yeh Kwong, Charles (Note 16)	Beneficial owner	30,000	–	–	–	30,000	0.001%
Yeh Yuan Chang, Anthony	Interest of child or spouse	–	384,000	–	–	384,000	0.02%
Hung Siu-lin, Katherine	Beneficial owner	20,000	–	–	–	20,000	0.0009%

(b) Associated Corporations**Hutchison Whampoa Limited**

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	–	–	93,554,000 (Note 1)	2,141,698,773 (Note 3)	2,235,252,773	52.42%
Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	300,000	1,086,770 (Note 4)	2,141,698,773 (Note 3)	2,143,085,543	50.26%
Kam Hing Lam	Beneficial owner & interest of child or spouse	60,000	40,000	–	–	100,000	0.002%
Leung Siu Hon	Beneficial owner & interest of child or spouse	27,000	28,600	–	–	55,600	0.0013%
Fok Kin Ning, Canning	Interest of controlled corporation	–	–	6,010,875 (Note 7)	–	6,010,875	0.14%
Frank John Sixt	Beneficial owner	200,000	–	–	–	200,000	0.005%
Chow Kun Chee, Roland	Beneficial owner	49,931	–	–	–	49,931	0.001%
George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	40,000	9,900	–	950,100 (Note 6)	1,000,000	0.02%
Lee Yeh Kwong, Charles (Note 16)	Beneficial owner, interest of child or spouse & interest of controlled corporation	1,070,358	65,000	10,000 (Note 17)	–	1,145,358	0.03%
Yeh Yuan Chang, Anthony	Interest of child or spouse	–	130,000	–	–	130,000	0.003%
Chow Nin Mow, Albert	Beneficial owner	97	–	–	–	97	≈ 0%
Hung Siu-lin, Katherine	Beneficial owner	34,000	–	–	–	34,000	0.0008%

Report of the Directors *(continued)***Cheung Kong Infrastructure Holdings Limited**

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Founder of discretionary trusts	-	-	-	1,912,109,945 (Note 9)	1,912,109,945	76.61%
Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	1,912,109,945 (Note 9)	1,912,109,945	76.61%
Kam Hing Lam	Beneficial owner	100,000	-	-	-	100,000	0.004%

CK Life Sciences Int'l., (Holdings) Inc.

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	2,835,759,715 (Note 15)	4,355,634,570 (Note 10)	7,191,394,285	74.82%
Li Tzar Kuoi, Victor	Beneficial owner, interest of controlled corporations & beneficiary of trusts	2,250,000	-	2,835,759,715 (Note 15)	4,355,634,570 (Note 10)	7,193,644,285	74.84%
Kam Hing Lam	Interest of child or spouse	-	6,225,000	-	-	6,225,000	0.06%
Ip Tak Chuen, Edmond	Beneficial owner	2,250,000	-	-	-	2,250,000	0.02%
Chung Sun Keung, Davy	Beneficial owner	375,000	-	-	-	375,000	0.004%
Pau Yee Wan, Ezra	Beneficial owner	900,000	-	-	-	900,000	0.009%
Woo Chia Ching, Grace	Beneficial owner	1,125,000	-	-	-	1,125,000	0.01%
Leung Siu Hon	Beneficial owner, interest of child or spouse & interest of controlled corporation	1,688,130	2,000	2,970 (Note 8)	-	1,693,100	0.017%
Fok Kin Ning, Canning	Interest of controlled corporation	-	-	1,500,000 (Note 7)	-	1,500,000	0.015%
Frank John Sixt	Beneficial owner	900,000	-	-	-	900,000	0.009%
Chow Kun Chee, Roland	Beneficial owner	903,936	-	-	-	903,936	0.009%
George Colin Magnus	Beneficial owner, interest of child or spouse & beneficiary of trust	753,360	600	-	11,040 (Note 5)	765,000	0.008%
Kwok Tun-li, Stanley	Interest of child or spouse	-	200,000	-	-	200,000	0.002%
Hung Siu-lin, Katherine	Beneficial owner	9,000	-	-	-	9,000	≈ 0%

Other Associated Corporations

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Beautiland Company Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	100,000,000 (Note 11)	100,000,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	100,000,000 (Note 11)	100,000,000	100%
Jabrin Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	10,000 (Note 11)	10,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	10,000 (Note 11)	10,000	100%
Kobert Limited	Li Ka-shing	Founder of discretionary trusts	-	-	-	4,900 (Note 11)	4,900	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	4,900 (Note 11)	4,900	100%
Tsing-Yi Realty, Limited (In Members' Voluntary Winding up)	Li Ka-shing	Founder of discretionary trusts	-	-	-	3,150,000 (Note 11)	3,150,000	100%
	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	3,150,000 (Note 11)	3,150,000	100%
Tosbo Limited	Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	4 (Note 1)	6 (Note 12)	10	100%
Hutchison Harbour Ring Limited	Fok Kin Ning, Canning	Interest of controlled corporation	-	-	5,000,000 (Note 7)	-	5,000,000	0.05%
Hutchison Telecommunications (Australia) Limited	Fok Kin Ning, Canning	Beneficial owner & interest of controlled corporation	4,100,000	-	1,000,000 (Note 7)	-	5,100,000	0.037%
	Frank John Sixt	Beneficial owner	1,000,000	-	-	-	1,000,000	0.007%

Report of the Directors (continued)

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Hutchison Telecommunications Hong Kong Holdings Limited	Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	–	–	403,979,499 (Note 1)	3,185,136,120 (Note 13)	3,589,115,619	74.48%
	Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	192,000	2,519,250 (Note 4)	3,185,136,120 (Note 13)	3,187,847,370	66.15%
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	1,202,380 (Note 7)	–	1,202,380	0.025%
	George Colin Magnus	Beneficial owner & interest of child or spouse	13,201	132	–	–	13,333	0.0003%

2. Long Positions in Underlying Shares

Name of Company	Name of Director	Capacity	Number of Underlying Shares				Total
			Personal Interest	Family Interest	Corporate Interest	Other Interest	
Hutchison Telecommunications Hong Kong Holdings Limited	Frank John Sixt	Beneficial owner	255,000 (Note 14)	–	–	–	255,000

3. Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interest	Family Interest	Corporate Interest	Other Interest	
Hutchison Whampoa International (03/13) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$10,208,000 6.5% Notes due 2013 (Note 4)	–	US\$10,208,000 6.5% Notes due 2013
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$1,216,000 6.5% Notes due 2013 (Note 7)	–	US\$1,216,000 6.5% Notes due 2013
Hutchison Whampoa International (03/33) Limited	Lee Yeh Kwong, Charles (Note 16)	Interest of controlled corporation	–	–	US\$1,000,000 6.25% Notes due 2014 (Note 17)	–	US\$1,000,000 6.25% Notes due 2014
Hutchison Whampoa International (09) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$45,792,000 7.625% Notes due 2019 (Note 4)	–	US\$45,792,000 7.625% Notes due 2019
Hutchison Whampoa International (09/19) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$4,000,000 5.75% Notes due 2019 (Note 7)	–	US\$4,000,000 5.75% Notes due 2019
Hutchison Whampoa International (10) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$5,000,000 Subordinated Guaranteed Perpetual Capital Securities (Note 7)	–	US\$5,000,000 Subordinated Guaranteed Perpetual Capital Securities
	Frank John Sixt	Beneficial owner	US\$1,000,000 Subordinated Guaranteed Perpetual Capital Securities	–	–	–	US\$1,000,000 Subordinated Guaranteed Perpetual Capital Securities
PHBS Limited	Li Ka-shing	Interest of controlled corporation	–	–	US\$9,100,000 Perpetual Capital Securities (Note 1)	–	US\$9,100,000 Perpetual Capital Securities

Report of the Directors (continued)

Notes:

- (1) Such interests are held by certain companies of which Mr. Li Ka-shing is interested in the entire issued share capital.
- (2) The two references to 936,462,744 shares relate to the same block of shares in the Company. Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and another discretionary trust (“DT2”). Each of Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”, which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”, which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust (“UT1”) but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of UT1 and companies controlled by TUT1 as trustee of UT1 (“TUT1 related companies”) hold a total of such 936,462,744 shares.

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 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 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 the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as Directors of the Company.

- (3) The two references to 2,141,698,773 shares in Hutchison Whampoa Limited (“HWL”) relate to the same block of shares comprising:
 - (a) 2,130,202,773 shares held by certain subsidiaries of the Company. By virtue of the interests in shares of the Company in relation to which each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor has a duty of disclosure under the SFO in the issued share capital of the Company as described in Note (2) above and as a Director of the Company, they are taken to have a duty of disclosure in relation to the said shares of HWL under the SFO; and

- (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 HWL 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 HWL 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 HWL held by TUT3 as trustee of UT3 under the SFO as Directors of the Company.

- (4) Such interests are held by certain companies of which Mr. Li Tzar Kuoi, Victor is interested in the entire issued share capital.
- (5) Such interests in the shares are held by a company controlled by a trust under which Mr. George Colin Magnus is a discretionary beneficiary.
- (6) Such interests are indirectly held by a trust of which Mr. George Colin Magnus is the settlor and a discretionary beneficiary.
- (7) Such interests are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.
- (8) Such interests are held by a company which is wholly-owned by Mr. Leung Siu Hon and his wife.

Report of the Directors (continued)

- (9) The two references to 1,912,109,945 shares in Cheung Kong Infrastructure Holdings Limited (“CKI”) relate to the same block of shares comprising:
- (a) 1,906,681,945 shares held by a subsidiary of HWL. Certain subsidiaries of the Company hold more than one-third of the issued share capital of HWL. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company as described in Note (2) above, are taken to have a duty of disclosure in relation to such shares of CKI held by the subsidiary of HWL under the SFO; and
 - (b) 5,428,000 shares held by TUT1 as trustee of UT1. By virtue of the deemed interests in TUT1 as trustee of UT1 as described in Note (2) above, each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to such shares of CKI under the SFO.
- (10) The two references to 4,355,634,570 shares in CK Life Sciences Int’l., (Holdings) Inc. (“CKLS”) relate to the same block of shares which are held by a subsidiary of the Company. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, are taken to have a duty of disclosure in relation to such shares of CKLS held by the subsidiary of the Company by virtue of their deemed interests in the shares of the Company as described in Note (2) above under the SFO.
- (11) These are subsidiaries of the Company and such shares are held through the Company and TUT1 as trustee of UT1. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of their deemed interests in the shares of the Company and TUT1 as trustee of UT1 as described in Note (2) above, are taken to have a duty of disclosure in relation to such shares under the SFO.
- (12) These shares are held by a subsidiary of the Company. By virtue of the deemed interests in the shares of the Company as described in Note (2) above and as a Director of the Company, Mr. Li Ka-shing is taken to have a duty of disclosure in relation to such shares under the SFO.
- (13) Such shares of Hutchison Telecommunications Hong Kong Holdings Limited (“HTHKH”) comprise:
- (a) 3,184,982,840 ordinary shares of which 52,092,587 ordinary shares and 3,132,890,253 ordinary shares are held by certain wholly-owned subsidiaries of the Company and HWL respectively. By virtue of the interests in the shares of the Company and HWL in relation to which Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor have a duty of disclosure under the SFO in the issued share capital of each of the Company and HWL as described in Notes (2) and (3) above and as Directors of the Company, 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 HTHKH under the SFO; and
 - (b) 153,280 ordinary shares held by TUT3 as trustee of UT3. Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, as Directors of the Company, by virtue of Mr. Li Ka-shing may being regarded as a founder and Mr. Li Tzar Kuoi, Victor as a discretionary beneficiary of each of DT3 and DT4 and their deemed interests in TUT3 as trustee of UT3 as described in Note (3)(b) above, are taken to have a duty of disclosure in relation to the said shares of HTHKH under the SFO.
- (14) Such underlying shares are derived from the 17,000 American Depositary Shares (each representing 15 ordinary shares) in HTHKH beneficially owned by Mr. Frank John Sixt.

- (15) Such 2,835,759,715 shares are held by two subsidiaries of Li Ka Shing Foundation Limited (“LKSF”). By virtue of the terms of the constituent documents of LKSF, each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
- (16) With effect from 18th January, 2013, Mr. Lee Yeh Kwong, Charles has been appointed as a Non-executive Director of the Company. Such interests represent the interests of Mr. Lee Yeh Kwong, Charles as at 18th January, 2013.
- (17) Such interests are held by a company which is wholly-owned by Mr. Lee Yeh Kwong, Charles.

As at 31st December, 2012, by virtue of their deemed interests in the shares of the Company as described in Note (2) above and as Directors of the Company, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, are deemed to be interested in the securities of the subsidiaries and associated companies of the Company held through the Company under the provisions of the SFO.

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2012, any interests or short positions 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the year was the Company or subsidiary a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

No other contracts of significance to which the Company or a subsidiary was a party and in which a Director has a material interest subsisted at the year end date or at any time during the year.

None of the Directors of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Report of the Directors (*continued*)

Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 31st December, 2012, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

1. Long Positions of Substantial Shareholders in the Shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	936,462,744 (Note 1)	40.43%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	936,462,744 (Note 1)	40.43%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	936,462,744 (Note 1)	40.43%

2. (a) Long Positions of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	(i) Beneficial owner	6,260,593)		
	(ii) Investment manager	29,602,484)		
	(iii) Custodian corporation/ approved lending agent	80,369,922)		
			116,232,999 (Note 2)	5.02%

(b) Short Positions of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Beneficial owner	7,811,062	7,811,062 (Note 3)	0.34%

(c) Lending Pool of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Custodian corporation/ approved lending agent	80,369,922	80,369,922	3.47%

Notes:

- (1) The three references to 936,462,744 shares relate to the same block of shares in the Company. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (2) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under the SFO.
- (2) Such long position includes derivative interests in 3,027,588 underlying shares of the Company of which 2,655,000 underlying shares are derived from listed and physically settled derivatives, 15,687 underlying shares are derived from unlisted and physically settled derivatives and 356,901 underlying shares are derived from unlisted and cash settled derivatives.
- (3) Such short position includes derivative interests in 7,299,062 underlying shares of the Company of which 2,645,000 underlying shares are derived from listed and physically settled derivatives, 37,800 underlying shares are derived from listed and cash settled derivatives, 432,615 underlying shares are derived from unlisted and physically settled derivatives and 4,183,647 underlying shares are derived from unlisted and cash settled derivatives.

Save as disclosed above, as at 31st December, 2012, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Report of the Directors (*continued*)

Connected Transaction

On 25th July, 2012, the Company together with CKI, Power Assets Holdings Limited and Li Ka Shing Foundation Limited (“LKSFL”) entered into two shareholders’ agreements (“Shareholders’ Agreements”) in relation to Western Gas Networks Limited and West Gas Networks Limited (“Bidcos”), being joint venture companies formed for the purpose of the acquisition of the issued share capital of MGN Gas Networks (UK) Limited (now known as Wales & West Gas Networks (Holdings) Limited) (“Target Company”) from, and the floating rate unsecured loan notes due 2024 issued by the Target Company to, 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 (“Acquisition”). The Company’s aggregate funding to the Bidcos (by way of subscription of shares in the capital of each of the Bidcos and the advance of shareholders’ loans to the Bidcos) for the purpose of the Acquisition was up to approximately £204 million (approximately HK\$2,510.6 million). Given that LKSFL may be regarded as an associate of each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, Directors of the Company, LKSFL is thus a connected person of the Company. Therefore, the entering into of the Shareholders’ Agreements by the Company constitutes a connected transaction for the Company under the Listing Rules.

The above transaction was subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirements under the Listing Rules.

Major Customers and Suppliers

During the year, 83% of the Group’s purchases were attributable to the Group’s five largest suppliers with the largest supplier accounted for 52% of the Group’s purchases. The Group’s turnover attributable to the Group’s five largest customers was less than 30%.

As at 31st December, 2012, Ms. Pau Yee Wan, Ezra, an Executive Director of the Company, and JPMorgan Chase & Co., a shareholder of the Company, respectively held 3,908 shares and 60,804,978 shares of MTR Corporation Limited, being one of the five largest suppliers of the Group. Save as disclosed, no other Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company’s issued share capital) has any interest in the Group’s five largest suppliers.

Directors' Interests in Competing Businesses

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group ("Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

1. Core Business Activities of the Group

- (1) Property development and investment
- (2) Hotel and serviced suite operation
- (3) Property and project management
- (4) Investment in securities
- (5) Investment in infrastructure business
- (6) Information technology, e-commerce and new technology

2. Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Ka-shing	Hutchison Whampoa Limited	Chairman	(1), (2), (3), (4), (5) & (6)
Li Tzar Kuoi, Victor	Hutchison Whampoa Limited	Deputy Chairman	(1), (2), (3), (4), (5) & (6)
	Cheung Kong Infrastructure Holdings Limited	Chairman	(4), (5) & (6)
	Power Assets Holdings Limited	Executive Director	(4), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(4), (5) & (6)
Kam Hing Lam	Hutchison Whampoa Limited	Executive Director	(1), (2), (3), (4), (5) & (6)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director	(4), (5) & (6)
	Power Assets Holdings Limited	Executive Director	(4), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(4), (5) & (6)
	Hui Xian Asset Management Limited	Chairman	(1), (2) & (3)
Ip Tak Chuen, Edmond	Cheung Kong Infrastructure Holdings Limited	Executive Director and Deputy Chairman	(4), (5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(4), (5) & (6)
	TOM Group Limited	Non-executive Director	(4) & (6)
	ARA Asset Management Limited	Non-executive Director	(3) & (4)
	ARA Asset Management (Fortune) Limited	Non-executive Director	(3)
	ARA Trust Management (Suntec) Limited	Director	(3)
	Hui Xian Asset Management Limited	Non-executive Director	(1), (2) & (3)
	AVIC International Holding (HK) Limited	Non-executive Director	(1) & (4)
	Hong Kong Jewellery Holding Limited (<i>change of name from Excel Technology International Holdings Limited with effect from 20th November, 2012</i>)	Non-executive Director <i>(resigned on 3rd July, 2012)</i>	(4) & (6)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(4)

Report of the Directors (*continued*)

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Chiu Kwok Hung, Justin	ARA Asset Management Limited	Chairman	(3) & (4)
	ARA Asset Management (Fortune) Limited	Chairman	(3)
	ARA Trust Management (Suntec) Limited	Chairman	(3)
	ARA Asia Dragon Limited	Director	(1) & (3)
	ARA Asset Management (Prosperity) Limited	Chairman	(3)
Leung Siu Hon	Rich Surplus Limited	Director and Substantial Shareholder	(1) & (2)
	Rich More Enterprises Limited	Director and Substantial Shareholder	(1)
Fok Kin Ning, Canning	Hutchison Whampoa Limited	Group Managing Director	(1), (2), (3), (4), (5) & (6)
	Cheung Kong Infrastructure Holdings Limited	Deputy Chairman	(4), (5) & (6)
	Power Assets Holdings Limited	Chairman	(4), (5) & (6)
	Hutchison Harbour Ring Limited	Chairman	(1)
	Hutchison Telecommunications Hong Kong Holdings Limited	Chairman and Alternate Director	(6)
Frank John Sixt	Hutchison Whampoa Limited	Group Finance Director	(1), (2), (3), (4), (5) & (6)
	Cheung Kong Infrastructure Holdings Limited	Executive Director	(4), (5) & (6)
	Power Assets Holdings Limited	Executive Director	(4), (5) & (6)
	TOM Group Limited	Non-executive Chairman	(4) & (6)
	Hutchison Telecommunications Hong Kong Holdings Limited	Non-executive Director	(6)
George Colin Magnus	Hutchison Whampoa Limited	Non-executive Director	(1), (2), (3), (4), (5) & (6)
	Cheung Kong Infrastructure Holdings Limited	Non-executive Director	(4), (5) & (6)
	Power Assets Holdings Limited	Independent Non-executive Director (<i>re-designated from Non-executive Director on 28th September, 2012</i>)	(4), (5) & (6)
Lee Yeh Kwong, Charles #	Hutchison Whampoa Limited	Non-executive Director	(1), (2), (3), (4), (5) & (6)

Note: Such businesses may be made through subsidiaries, associated companies or by way of other forms of investments.

With effect from 18th January, 2013, Mr. Lee Yeh Kwong, Charles has been appointed as a Non-executive Director of each of the Company and Hutchison Whampoa Limited. Such interests represent the interests of Mr. Lee Yeh Kwong, Charles as at 18th January, 2013.

Save as disclosed above, none of the Directors is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31st December, 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Sufficiency of Public Float

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Community Relations

During the year, the Group supported a wide variety of charitable activities of the community. Donations of approximately HK\$32,800,000 were made by the Group to various charitable organisations.

Audit Committee

The Group's annual report for the year ended 31st December, 2012 has been reviewed by the audit committee (the "Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Code Provision C.3 of the Corporate Governance Report on pages 70 to 72.

Auditor

At the close of the 2012 annual general meeting held on 25th May, 2012, Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants retired as auditor of the Group upon expiration of its term of office and Messrs. PricewaterhouseCoopers, Certified Public Accountants was appointed as new auditor of the Group to hold office until the conclusion of the 2013 annual general meeting.

The financial statements for the year have been audited by Messrs. PricewaterhouseCoopers, Certified Public Accountants who will retire and offer themselves for re-appointment at the 2013 annual general meeting.

On behalf of the Board

Li Ka-shing

Chairman

Hong Kong, 26th March, 2013

Corporate Governance Report

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices during the period from 1st January, 2012 to 31st March, 2012 and the Corporate Governance Code ("CG Code") during the period from 1st April, 2012 to 31st December, 2012 as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board and the Managing Director. In respect of code provision A.6.7 of the CG Code, a Non-executive Director did not attend the annual general meeting of the Company held on 25th May, 2012 due to an overseas commitment.

Key corporate governance principles and corporate governance practices of the Company are summarised below:

I. Code Provisions

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																																
A.	DIRECTORS																																																		
A.1	The Board																																																		
	Corporate Governance Principle																																																		
	<i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.</i>																																																		
	<i>The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</i>																																																		
A.1.1	Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of majority of directors.	C	<ul style="list-style-type: none"> The Board meets regularly and held meetings in March, May, August and November of 2012. Details of Directors' attendance records in 2012: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>LI Ka-shing (Chairman)</td> <td>4/4</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (Managing Director and Deputy Chairman)</td> <td>4/4</td> </tr> <tr> <td>KAM Hing Lam (Deputy Managing Director)</td> <td>4/4</td> </tr> <tr> <td>IP Tak Chuen, Edmond (Deputy Managing Director)</td> <td>4/4</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>4/4</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>4/4</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>4/4</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>4/4</td> </tr> <tr> <td colspan="2">Non-executive Directors #</td> </tr> <tr> <td>LEUNG Siu Hon</td> <td>4/4</td> </tr> <tr> <td>FOK Kin Ning, Canning</td> <td>4/4</td> </tr> <tr> <td>Frank John SIXT</td> <td>4/4</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td>4/4</td> </tr> <tr> <td>George Colin MAGNUS</td> <td>4/4</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td>4/4</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td>4/4</td> </tr> <tr> <td>Simon MURRAY</td> <td>2/4</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>4/4</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>4/4</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td>4/4</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>4/4</td> </tr> </tbody> </table> <p># With effect from 18th January, 2013, Mr. Lee Yeh Kwong, Charles has been appointed as a Non-executive Director of the Company.</p> <ul style="list-style-type: none"> The Directors may attend meetings in person, by phone or through means of electronic communication or by their alternate directors in accordance with the Company's Articles of Association. An updated and consolidated version of the Company's Memorandum and Articles of Association (both English and Chinese versions) are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx"). There are no significant changes in the Company's constitutional documents during the year 2012. 	Members of the Board	Attendance	Executive Directors		LI Ka-shing (Chairman)	4/4	LI Tzar Kuoi, Victor (Managing Director and Deputy Chairman)	4/4	KAM Hing Lam (Deputy Managing Director)	4/4	IP Tak Chuen, Edmond (Deputy Managing Director)	4/4	CHUNG Sun Keung, Davy	4/4	PAU Yee Wan, Ezra	4/4	WOO Chia Ching, Grace	4/4	CHIU Kwok Hung, Justin	4/4	Non-executive Directors #		LEUNG Siu Hon	4/4	FOK Kin Ning, Canning	4/4	Frank John SIXT	4/4	CHOW Kun Chee, Roland	4/4	George Colin MAGNUS	4/4	Independent Non-executive Directors		KWOK Tun-li, Stanley	4/4	YEH Yuan Chang, Anthony	4/4	Simon MURRAY	2/4	CHOW Nin Mow, Albert	4/4	HUNG Siu-lin, Katherine	4/4	WONG Yick-ming, Rosanna	4/4	CHEONG Ying Chew, Henry	4/4
Members of the Board	Attendance																																																		
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	C	<ul style="list-style-type: none"> All Directors are consulted as to whether they may wish to include any matter in the agenda before the agenda for each regular Board meeting is issued.
A.1.3	<ul style="list-style-type: none"> At least 14 days notice for regular board meetings Reasonable notice for other board meetings 	C C	<ul style="list-style-type: none"> Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings. At least 14 days formal notice would be given before each regular meeting. According to the Company's Articles of Association, a Director may waive notice of any meeting and any such waiver may be prospective or retrospective.
A.1.4	Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.	C	<ul style="list-style-type: none"> The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. Board and Board Committee minutes/resolutions are sent to all Directors/Board Committee members within a reasonable time (generally within 14 days) after each Board and Board Committee meeting. Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.
A.1.5	<ul style="list-style-type: none"> Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes for all directors to comment and to keep records within a reasonable time after the board meeting 	C C	<ul style="list-style-type: none"> Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached. Directors are given an opportunity to comment on draft Board minutes. Final version of Board minutes is placed on record within a reasonable time after the Board meeting.
A.1.6	<ul style="list-style-type: none"> A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense The board should resolve to provide separate independent professional advice to directors to assist them to perform their duties to the company. 	C C	<ul style="list-style-type: none"> Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
A.1.7	<ul style="list-style-type: none"> If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at that board meeting. 	C C	<ul style="list-style-type: none"> Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted. Director must declare his/her interest in the matters to be passed in the resolution, if applicable. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																		
A.1.8	Arrange appropriate insurance cover in respect of legal action against the directors	C	<ul style="list-style-type: none"> The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 1991 including the year 2012/2013. 																																		
A.2	<p>Chairman and Chief Executive</p> <p><i>Corporate Governance Principle</i></p> <p><i>There should be a clear division of responsibilities between the Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i></p>																																				
A.2.1	<ul style="list-style-type: none"> Separate roles of chairman and chief executive not to be performed by the same individual Division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. 	C C	<ul style="list-style-type: none"> The positions of the Chairman of the Board and the Managing Director are currently held by separate individuals. The Chairman of the Board determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. The Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group. 																																		
A.2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	C	<ul style="list-style-type: none"> With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis. In addition to regular Board meetings, the Chairman of the Board met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November of 2012. Details of the attendance records of the meetings are as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Chairman</td> </tr> <tr> <td>LI Ka-shing</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2">Non-executive Directors #</td> </tr> <tr> <td>LEUNG Siu Hon</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>FOK Kin Ning, Canning</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Frank John SIXT</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>George Colin MAGNUS</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Simon MURRAY</td> <td style="text-align: right;">1/2</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> <p>* With effect from 18th January, 2013, Mr. Lee Yeh Kwong, Charles has been appointed as a Non-executive Director of the Company.</p> <p>Note: The Chairman and the Non-executive Directors (including the Independent Non-executive Directors) may attend meetings in person, by phone or through means of electronic communication or by their alternate directors in accordance with the Company's Articles of Association.</p>	Attendance		Chairman		LI Ka-shing	2/2	Non-executive Directors #		LEUNG Siu Hon	2/2	FOK Kin Ning, Canning	2/2	Frank John SIXT	2/2	CHOW Kun Chee, Roland	2/2	George Colin MAGNUS	2/2	Independent Non-executive Directors		KWOK Tun-li, Stanley	2/2	YEH Yuan Chang, Anthony	2/2	Simon MURRAY	1/2	CHOW Nin Mow, Albert	2/2	HUNG Siu-lin, Katherine	2/2	WONG Yick-ming, Rosanna	2/2	CHEONG Ying Chew, Henry	2/2
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A.2.3	The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.	C	<ul style="list-style-type: none"> The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings. Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate. 																																		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.4	<ul style="list-style-type: none"> – The chairman to provide leadership for the board – The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. – The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary. 	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> • The Chairman of the Board is an Executive Director who is responsible for the leadership and effective running of the Board. • The Chairman of the Board determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. • The Board meets regularly and held meetings in March, May, August and November of 2012. • With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues on a timely manner. • The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.
A.2.5	The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.	C	<ul style="list-style-type: none"> • The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.
A.2.6	<ul style="list-style-type: none"> – The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company. – The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • Please refer to A.2.3 and A.2.4 above for the details.
A.2.7	The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.	C	<ul style="list-style-type: none"> • In addition to regular Board meetings, the Chairman of the Board met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November of 2012. Please refer to A.2.2 above for details of attendance records.
A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.	C	<ul style="list-style-type: none"> • The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) regular press conferences and briefing meetings with analysts are arranged from time to time to update interested parties on the performance of the Group; (vi) the Company's Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally. • In March 2012, the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.9	The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.	C	<ul style="list-style-type: none"> 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.
A.3	<p>Board composition</p> <p><i>Corporate Governance Principle</i></p> <p><i>The Board should have a balance of skills and experience appropriate for the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i></p>		
A.3.1	Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.	C	<ul style="list-style-type: none"> The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications. The Board consists of a total of twenty-one Directors, comprising eight Executive Directors, six Non-executive Directors and seven Independent Non-executive Directors. One-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise. Details of the composition of the Board are set out on page 164. The Directors' biographical information and the relationships among the Directors are set out on pages 26 to 29. Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.
A.3.2	The company should maintain on its website and on HKEx's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	<ul style="list-style-type: none"> The Company maintains on its website an updated list of its Directors identifying their role and function together with their biographical information, and whether they are independent non-executive directors. Since March 2012, the updated list of Directors has been posted on the website of HKEx which has been revised from time to time. The Company has also posted on its website and the website of HKEx the Terms of Reference of the Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees.
A.4	<p>Appointments, re-election and removal</p> <p><i>Corporate Governance Principle</i></p> <p><i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.</i></p>		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	C	<ul style="list-style-type: none"> All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the CG Code.
A.4.2	<ul style="list-style-type: none"> All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> In accordance with the Company's Articles of Association, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the Board) following their appointment. The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the general meeting of the Company. Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting. All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the CG Code.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4.2 (cont'd)			<ul style="list-style-type: none"> The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. The Company has published the procedures for shareholders to propose a person for election as a Director on its website.
A.4.3	<ul style="list-style-type: none"> If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected. 	C C	<ul style="list-style-type: none"> Each Independent Non-executive Director who was subject to retirement by rotation was appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who was eligible for re-election at the annual general meeting had made a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company had expressed the view in its circular that each Independent Non-executive Director who was eligible for re-election had met the independence guidelines set out in Rule 3.13 of the Listing Rules and was independent in accordance with the terms of the guidelines. In respect of an Independent Non-executive Director who has served more than nine years, the Company had expressed its view in the circular for the 2012 Annual General Meeting as regards such Director's independence. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.
A.5	Nomination Committee		
A.5.1 – A.5.5	<ul style="list-style-type: none"> The company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties. 	E	<ul style="list-style-type: none"> The Company does not have a nomination committee. The Board as a whole is responsible for the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<p>A.5.1 – – A.5.5 (cont'd)</p>	<p>It should perform the following duties:-</p> <p>(a) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy;</p> <p>(b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;</p> <p>(c) assess the independence of independent non-executive directors; and</p> <p>(d) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.</p> <p>– The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.</p> <p>– The company should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the company's expense, to perform its responsibilities.</p> <p>– Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent.</p>		<ul style="list-style-type: none"> • At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Managing Director. • The Company adopts a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-executive Directors) are sought. After considering the proposal for the appointment of a new Director, the Board as a whole will make the final decision. • The Board as a whole is responsible for assessing the independence of the Independent Non-executive Directors according to the relevant rules and requirements under the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. <p>• Please refer to A.4.3 above for the details.</p>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6	Responsibilities of directors Corporate Governance Principle <i>Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.</i>		
A.6.1	<p>Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies.</p>	C	<ul style="list-style-type: none"> The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint them with the duties and responsibilities as a Director of the Company and the business operation of the Company. A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules, the Companies Ordinance and other related ordinances and relevant regulatory requirements of Hong Kong is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors issued by the Companies Registry of Hong Kong and The Hong Kong Institute of Directors have also been forwarded to each Director for his/her information and ready reference. During the year, the Company had arranged at the cost of the Company Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.
A.6.2	<p>The functions of non-executive directors include:</p> <ul style="list-style-type: none"> bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings take the lead on potential conflicts of interests serve on the audit, remuneration, nomination and other governance committees, if invited scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting 	C C C C	<ul style="list-style-type: none"> The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company. The Non-executive Directors review the financial information and operational performance of the Company on a regular basis. The Independent Non-executive Directors are invited to serve on the Audit Committee and Remuneration Committee of the Company.
A.6.3	<p>Every director should ensure that he can give sufficient time and attention to the company's affairs and should not accept the appointment if he cannot do so.</p>	C	<ul style="list-style-type: none"> There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 above for details of attendance records. Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her area of knowledge and expertise.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.4	Board should establish written guidelines no less exacting than the Model Code for relevant employees.	C	<ul style="list-style-type: none"> The Company had adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004. The Model Code has been revised and adopted by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31st December, 2012. Written guidelines no less exacting than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company. The Company has established a policy on handling of confidential and price-sensitive information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished price-sensitive information in relation to the Group. In November 2011, such policy has been posted on the Company's intranet. A revised policy on handling of confidential information, information disclosure, and securities dealing has been adopted by the Company to comply with the new requirements set out in Part XIVA of the Securities and Futures Ordinance effective from 1st January, 2013. Such revised policy has been posted on the Company's intranet and disseminated to all employees of the Company in December 2012, to replace the previous policy on handling of confidential and price-sensitive information, and securities dealing.
A.6.5	All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.	C	<ul style="list-style-type: none"> A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules, the Companies Ordinance and other related ordinances and relevant regulatory requirements of Hong Kong is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors issued by the Companies Registry of Hong Kong and The Hong Kong Institute of Directors have also been forwarded to each Director for his/her information and ready reference. In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors. The Directors have provided to the Company their records of continuous professional development during the year 2012. During the year, the Company had arranged at the cost of the Company Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities. <p>The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:</p> <ol style="list-style-type: none"> (1) Reading memoranda issued or materials provided (for example, in-house directors' seminar) from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance; (2) Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by the Company and/or professional bodies and/or government authorities; and (3) Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

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A.6.5 (cont'd)			<ul style="list-style-type: none"> Records of the Directors' training during 2012 are as follows: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Training received</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>LI Ka-shing (<i>Chairman</i>)</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>KAM Hing Lam (<i>Deputy Managing Director</i>)</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>)</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>(1), (2) & (3)</td> </tr> <tr> <td colspan="2">Non-executive Directors #</td> </tr> <tr> <td>LEUNG Siu Hon</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>FOK Kin Ning, Canning</td> <td>(1) & (3)</td> </tr> <tr> <td>Frank John SIXT</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>George Colin MAGNUS</td> <td>(1), (2) & (3)</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>Simon MURRAY</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>(1), (2) & (3)</td> </tr> </tbody> </table> <p># With effect from 18th January, 2013, Mr. Lee Yeh Kwong, Charles has been appointed as a Non-executive Director of the Company.</p> 	Members of the Board	Training received	Executive Directors		LI Ka-shing (<i>Chairman</i>)	(1), (2) & (3)	LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)	(1), (2) & (3)	KAM Hing Lam (<i>Deputy Managing Director</i>)	(1), (2) & (3)	IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>)	(1), (2) & (3)	CHUNG Sun Keung, Davy	(1), (2) & (3)	PAU Yee Wan, Ezra	(1), (2) & (3)	WOO Chia Ching, Grace	(1), (2) & (3)	CHIU Kwok Hung, Justin	(1), (2) & (3)	Non-executive Directors #		LEUNG Siu Hon	(1), (2) & (3)	FOK Kin Ning, Canning	(1) & (3)	Frank John SIXT	(1), (2) & (3)	CHOW Kun Chee, Roland	(1), (2) & (3)	George Colin MAGNUS	(1), (2) & (3)	Independent Non-executive Directors		KWOK Tun-li, Stanley	(1), (2) & (3)	YEH Yuan Chang, Anthony	(1), (2) & (3)	Simon MURRAY	(1), (2) & (3)	CHOW Nin Mow, Albert	(1), (2) & (3)	HUNG Siu-lin, Katherine	(1), (2) & (3)	WONG Yick-ming, Rosanna	(1), (2) & (3)	CHEONG Ying Chew, Henry	(1), (2) & (3)
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A.6.6	Each director should disclose to the company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.	C	<ul style="list-style-type: none"> The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved. 																																																
A.6.7	Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.	E	<ul style="list-style-type: none"> There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) and the general meeting during the year except that a Non-executive Director did not attend the annual general meeting of the Company held on 25th May, 2012 due to an overseas commitment. Please refer to A.1.1, A.2.2, B.1.2, C.3.1 and E.1.2 for details of attendance records. Extent of participation and contribution should be viewed both quantitatively and qualitatively. 																																																
A.6.8	Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	<ul style="list-style-type: none"> Please refer to A.6.7 above. 																																																

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.7	Supply of and access to information <i>Corporate Governance Principle</i> <i>Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.</i>		
A.7.1	<ul style="list-style-type: none"> – Send agenda and full board papers to all directors at least 3 days before regular board or board committee meetings – As far as practicable for other board or board committee meetings 	C C	<ul style="list-style-type: none"> • Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.
A.7.2	<ul style="list-style-type: none"> – Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions. – The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary. 	C C	<ul style="list-style-type: none"> • The Company Secretary and the Chief Manager of the Accounts Department attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. • Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided if appropriate.
A.7.3	<ul style="list-style-type: none"> – All directors are entitled to have access to board papers and related materials. – Queries raised by directors should receive a prompt and full response, if possible. 	C C	<ul style="list-style-type: none"> • Please refer to A.7.1 and A.7.2 above.
B.	REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION		
B.1	The level and make-up of remuneration and disclosure <i>Corporate Governance Principle</i> <i>The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.</i>		
B.1.1	The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and should have access to independent professional advice if necessary.	C	<ul style="list-style-type: none"> • The Remuneration Committee has consulted the Chairman and/or the Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel. • The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year. • To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, including the corporate philosophy in formulating employees' remuneration packages, and market trends and related information.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices								
B.1.2	<p>The remuneration committee's terms of reference should include:</p> <ul style="list-style-type: none"> – recommend to the board on the company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy – review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives – either to determine, with delegated responsibility, or to make recommendations to the board on the remuneration packages of individual executive directors and senior management – recommend to the board on the remuneration of non-executive directors – consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group – review and approve compensation payable on loss or termination of office or appointment – review and approve compensation arrangements relating to dismissal or removal of directors for misconduct – ensure that no director or any of his associates is involved in deciding his own remuneration 	C	<ul style="list-style-type: none"> • The Company established its remuneration committee ("Remuneration Committee") on 1st January, 2005. A majority of the members are Independent Non-executive Directors. • The Remuneration Committee comprises the Chairman of the Board, Mr. Li Ka-shing, and two Independent Non-executive Directors, namely, Dr. Wong Yick-ming, Rosanna (Chairman of the Remuneration Committee) and Mr. Kwok Tun-li, Stanley. • The terms of reference of the Remuneration Committee (both English and Chinese versions) follow closely the requirements of the CG Code. The same as modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx. • The Remuneration Committee, with delegated responsibility, determines the remuneration packages of individual Executive Directors and senior management, and reviews the remuneration of Non-executive Directors. • Since the publication of the Annual Report 2011 in April 2012, meetings of the Remuneration Committee were held in November 2012 and January 2013. Details of the attendance records of the members of the Remuneration Committee are as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Remuneration Committee</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td>WONG Yick-ming, Rosanna <i>(Chairman of the Remuneration Committee)</i></td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>LI Ka-shing</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> <p>Note: The members of the Remuneration Committee may attend meetings in person, by phone or through means of electronic communication or by their alternates in accordance with the Company's Articles of Association.</p> <ul style="list-style-type: none"> • The following is a summary of the work of the Remuneration Committee during the said meetings: <ol style="list-style-type: none"> 1. Review the remuneration policy for 2012/2013; 2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management; 3. Review the remuneration packages of Executive Directors and the management with reference to the established system of the Company for determining the remuneration review; 4. Review and approve the remuneration of Non-executive Directors; and 5. Review the annual bonus policy. • No Director or any of his/her associates is involved in deciding his/her own remuneration at the meetings of the Remuneration Committee held in November 2012 and January 2013. 	Members of the Remuneration Committee	Attendance	WONG Yick-ming, Rosanna <i>(Chairman of the Remuneration Committee)</i>	2/2	LI Ka-shing	2/2	KWOK Tun-li, Stanley	2/2
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B.1.3	<p>The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.</p>	C	<ul style="list-style-type: none"> • The terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEx. • The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time. 								
B.1.4	<p>The remuneration committee should be provided with sufficient resources to perform its duties.</p>	C	<ul style="list-style-type: none"> • The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee. 								
B.1.5	<p>The company should disclose details of any remuneration payable to members of senior management by band in the annual reports.</p>	C	<ul style="list-style-type: none"> • The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note (4) in the Notes to Financial Statements for details of the remuneration payable to the Directors. 								

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.	ACCOUNTABILITY AND AUDIT		
C.1	Financial reporting <i>Corporate Governance Principle</i> <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i>		
C.1.1	Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.	C	<ul style="list-style-type: none"> Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.
C.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	C	<ul style="list-style-type: none"> Monthly updates had been provided to all members of the Board since April 2012, the effective date of code provision C.1.2, for the purpose of providing a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail and to enable the Board as a whole and each Director to discharge their duties.
C.1.3	<ul style="list-style-type: none"> The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report. 	<p>C</p> <p>C</p> <p>C</p> <p>N/A</p>	<ul style="list-style-type: none"> The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group. Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the CG Code. With the assistance of the Company's Accounts Department which is under the supervision of the Chief Manager who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner. The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 153.
C.1.4	The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the company's objectives.	C	<ul style="list-style-type: none"> The Board has included the separate statement containing a discussion and analysis of the Group's sustainable development strategy in the Management Discussion and Analysis of Annual Report 2012.

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C.1.5	The board should present a balanced, clear and understandable assessment in annual and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.	C	<ul style="list-style-type: none"> The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of price-sensitive information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.
C.2	Internal controls Corporate Governance Principle <i>The Board should ensure that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets.</i>		
C.2.1	<ul style="list-style-type: none"> Directors to review the effectiveness of the company's and its subsidiaries' internal control systems at least annually and to report that they have done so in the Corporate Governance Report The review should cover all material controls, including financial, operational and compliance controls and risk management functions. 	C C	<ul style="list-style-type: none"> The Board has overall responsibility for maintaining sound and effective internal control system of the Group. The Group's internal control system includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. <p>Internal Control Environment</p> <ul style="list-style-type: none"> An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. The relevant Executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments. Operational budgets are prepared by operational departments and reviewed by the responsible Directors prior to being adopted. There are procedures for the appraisal, review and approval of major capital and recurrent expenditure. Results of operations against budgets are reported regularly to the Executive Directors. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations. The Internal Control Self Assessment process is established that requires the senior management in each material business unit to annually assess the effectiveness of controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations and the related risks. The Internal Audit Department provides an independent appraisal of the Group's financial and operational activities, and makes constructive recommendations to the relevant management for necessary actions. <p>The Internal Audit Department carries out annual risk assessment on each audit area and derives a yearly audit plan according to their risk ratings. The audit plan is reviewed and endorsed by the audit committee of the Company ("Audit Committee"). In addition to its agreed schedule of work, the Internal Audit Department conducts other review and investigative work as may be required. The results of internal audit reviews and agreed action plans in response to the Internal Audit Department's recommendations are reported to the Executive Directors and Audit Committee periodically. The Internal Audit Department also follows up with the corrective actions to ensure that satisfactory controls are maintained.</p>

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices								
C.2.1 (cont'd)			<ul style="list-style-type: none"> • Reports from the external auditor, Messrs. PricewaterhouseCoopers ("PwC"), on internal controls and relevant financial reporting matters, are presented to the Audit Committee and management. • Relevant departments are responsible to review the compliance status and update new requirements in connection with relevant rules, laws and regulations. The risks of non-compliance with legal and regulatory requirements are evaluated as part of the yearly risk assessment process and the level of compliance is also subject to external and internal audits. • The Board, through the Audit Committee, has conducted an annual review of the effectiveness of internal control system of the Company and its subsidiaries and considers it is adequate and effective. The review covers all material controls, including financial, operational and compliance controls and risk management functions. The Board is not aware of any significant areas of concern which may affect the shareholders. The Board is satisfied that the Group has fully complied with the code provisions on internal controls, including compliance with legal and regulatory requirements, as set forth in the CG Code. 								
C.2.2	The board's annual review should, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function.	C	<ul style="list-style-type: none"> • The Board, through the Audit Committee and with the appraisal performed by the Internal Audit Department, reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function at the Board meeting held in March 2013 and noted that the Company has been in compliance with the Code Provision for the year 2012. Please also refer to C.3.3 below. 								
C.3	Audit Committee <i>Corporate Governance Principle</i> <i>The Board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors.</i>										
C.3.1	<ul style="list-style-type: none"> – Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. – Draft and final versions of minutes should be sent to all committee members for their comment and records, within a reasonable time after the meeting. 	C C	<ul style="list-style-type: none"> • Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting. • Audit Committee meetings were held in March and July of 2012. Details of the attendance records of members of the Audit Committee are as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Audit Committee</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td>CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> <p>Note: The members of the Audit Committee may attend meetings in person, by phone or through means of electronic communication or by their alternates in accordance with the Company's Articles of Association.</p> <ul style="list-style-type: none"> • The following is a summary of the work of the Audit Committee during 2012: <ol style="list-style-type: none"> 1. Review the financial reports for 2011 annual results and 2012 interim results; 2. Review the findings and recommendations of the Internal Audit Department on the work of various departments and related companies; 3. Review the effectiveness of the internal control system; 4. Review the external auditor's audit findings; 5. Review the auditor's remuneration; 6. Review the risks of different business units and analysis thereof provided by the relevant business units; 7. Review the control mechanisms for such risks and advising on action plans for improvement of the situations; 8. Review the arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and 9. Perform the corporate governance functions and review the corporate governance policies and practices. 	Members of the Audit Committee	Attendance	CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)	2/2	KWOK Tun-li, Stanley	2/2	HUNG Siu-lin, Katherine	2/2
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HUNG Siu-lin, Katherine	2/2										

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.1 (cont'd)			<ul style="list-style-type: none"> • After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 25th March, 2013 that the internal control system was adequate and effective. • On 25th March, 2013, the Audit Committee met to review the Group's 2012 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2012 complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board's approval the consolidated financial statements for the year ended 31st December, 2012. • The Audit Committee also recommended to the Board the re-appointment of PwC as the Company's external auditor for 2013 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2013 annual general meeting. • The Group's Annual Report for the year ended 31st December, 2012 has been reviewed by the Audit Committee.
C.3.2	A former partner of existing auditing firm shall not act as a member of the committee for 1 year from the date of his ceasing to be a partner or to have any financial interest in, the firm, whichever is later.	C	<ul style="list-style-type: none"> • No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm.
C.3.3	<p>The audit committee's terms of reference should include:</p> <ul style="list-style-type: none"> – recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement – review and monitor external auditor's independence and objectivity and effectiveness of audit process – review of the company's financial information – oversight of the company's financial reporting system and internal control procedures, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function 	C	<ul style="list-style-type: none"> • The terms of reference of the Audit Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and are modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's and the company's website.	C	<ul style="list-style-type: none"> The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee in December 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. In accordance with the requirements of the CG Code, the terms of reference of the Audit Committee were revised from time to time in terms substantially the same as the provisions set out in the CG Code. The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Ms. Hung Siu-lin, Katherine, held two meetings during the year.
C.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	<ul style="list-style-type: none"> The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, PwC be re-appointed as the Company's external auditor for 2013. For the year ended 31st December, 2012, the external auditor of the Company received approximately HK\$7 million for audit services and HK\$1 million for tax and other services.
C.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	<ul style="list-style-type: none"> The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.
C.3.7	<p>The terms of reference of the audit committee should also require it:</p> <ul style="list-style-type: none"> to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and to act as the key representative body for overseeing the company's relations with the external auditor. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures were included into the Company's employees handbook and posted on the Company's website. The Company has issued an employee's handbook to its staff, which contains the mechanism for employees to raise any questions they may have to their department heads and to the human resources department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.	DELEGATION BY THE BOARD		
D.1	Management functions <i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i>		
D.1.1	When the board delegates aspects of its management and administration functions to management, it must, at the same time, give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf.	C	<ul style="list-style-type: none"> Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. Please refer to the Management Structure Chart set out on page 83. For matters or transactions of a material nature, the same will be referred to the Board for approval. For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations. Specifically, the Board has had in place Guidelines for Treasury Investments stating the authority limits of treasury investments under different scenarios beyond which Board approval will be required.
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs.	C	<ul style="list-style-type: none"> The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Under the leadership of the Managing Director, management is responsible for the day-to-day operations of the Group.
D.1.3	The company should disclose the respective responsibilities, accountabilities and contributions of the board and management.	C	<ul style="list-style-type: none"> Please refer to the Management Structure Chart set out on page 83.
D.1.4	Directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.	C	<ul style="list-style-type: none"> In February 2012, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment.
D.2	Board Committees <i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i>		
D.2.1	Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.	C	<ul style="list-style-type: none"> Two Board Committees, namely, Audit Committee and Remuneration Committee, have been established with specific terms of reference as mentioned in C.3.3 and B.1.3 above.
D.2.2	The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	C	<ul style="list-style-type: none"> Board Committees report to the Board of their decisions and recommendations at the Board meetings.

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.3	Corporate Governance Functions		
D.3.1	<p>The terms of reference of the board (or a committee or committees performing this function) should include:</p> <ul style="list-style-type: none"> – develop and review the company's policies and practices on corporate governance and make recommendations to the board; – review and monitor the training and continuous professional development of directors and senior management; – review and monitor the company's policies and practices on compliance with legal and regulatory requirements; – develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and – review the company's compliance with the CG Code and disclosure in the Corporate Governance Report. 	C	<ul style="list-style-type: none"> • The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the following corporate governance functions delegated by the Board: <ol style="list-style-type: none"> 1. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; 2. Review and monitor the training and continuous professional development of Directors and senior management; 3. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; 4. Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and 5. Review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. • At the Audit Committee's meeting held in March 2013, members of the Audit Committee had performed the above-mentioned corporate governance functions by reviewing the Company's policies and practices on corporate governance as well as legal and regulatory compliance.
D.3.2	<p>The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.</p>	C	<ul style="list-style-type: none"> • The Board has delegated the responsibility of performing the corporate governance duties to the Audit Committee. To that effect, the terms of reference of the Audit Committee as set out in D.3.1 above were revised with effect from 1st January, 2012 to include the corporate governance functions delegated by the Board.
E.	COMMUNICATION WITH SHAREHOLDERS		
E.1	Effective communication		
	<p>Corporate Governance Principle</p> <p><i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i></p>		
E.1.1	<p>For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.</p>	C	<ul style="list-style-type: none"> • Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual Directors.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																																
E.1.2	<ul style="list-style-type: none"> - The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee to be available to answer questions at the annual general meeting. - The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. - The company's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. 	C	<ul style="list-style-type: none"> • In 2012, the Chairman of the Board, Chairman of the Audit Committee and Chairman of the Remuneration Committee attended the annual general meeting and were available to answer questions. • Details of Directors' attendance records of the 2012 annual general meeting are as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Board</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>LI Ka-shing (<i>Chairman of the Board</i>)</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>LI Tzar Kuoi, Victor</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>KAM Hing Lam</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>IP Tak Chuen, Edmond</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td colspan="2">Non-executive Directors #</td> </tr> <tr> <td>LEUNG Siu Hon</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>FOK Kin Ning, Canning</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>Frank John SIXT</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>George Colin MAGNUS</td> <td style="text-align: right;">0/1</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>Simon MURRAY</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>WONG Yick-ming, Rosanna (<i>Chairman of the Remuneration Committee</i>)</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)</td> <td style="text-align: right;">1/1</td> </tr> </tbody> </table> <p style="font-size: small; margin-top: 5px;"># With effect from 18th January, 2013, Mr. Lee Yeh Kwong, Charles has been appointed as a Non-executive Director of the Company.</p> • In 2012, the Company's external auditor attended the annual general meeting and was available to answer questions. 	Members of the Board	Attendance	Executive Directors		LI Ka-shing (<i>Chairman of the Board</i>)	1/1	LI Tzar Kuoi, Victor	1/1	KAM Hing Lam	1/1	IP Tak Chuen, Edmond	1/1	CHUNG Sun Keung, Davy	1/1	PAU Yee Wan, Ezra	1/1	WOO Chia Ching, Grace	1/1	CHIU Kwok Hung, Justin	1/1	Non-executive Directors #		LEUNG Siu Hon	1/1	FOK Kin Ning, Canning	1/1	Frank John SIXT	1/1	CHOW Kun Chee, Roland	1/1	George Colin MAGNUS	0/1	Independent Non-executive Directors		KWOK Tun-li, Stanley	1/1	YEH Yuan Chang, Anthony	1/1	Simon MURRAY	1/1	CHOW Nin Mow, Albert	1/1	HUNG Siu-lin, Katherine	1/1	WONG Yick-ming, Rosanna (<i>Chairman of the Remuneration Committee</i>)	1/1	CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)	1/1
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E.1.3	The company should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	C	<ul style="list-style-type: none"> • The Company's notice to shareholders for the 2012 annual general meeting of the Company was sent at least 20 clear business days before the meeting. 																																																
E.1.4	The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.	C	<ul style="list-style-type: none"> • In March 2012, the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness. • The particulars of shareholders' rights relating to, inter alia, convening of extraordinary general meetings and making enquiries to the Company are as follows: <ol style="list-style-type: none"> 1. The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividends declared. The Articles of Association of the Company ("Articles") set out the rights of shareholders. 2. Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company may, in accordance with the requirements and procedures set out in Section 113 of the Companies Ordinance, request the Board to convene an extraordinary general meeting pursuant to Article 66 of the Articles. The objects of the meeting must be stated in the related requisition which must be signed by the requisitioner(s) and deposited at the registered office of the Company. 																																																

Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.4 (cont'd)			<ol style="list-style-type: none"> 3. (a) Shareholder(s) holding not less than one-fortieth of the total voting rights or (b) not less than 50 shareholders, may at their expense, unless the Company otherwise resolves, propose any resolution at any general meeting under Section 115A of the Companies Ordinance. A written notice to that effect signed by the requisitionists together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong (addressed to the Company Secretary) not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal. 4. Pursuant to Article 107 of the Articles, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting (including annual general meeting), the shareholder should lodge a written notice at the registered office of the Company provided that the period for lodgement of such written notice shall be a seven-day period commencing on the day after the despatch of the notice of the general meeting appointed for such election of Director(s) and ending on the date falling seven days after the despatch of the said notice of the general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director. 5. In conducting a poll, subject to any special rights, privileges or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he/she/it is the holder. A person entitled to more than one vote on a poll need not use all his/her votes or cast all the votes he/she uses in the same way. 6. Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Article 171 of the Articles. 7. Shareholders whose shares are held in the Central Clearing and Settlement System (CCASS) may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications. 8. Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
E.2	<p>Voting by poll</p> <p><i>Corporate Governance Principle</i></p> <p><i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i></p>		
E.2.1	<p>The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.</p>	C	<ul style="list-style-type: none"> • At the 2012 annual general meeting, the Chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders. • At the 2012 annual general meeting, the Chairman of the meeting exercised his power under the Company's Articles of Association to put each resolution set out in the notice to be voted by way of a poll. • Representatives of the Share Registrar of the Company were appointed as scrutineers to monitor and count the poll votes cast at the 2012 annual general meeting. • Since the Company's 2003 annual general meeting, all the resolutions put to vote at the Company's general meetings were taken by poll. • Poll results were posted on the websites of the Company and HKEx.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
F. COMPANY SECRETARY			
<p>Corporate Governance Principle</p> <p><i>The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Managing Director on governance matters and should also facilitate induction and professional development of Directors.</i></p>			
F.1.1	The company secretary should be an employee of the company and have day-to-day knowledge of the company's affairs.	C	<ul style="list-style-type: none"> The Company has appointed an employee of the Company to be the Company Secretary of the Company since 1996. The Company Secretary ensures the effective conduct of Board meetings and that Board procedures are duly followed. The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. The Company Secretary also advises on compliance with all applicable laws, rules and regulations abreast with the investments of the Group and keeps the Board fully updated with all legislative, regulatory and corporate governance developments.
F.1.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	<ul style="list-style-type: none"> The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Articles of Association of the Company.
F.1.3	The company secretary should report to the board chairman and/or the chief executive.	C	<ul style="list-style-type: none"> The Company Secretary reports to the Board through the Chairman whilst all members of the Board have access to the advice of the Company Secretary.
F.1.4	All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.	C	<ul style="list-style-type: none"> Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. Memoranda are issued to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.

Corporate Governance Report (continued)

II. Recommended Best Practices

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	DIRECTORS		
A.1	The Board		
	Corporate Governance Principle		
	<i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.</i>		
	<i>The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</i>		
	There is no recommended best practice under Section A.1 in the CG Code.		
A.2	Chairman and Chief Executive		
	Corporate Governance Principle		
	<i>There should be a clear division of responsibilities between the Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i>		
	There is no recommended best practice under Section A.2 in the CG Code.		
A.3	Board composition		
	Corporate Governance Principle		
	<i>The Board should have a balance of skills and experience appropriate for the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i>		
	There is no recommended best practice under Section A.3 in the CG Code.		
A.4	Appointments, re-election and removal		
	Corporate Governance Principle		
	<i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.</i>		
	There is no recommended best practice under Section A.4 in the CG Code.		
A.5	Nomination Committee		
	There is no recommended best practice under Section A.5 in the CG Code.		
A.6	Responsibilities of directors		
	Corporate Governance Principle		
	<i>Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.</i>		
	There is no recommended best practice under Section A.6 in the CG Code.		
A.7	Supply of and access to information		
	Corporate Governance Principle		
	<i>Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.</i>		
	There is no recommended best practice under Section A.7 in the CG Code.		

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION			
B.1 The level and make-up of remuneration and disclosure			
<p>Corporate Governance Principle <i>The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.</i></p>			
B.1.6	Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.	N/A	<ul style="list-style-type: none"> The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.
B.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	<ul style="list-style-type: none"> In 2012, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note (4) in the Notes to Financial Statements for details of discretionary bonus.
B.1.8	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in the annual reports.	C	<ul style="list-style-type: none"> The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note (4) in the Notes to Financial Statements for details of the remuneration payable to the Directors.
B.1.9	The board should conduct a regular evaluation of its performance.	E	<ul style="list-style-type: none"> The performances of the Board or individual Directors are best reflected by the Company's results and stock price performance, as well as the Company's decisions to retain the individuals as its Directors.
C. ACCOUNTABILITY AND AUDIT			
C.1 Financial reporting			
<p>Corporate Governance Principle <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i></p>			
C.1.6 – C.1.7	<ul style="list-style-type: none"> The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts. Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision. 	E	<ul style="list-style-type: none"> The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant and price-sensitive transactions have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders. Quarterly financial reports may not fairly reflect the actual performance of the Company given that the development cycle of property projects often spans a period of three to five years.

Corporate Governance Report (continued)

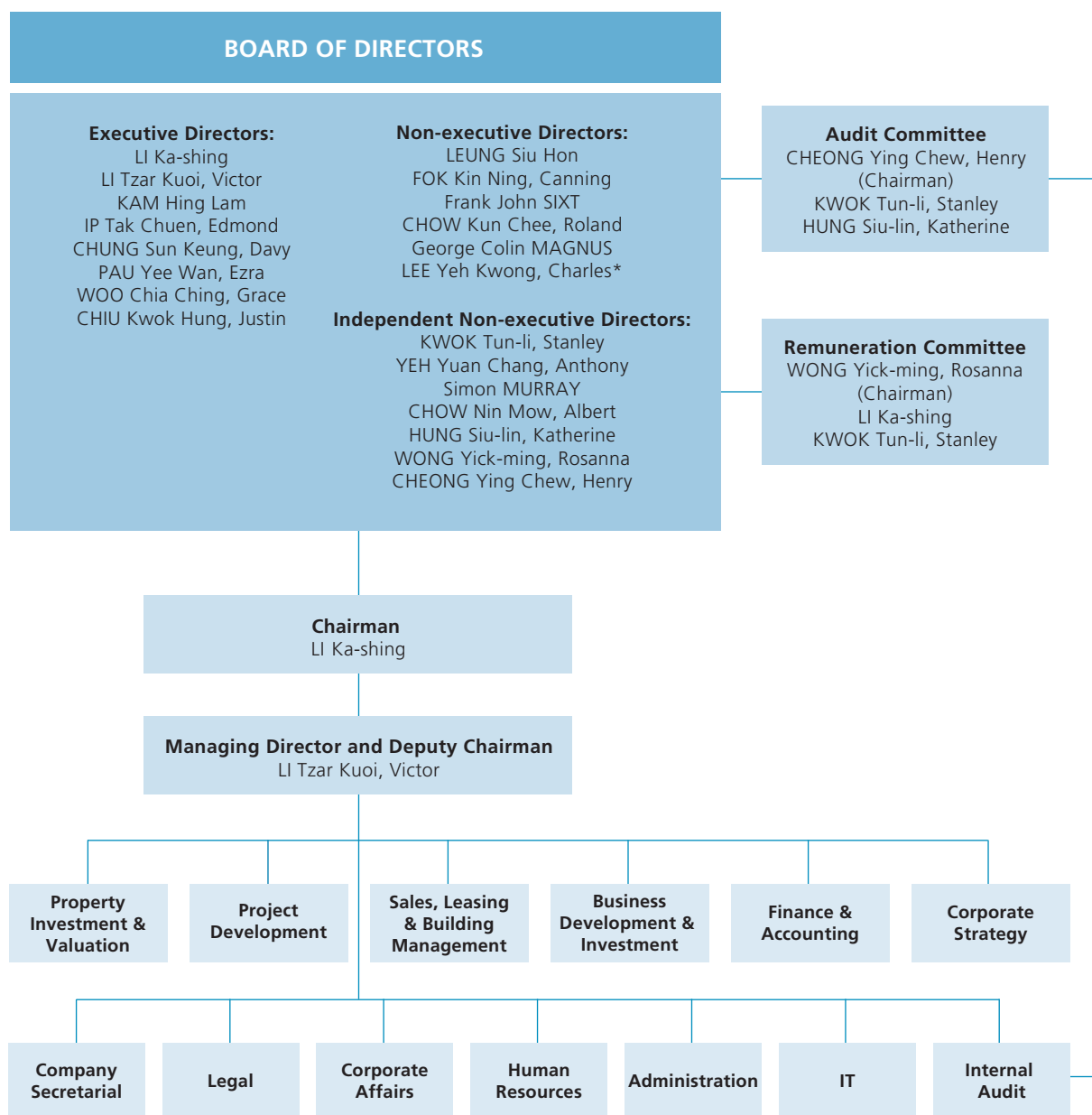
Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2	Internal controls Corporate Governance Principle <i>The Board should ensure that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets.</i>		
C.2.3	<p>The board's annual review should, in particular, consider:</p> <ul style="list-style-type: none"> – the changes, since the last annual review, in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment; – the scope and quality of management's ongoing monitoring of risks and of the internal control system, and where applicable, the work of its internal audit function and other assurance providers; – the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the company and the effectiveness of risk management; – significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or condition; and – the effectiveness of the company's processes for financial reporting and Listing Rule compliance. 	<p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> • The Board, through the Audit Committee, reviews annually the effectiveness of internal control system of the Company and its subsidiaries, such review considers: <ul style="list-style-type: none"> – the changes in the significant risks since the last review, and the Company's ability to respond to changes in its business and the external environment; – the management's ongoing monitoring of risks and the internal control system, and the work of the internal audit function; – the communication of the monitoring results to the Board that enables it to assess control of the Company and the effectiveness of the risk management; – significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have caused unforeseeable outcomes or contingencies that had or might have material impact on the Company's financial performance or condition; and – the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.4	<p>The company should disclose, in the Corporate Governance Report, a narrative statement on how they have complied with internal control code provisions during the reporting period. The disclosures should also include:</p> <ul style="list-style-type: none"> – the process used to identify, evaluate and manage significant risks; – additional information to explain its risk management processes and internal control system; – an acknowledgement by the board that it is responsible for the internal control system and reviewing its effectiveness; – the process used to review the effectiveness of the internal control system; and – the process used to resolve material internal control defects for any significant problems disclosed in its annual reports and accounts. 	<p>C</p> <p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> • In the Corporate Governance Report, the Company, in particular item C.2.1 above, discloses: <ul style="list-style-type: none"> – the process used to identify, evaluate and manage significant risks; – additional information to explain its risk management processes and internal control system; – an acknowledgement by the Board that it is responsible for the internal control system and reviewing its effectiveness; – the process used to review the effectiveness of internal control system; and – the process used to resolve material internal control defects for any significant problems disclosed in its Annual Reports and Financial Statements.
C.2.5	The company should ensure that their disclosures provide meaningful information and do not give a misleading impression.	C	<ul style="list-style-type: none"> • The Company aims to ensure disclosures provide meaningful information and do not give a misleading impression.
C.2.6	The company without an internal audit function should review the need for one on an annual basis and should disclose the outcome of this review in the Corporate Governance Report.	N/A	<ul style="list-style-type: none"> • Please refer to C.2 above for the details.
<p>C.3 Audit Committee</p> <p><i>Corporate Governance Principle</i></p> <p><i>The Board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors.</i></p>			
C.3.8	The audit committee should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the company.	C	<ul style="list-style-type: none"> • Please refer to C.3.7 above for the details.

Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.	DELEGATION BY THE BOARD		
D.1	Management functions <i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i>		
	There is no recommended best practice under Section D.1 in the CG Code.		
D.2	Board Committees <i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i>		
	There is no recommended best practice under Section D.2 in the CG Code.		
D.3	Corporate Governance Functions		
	There is no recommended best practice under Section D.3 in the CG Code.		
E.	COMMUNICATION WITH SHAREHOLDERS		
E.1	Effective communication <i>Corporate Governance Principle</i> <i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i>		
	There is no recommended best practice under Section E.1 in the CG Code.		
E.2	Voting by poll <i>Corporate Governance Principle</i> <i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i>		
	There is no recommended best practice under Section E.2 in the CG Code.		
F.	COMPANY SECRETARY <i>Corporate Governance Principle</i> <i>The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Managing Director on governance matters and should also facilitate induction and professional development of Directors.</i>		
	There is no recommended best practice under Section F in the CG Code.		

Management Structure Chart



* With effect from 18th January, 2013, Mr. Lee Yeh Kwong, Charles has been appointed as Non-executive Director of the Company.

Environmental, Social and Governance Report

OUR PHILOSOPHY

Cheung Kong (Holdings) Limited (the "Group") is committed to a high standard of corporate social responsibility. As a multi-national conglomerate headquartered in Hong Kong, with business operations across 52 countries and employing over a quarter million employees, the Cheung Kong Group aspires to create a harmonious society through cultivating responsible corporate citizenship.

In 2012, the Cheung Kong Group continued with initiatives to foster the well-being of the community, its employees and the environment. We have factored in the concept of corporate social responsibility to our business practice while conveying the message of sustainability worldwide.

Going forward, the Cheung Kong Group will continue to identify new opportunities in promoting sustainability through its business operations, as well as to strengthen our partnership with charities in accommodating the needs of the minority groups and to nurture a culture of giving amongst every member of the community.

COMMUNITY INVOLVEMENT

As a global corporate citizen, the Cheung Kong Group strives to improve society through community investment. Apart from donating to charitable organisations, members of the Cheung Kong Group in Hong Kong and across the globe have been creative in taking their own initiatives to help and support their local communities.

Supporting charities

The Cheung Kong Group has long seen The Community Chest as its partner in pioneering philanthropy. During the year, members of the Group are encouraged to participate in fund-raising campaigns including the Corporate and Employee Contribution Programme, Walk for Millions, Dress Special Day, Greening for the Chest and Laisee for the Chest.

The longstanding support and commitment to the Community Chest has made the Group the Third Top Donor in 2012, maintaining its record as a Top 3 Donor for the 13th consecutive year. In addition, six members of the Cheung Kong Group have received individual recognition for their contributions to The Community Chest. Hutchison Whampoa Limited ("Hutchison"), Power Assets Holdings Limited ("Power Assets") and Hui Xian REIT were presented with the President's Award; the Group and A. S. Watson Group ("A. S. Watson") were presented with the Award of Excellence; and Cheung Kong Infrastructure Holdings Limited ("CKI") was presented with the Award of Distinction.

Apart from making monetary donations, the Group has been lobbying for public participation with a view to raising their awareness and making their share of contribution. In May 2012, a donation hotline was launched again by the Group to raise money for The Community Chest Rainbow Fund during the programme "Community for the Chest on TV". All contributions made through the hotline by the public were matched dollar-for-dollar by the Cheung Kong Group, raising a total donation of HK\$6.3 million. The Community Chest Rainbow Fund was first launched in 2004 to provide immediate interim relief to victims in financial crisis. In the year 2011/2012, 3,700 people benefited and over HK\$8.6 million was allocated.

AMTD Financial Planning Limited supported the Caritas Charity Show 2012 by providing a venue in their Tai Kwok Tsui office as a call centre while sponsoring 68 telephone hotlines for fund raising purposes.

Motivating participation

In 2012, a total of 107 member companies of the Cheung Kong Group have been awarded the “Caring Company Logo” by the Hong Kong Council of Social Service in recognition of our continuing commitment to corporate social responsibility. This represents the highest number of participating companies for a Hong Kong corporation, a record maintained by the Cheung Kong Group for 9 consecutive years.

The Group has participated in MTR HONG KONG Race Walking 2012 event and the Cheung Kong Corporate team was awarded the Highest Fund Raising Corporate Team for the fifth time. The event aims to arouse awareness for health and sports, and raise funds for the Hospital Authority Health InfoWorld.

The University of 3rd Age (“U3A”) Network of Hong Kong, funded by the Centenary Trust of The Hongkong Electric Company, Limited (“HK Electric”), continued to promote lifelong learning and volunteerism among the retired population. The U3A encourages active learning by empowering the participants to design, teach and operate their own learning classes. A social impact assessment conducted in 2011 shows that the project had successfully enabled more than 90% of its retiree students to stay socially and mentally active whilst raising their confidence and self-esteem.

Serving community needs

Following the participation of A.S Watson in the food coupon scheme in 2011, PARKnSHOP, in partnership with Food Angel, pioneered the launch of a food recovery programme in 2012, with a view to alleviating food waste. Remained fruits, vegetables and loose bakery, meat and grocery products which were still edible were donated to Food Angel to prepare packed meal boxes for the underprivileged and elderly. To ensure food safety, strict handling procedures are in place throughout the whole process. The current beneficiaries under the scheme include Tung Wah Group of Hospitals, Salvation Army and Home of Love. PARKnSHOP is looking to expand the programme further so that more needy individuals can benefit from the scheme.

The Power Assets’ “CAREnival for the Elderly” programme was awarded the second runner-up in the “2011-2012 Best Corporate Volunteer Services Project Competition” organised by the Social Welfare Department. In 2012, the programme continued to organise monthly home visits to single elderly, encouraging them to reach out for help and stay in touch with the local community. Over 300 elderly volunteers were appointed as ambassadors to assist in identifying reclusive elderly in their neighborhood. More than 200 single elders joined their elderly services centre nearby, successfully bridging them with local support networks.

Environmental, Social and Governance Report (*continued*)

3 Group Europe has been actively participating in numerous community projects. In Austria, laptops and mobile internet service were donated to disabled children in need, providing them with a one touch connection to the world. In Ireland, “Walk of Dreams” was launched to raise funds for community projects involving football, with the scheme promoting football as a vehicle to bring about social change, build community cohesion and improve health and education throughout Ireland.

Educational initiatives

Following the success of the previous year, key personnel of the Group continued to support the Mentorship Programme of the Hong Kong Institute of Education in 2012. Under the scheme, students of the institute are matched on a one-to-one basis with mentors who are experienced individuals from different professions. Both mentors and mentees are required by the programme to commit themselves to participating in meaningful group activities and sharing sessions. They are also encouraged to set up meetings between themselves at regular intervals with the aim to build up a life long mentoring relationship embracing respect, support, trust, sharing and understanding.

The Endeavour Australia Cheung Kong Awards 2012 sponsored 49 awardees, including 20 Hong Kong students and 29 Australian students, to participate in educational exchange opportunities between Hong Kong and Australia. Representing the only public-private partnership of its kind, the Endeavour Australia Cheung Kong Awards is a 15-year joint initiative between the Cheung Kong Group and the Australian Government to promote educational exchange between Asia and Australia. Over the course of 15 years, it will provide a total of approximately HK\$180 million in scholarship funding to benefit between 3,500-4,000 students.

In 2012, the Group continued to organise summer internship programmes for university students to work in the sales and leasing department and the hotels and hospitality division of the Cheung Kong Group. Corresponding management trainee programmes in the sales and leasing department and the hotels and hospitality division were available, providing on-job training to university graduates. Further, training opportunities at construction sites are offered to students from the Hong Kong Institute of Vocational Education, while recruitment seminars were conducted for graduates who are interested in property management.

ENVIRONMENTAL PROTECTION

The Cheung Kong Group is a supporter of environmental protection. To enhance long term environmental sustainability, eco-friendly measures to reduce carbon emissions were implemented and practices for effective use of resources to reduce wastage were introduced in the operation and management of the Group’s businesses.

Reducing Carbon Emissions

The Cheung Kong Group continued to support the Carbon Audit programme in 2012 in response to the Government's Carbon Reduction Charter. The programme promotes the reduction of carbon emissions. Residential, commercial and industrial properties managed by Cheung Kong's subsidiaries, including Goodwell Property Management Limited ("Goodwell") and Citybase Property Management Limited ("Citybase"), have implemented eco-friendly initiatives in their daily management operations. Approximately 75,000 households were involved in the project.

In 2012, Power Assets has gone beyond Asia to join the global ranks and became the first Hong Kong company to be included in the Global 500 Carbon Disclosure Leadership Index (CDLI) 2012 in the latest report of the Carbon Disclosure Project (CDP). The inclusion in the "CDP Global 500 CDLI 2012", together with 50 other international enterprises, demonstrates that Power Assets' efforts in carbon reduction have received international recognition. At present, over 30% of power output by HK Electric, Power Assets' main operating company in Hong Kong, is from natural gas, resulting in a significant reduction in carbon dioxide emissions. Moving forward, HK Electric's strategies will include generating more renewable energy and promoting energy efficiency among customers.

In a further effort to promote green energy, Husky Energy's Liwan natural gas joint development with CNOOC Limited, located in the South China Sea, will begin supplying gas to the surrounding region by 2013-2014. Consumers in Hong Kong and Mainland China's Guangdong province will be the main recipients of natural gas from the Liwan development.

Use of Resources

To assist in the creation of a green living environment, energy efficient and eco-friendly measures are being introduced to the residential developments of the Group. In planning and design, large glazing windows are installed in residential units to capture daylight and enhance natural ventilation. In material sourcing and construction, apart from the use of non-structural prefabricated external walls and prefabricated internal partition to minimise construction waste, more steel formwork is used instead of timber formwork to promote environmental conservation.

To ensure efficient use of resources, green practices have been implemented in the residential estates and commercial properties managed by the Group. Such measures include the using of energy-saving lightings, minimising use of paper, reducing water consumption and adopting a policy for smart-use of the Group's vehicles. Green activities such as energy conservation, waste rebate and recycling programmes are organised to increase awareness of the residents in preserving their living environment.

Environmental, Social and Governance Report (*continued*)

The Smart Power Campaign 2012 organised by HK Electric attracted a record participation of 90,000 people through different activities promoting low carbon. The Low Carbon Bazaar 2012 was one of the activities supported by the campaign which promoted green living and provided the students with learning experience in running their own green businesses. Many of the low carbon products sold at the bazaar were made from recycled materials collected by schools. The products included shopping bags made from old clothing, lampshades decorated with pull-rings of soft drink cans, mobile phone chains made out of computer keyboards, as well as folders converted from used promotion banners. The proceeds of the bazaar were donated to support the green activities of World Wildlife Fund Hong Kong and Friends of the Earth (HK).

Harbour Plaza North Point Hotel joined hands with HelpOneFuture in the soap recycling programme. Used soap was sterilised and recycled for distribution to the needy.

Environmental preservation

To support resources preservation and promote environmental conservation, the Group and its employees continued to participate in various environmental educational programmes in 2012. These activities attracted wide support from the staff worldwide, raising funds for environmental conservation.

In Hong Kong, the Group took part in River Walk organised by the Friends of the Earth (HK), Earth Hour 2012, Walk for Nature 2012 and the Big Bird Race organised by World Wildlife Fund Hong Kong.

In 2012, Citybase and Goodwell received Certificates of Merit in the Hong Kong Award for Environmental Excellence, an award in recognition of their efforts in promoting green practices.

The "Happy Green School" Label Programme was another highlight of HK Electric's Smart Power Campaign 2012. It attracted 115 schools to join and over 18,000 students to take part in various low carbon activities on campus. The "Most Outstanding Happy Green Schools" awards were presented to four primary and three secondary schools in recognition of the best low carbon activities they organised.

In Singapore, Marina Bay Financial Centre, a joint-venture development by the Group together with the Singapore based Keppel Land Limited and another Hong Kong developer, received a "Green Mark Gold" award for Marina Bay Suites and "Green Mark Gold Plus" award for its office Tower 3 from the Building and Construction Authority of Singapore. These awards were given in recognition of its efforts in preserving the environment by introducing sustainable design practices for buildings.

In Australia, CKI and Power Assets have been expanding into the renewable energy power transmission business in Australia by investing A\$33.6 million (HK\$268.1 million) in a power transmission link in Victoria which transports renewable energy to Victoria's power grid, bringing greener energy to Australians.

OPERATING PRACTICES

Working closely with contractors and suppliers, the Cheung Kong group is committed to achieving and maintaining a high standard of openness, probity and accountability to its stakeholders. Anti-bribery and corruption policies are in place and employees are required to adhere to the standards set out in a code of conduct, which is an important contributor to the Group's reputation.

Supply Chain Management

In line with the Group's commitment to integrity in business, employees and stakeholders who deal with the Group including customer, suppliers, creditors and debtors are encouraged to report any suspected impropriety, misconduct or malpractice within the Group. A whistle-blowing policy setting out the mechanism to report unethical conduct is established and published on the website and intranet for reference by all the employees and the public.

In building construction, any forms of bribery and corruption are strictly and expressly prohibited in the tender process. Employees are reminded to avoid situations that may lead to or involve a conflict of interest. To ensure fairness in the tendering process, a Tender Committee is set up to monitor the selection process of tenders. The Tender Committee will base on the analyses and recommendations made by external consultants and internal project staff in awarding contracts to successful bidders.

Product Responsibility

The Group recognises good customer and after-sales service are keys to the success and sustainability of a corporation. Following this believe, the customer service team was set up to handle queries from customers in a timely and efficient manner. For residential estates developed by the Group in Hong Kong, the Mainland and overseas, the Property Takeover Unit ("PTU") is responsible to execute the cross-departmental guidelines in carrying out re-examination and re-inspection of properties during the handover of properties to purchasers. The PTU also provides professional assistance and follow-up services to purchasers in connecting to utilities, telecommunication, and other services.

The Group respects personal data privacy and has formulated a policy on collection and usage of personal data. Review and revision of the personal data and privacy policy are carried out to ensure its effectiveness and compliance with relevant laws.

Environmental, Social and Governance Report (*continued*)

Anti-corruption

To maintain a fair and efficient business and working environment, the Group emphasises the importance of anti-corruption practices. It is the Group's policy that any form of corruption will not be tolerated. The Group has established a Code of Conduct as contained in the Employees' Handbook. Employees are prohibited to request, receive or accept any forms of benefits from any persons, companies or organisations having business transactions with the Group.

As part of its corporate orientation programme, new colleagues are required to attend seminars coordinated with the Independent Commission Against Corruption (ICAC) introducing them to the Group's corruption-preventing practices and guidelines. Members of the Group have continued to co-operate with the ICAC in promoting anti-corruption practices throughout the year.

WORKPLACE QUALITY

The Group treasures talent as the key to driving the success and maintaining sustainability of the corporation and has been dedicated to providing employees with good working conditions, a safe working environment and promoting a healthy living style. Continuing career development and job training are encouraged and supported.

Working Conditions

Competitive remuneration is offered to employees and reviewed individually on an annual basis reflecting each employee's work performance, contributions and market developments. Other fringe benefits including comprehensive medical, life and disability insurance coverage, free annual health check and retirement schemes are part of the package. It is always the policy of the Group to promote equal opportunities in recruitment, internal transfer and promotion. Further, to nurture a sense of belonging and unity, employees can enjoy discounted services and products offered by other companies across the Group and are invited to participate in the annual dinner of the Cheung Kong Group.

Health and Safety

The Group supports good work-life balance. Staff and their families are encouraged to take part in charitable and recreational activities like Walk for Nature 2012. Fresh fruit is provided daily to staff and nutraceutical soup is arranged twice a week.

In providing a safe working environment for employees, risk assessments of workstations, equipment and tools for all users are performed on a regular basis. Upgrades and maintenance are performed in line with the pace of technology advancement and the needs and demands of colleagues. To ensure hygienic working conditions, regular cleaning of air-conditioning systems and disinfection treatment of carpets are carried out at regular intervals.

For employees who are assigned to work on construction sites, they are required to observe additional safety guidelines. This is to ensure a high standard of occupational safety, protecting employees from occupational hazards. Special safety equipment such as safety helmets, goggles, shoes, ear plugs and dust masks are provided and well-maintained.

Development and Training

The Group strives to develop employees by providing them with opportunities to advance their career. Employees of the Group are encouraged to take part in internal and external training courses. The Group's policy is to support employees who attend job related training courses or professional seminars through sponsoring and/or granting them special full paid leave.

Vocational training for skills enhancement, such as Mandarin language training, job-related seminars and skill enhancing workshops are organised for colleagues at all levels from time to time. Corporate orientation programmes are held for new staff to assist them in acclimatising to the corporate culture.

Other tailor-made training programmes are organised for employees in specific work units, providing them with practical learning opportunities relevant to their jobs or functions, examples of which include safety demonstrations on correct posture in lifting heavy objects, personal protection equipment training for staff from the security unit, advising them on the necessity and importance in using personal protection equipment in appropriate circumstances.

Labour Standards

The Group encourages a culture of diversity and promotes equal opportunities. The Group strives to create a respectful, fair and safe working environment for its employees in all business units and complies with all statutory requirements. Different forms of communication channels, including internal newsletters and intranet, are in place to ensure voices of employees are being heard, and their needs properly addressed.

LI KA SHING FOUNDATION

The Li Ka Shing Foundation was established in 1980 as a personal funding commitment by Mr. Li Ka-shing, the Chairman of the Group, to enhance the impact of philanthropy through three strategic objectives: 1) nurture a new culture of giving; 2) support education reform initiatives that encourage long-term thinking, empowerment, creativity, open-mindedness and constructive engagement with a focus on positive and sustainable change; and 3) help advance medical research and services in quest for a healthier world. To date, the Foundation has granted over HK\$13 billion to such investments, approximately 90% of which is directed at education, healthcare and welfare projects in Mainland China and Hong Kong, with the remaining 10% supporting medical education and research overseas.

Love HK Your Way!

"Love Ideas, Love HK" Round 3

Following the overwhelming positive impact generated from the first two rounds of "Love Ideas, Love HK" in 2010 and 2011, Round 3 was launched in May 2012 to extend this spirit of fair, just and open elections for worthy causes. For the first time, the Programme created dedicated pages on Facebook and Weibo to drive social and viral engagement, and arranged a bus parade to enable participants to canvass votes for their worthwhile projects. Applicants designed their projects from conception to execution, and shared their vision for a better Hong Kong with the community. The final tally of 1,038 projects eligible for public voting surpassed the number in the first two rounds. A record high of 2.75 million votes were cast in support of 337 winning projects that care for the local community and issues that affect their lives. Grants from all three rounds amounted to over HK\$110 million.

Environmental, Social and Governance Report (*continued*)

“Serene Teen” Holistic Child and Youth Wellness Centre

The Foundation continues to advance local healthcare initiatives for grassroots citizens. In April 2012, the Foundation made a contribution of HK\$8.35 million which was matched by the Hospital Authority to establish “Serene Teen”, a new Holistic Child and Youth Wellness Centre at the Alice Ho Miu Ling Nethersole Hospital to nourish the healthy growth and development of young people suffering from mental disorders.

Heart of Gold Hong Kong Hospice Service Programme

With the opening of new hospice service centres at the North District Hospital and the Hong Kong Buddhist Hospital in May and November 2012 respectively, the number of centres serving terminally ill cancer patients in public hospitals has increased to ten. Launched in 2007 in collaboration with the Hospital Authority, the Programme has benefited about 20,000 cancer patients and provided 300,000 service sessions.

Commitment to Quality Education

Ying Wa Girls’ School

In November 2012, the Foundation made a donation of HK\$10 million to establish the Mrs. Li Chong Yuet Ming Student Development Fund at Ying Wa Girls’ School. This endowment fund provides opportunities for Ying Wa students to become global citizens through international exchanges and to strengthen their commitment to the local community through involvement in social services.

Shantou University/Cheung Kong Graduate School of Business

Founded in 1981 to engineer reforms in tertiary education, Shantou University is one of the Foundation’s major long-term projects, with grants and commitments of HK\$5.4 billion to date. In recognition of its achievements, the Ministry of Education, the Guangdong Provincial Government and the Foundation signed a tripartite agreement in June 2012 to co-build Shantou University, with greater policy support to expedite its development as an experimental model for reforms in higher education.

The Cheung Kong Graduate School of Business founded by the Foundation celebrated its tenth anniversary in 2012. Over 5,000 students have graduated from CKGSB since its inception.

Free Medical Services

Over the years, the Foundation has contributed approximately RMB800 million to support five major nationwide projects, namely, Project New Life to offer free operations for patients with cleft lip and palate, Paediatric Hernia Repair Programme, Heart of Gold Nationwide Hospice Service Programme, Cheung Kong New Milestone Programme in collaboration with the China Disabled Persons’ Federation to install free prosthetics, and Medical Relief for the Poor. The Projects have benefited approximately 17 million people in total. 1,400 healthcare professionals have participated in the programmes along with over 190,000 volunteers. In addition, the Foundation has also donated a total of RMB8 million to support Ta’er Hospital Medical Relief, which has provided free medical care and medication for 79,000 patients.

Women's Projects

In rural China, women make up 60% of the workforce yet less than 1% occupy positions of power and responsibility allowing them to make a difference in their communities. In 2010, the Foundation provided RMB22.5 million for Project Define, a pilot program for women cadets to redefine their aspirations and to reach new heights through self-learning and continuous development. Powered by a platform of aggregated mobile technologies to facilitate interaction, the Programme has trained more than 4,300 women cadets and served 650,000 villagers. The Foundation will contribute a further RMB22 million to extend the Programme to other provinces.

In October 2012, the Foundation and the Guangdong Provincial Government each contributed RMB10 million to launch "Love Ideas – Women's Project Guangdong" to spearhead better social services for women. Guangdong citizens are given the opportunity to vote online for their favorite projects aimed at improving the lives of women. The Programme consists of two phases covering more than 30 municipalities and counties in Guangdong, directly benefiting 600,000 women and another 3 million citizens.

Medical Education and Research

In 2012, the Foundation made contributions of HK\$65 million to overseas education institutions and medical research facilities such as the Massachusetts Institute of Technology, UC San Francisco, Hospital for Special Surgery, Stanford Research Institute, Notre Dame University, Technion – Israel Institute of Technology, and Oxford University to support various initiatives that advance teaching and research.

Community Care

Aggregate donation of HK\$19 million were made to support Caritas Family Crisis Hotline and Education Centre, which provides a 24-hour hotline that handles 35,000 calls annually. The We R Family Foundation received a total of HK\$21 million from the Foundation to implement the 333 Companion Learning Leadership Program. The objective of the Program is to help students from underprivileged families to enhance and improve self-esteem, motivation and ability to learn, and to foster their long-term character development. Since its inception, the Program has supported over 1,000 students from the North District, Kwun Tong, Sham Shui Po, and Tin Shui Wai. In October 2012, the Just In Time Fund contributed HK\$30 million to aid the Lamma Island ferry accident victims and their families.

The Foundation will continue to make contributions that drive positive and sustainable change and nurture a culture of giving.

Environmental, Social and Governance Report (continued)



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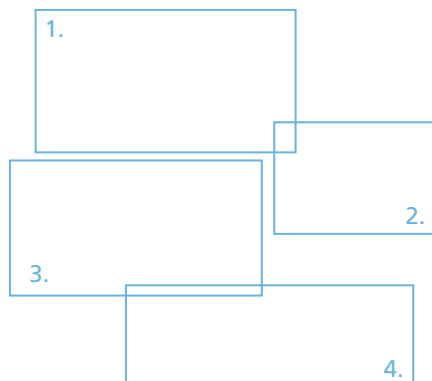
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1. More than 100 guests join Mr. Li Ka-shing and Government officials and social organisation groups at the launching ceremony of Love Ideas – Women’s Project Guangdong held in Guangzhou
2. The Cheung Kong Group named one of the Community Chest’s Top Three Donors for 13 consecutive years
3. Endeavour Australia Cheung Kong Awards 2012 presentation ceremony
4. Promoting lifelong learning via U3A
5. Caring Companies



1. "Walk for Nature 2012" Mai Po Charity Walk
2. HK Electric's Smart Power Campaign 2012 – The "Happy Green School" Label Programme
3. The Li Ka Shing Foundation reaches a tripartite agreement with China's Ministry of Education and the Guangdong Provincial Government to "Co-Develop Shantou University"
4. Mentorship programme of the Hong Kong Institute of Education

Highlights of Development Projects

Hung Hom Bay KIL 11120

This high-quality site on a waterfront setting at Hung Hom will be developed into a premium residence with 312 apartments and 9 strata terrace units that offer all the right ingredients for an enchanting urban lifestyle.



Fung Yuen Project

This large-scale residential project at Fung Yuen, Tai Po represents a fine example of premium living on a tranquil, lush green setting.



Highlights of Development Projects (*continued*)

Kennedy Park at Central

This luxury residence situated in the Mid-Levels district on Hong Kong Island offers commanding views of Central and Victoria Harbour.



La Grande Ville Phase 2

With a gross floor area of approximately 780,000 sq.m., La Grande Ville in Shunyi County, Beijing is a five-phase luxury residential complex that incorporates many unique elements to offer a truly exclusive, opulent lifestyle. Phase 2 of this project is scheduled for completion in 2013.



Yuhu Mingdi Phase 1



This low density premium residential project at Luogang District, Guangzhou captures the natural scenic beauty from its lakeside location. Developed in 4 phases, Yuhu Mingdi offers approximately 453 villas and approximately 300 apartments. Phase 1 of this project is scheduled for completion in 2013.



90 Repulse Bay Road

Prestigiously located on Repulse Bay Road, this prime site is earmarked for a deluxe residence that captures spectacular sea views and the essence of extraordinary grandeur.



Schedule of Major Properties

Dated the 31st day of December, 2012

A. PROPERTIES FOR/UNDER DEVELOPMENT

Description	Lot Number/Location	Group's Interest	Approx. Site Area (sq. m.)
Hong Kong			
One West Kowloon, Lai Chi Kok	N.K.I.L. 6354	100.0%	2,844
Kennedy Park at Central, Mid-level	I.L. 1381 s.A & s.B R.P.	100.0%	1,018
A site at Fung Yuen, Tai Po	T.P.T.L. 183	100.0%	126,290
A site at Kwai Chung	K.C.T.L. 157	100.0%	4,645
A site at Repulse Bay	R.B.L. 177	100.0%	3,244
A site at Hung Hom Bay	K.I.L. 11120	100.0%	7,551
A site at North Point	I.L. 3319 R.P.	100.0%	723
A site at Yuen Long	Lot 2086 in D.D.105	100.0%	23,480
A site at Hung Hom	Various sections and subsections in K.M.L. 53	100.0%	543
A site at Ho Man Tin	K.I.L. 11125	80.0%	7,326
A site at Aberdeen	A.I.L. 354	100.0%	2,006
A site at Tseung Kwan O	T.K.O.T.L. 111	100.0%	10,200
A site at Yuen Long	Lot 2129 in D.D.121	100.0%	6,076
A site at Hung Hom	H.H.I.L. 556	100.0%	1,299
A site at Yuen Long	Y.L.T.L. 518	100.0%	12,340
A site at Ma On Shan	S.T.T.L. 574	100.0%	14,400
A site at Mid-level	I.L. 8949	100.0%	10,488
A site at North Point	I.L. 8920	100.0%	7,887
A site at Fung Yuen, Tai Po	Various lots in D.D. 11	100.0%	69,961
A site at Yuen Long	Lot 1457 R.P. in D.D. 123 Y.L.	60.0%	799,977
A site at North District	Various lots	100.0%	168,648
Various sites at Yuen Long	Various lots	100.0%	192,351
Various sites at Tai Po	Various lots	100.0%	12,400
The Mainland			
La Grande Ville	Beijing	100.0%	565,401
Shisanling	Beijing	50.0%	256,332
The Greenwich	Beijing	50.0%	109,187
Regency Cove	Changchun	50.0%	158,892
Regency Park	Changchun	50.0%	535,059
Regency Residence	Changchun	50.0%	7,851
Noble Hills	Changsha	50.0%	406,871
Regency Park	Changzhou	50.0%	69,002
Le Parc	Chengdu	50.0%	483,024
Regency Oasis	Chengdu	50.0%	82,520
Cape Coral	Chongqing	47.5%	27,061
Noble Hills	Chongqing	50.0%	39,341
Yangjiashan	Chongqing	47.5%	1,041,360
Zhaomushan	Chongqing	50.0%	132,471
Laguna Verona	Dongguan	49.9%	2,024,427

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
23,996	Residential/Commercial	Superstructure in progress	September, 2013
8,106	Residential	Superstructure in progress	October, 2013
87,356	Residential	Superstructure in progress	December, 2013
23,225	Residential	Superstructure in progress	March, 2014
6,607	Residential	Foundation work	March, 2014
33,979	Residential	Foundation work completed	October, 2014
6,611	Residential/Commercial	Foundation work	December, 2014
9,392	Residential	Site formation	December, 2014
3,581	Residential/Commercial	Foundation work	March, 2015
29,304	Residential	Foundation work	March, 2015
30,099	Commercial	Foundation work	March, 2015
51,000	Residential	Foundation work	March, 2015
6,076	Residential	Foundation work	June, 2015
9,740	Residential	Foundation work	June, 2015
61,700	Residential/Commercial	Foundation work	December, 2015
52,227	Residential	Planning	May, 2016
40,440	Residential	Demolition work completed	August, 2016
70,200	Residential/Hotel	Demolition work completed	December, 2016
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
20,249	Residential	Interior finishing	June, 2013
25,477	Residential	Superstructure in progress	December, 2013
65,183	Residential	Site formation	December, 2014
150,526	Residential	Site formation	December, 2016
56,534	Residential	Site formation	December, 2017
31,647	Residential	Site formation	December, 2018
40,000	Residential	Planning	December, 2015
110,168	Residential	Planning	December, 2015
117,728	Residential/Commercial	Planning	June, 2015
25,976	Residential	Superstructure completed	April, 2013
93,372	Residential/Commercial	Planning	December, 2014
3,701	Residential/Commercial	Superstructure completed	February, 2013
1,500	Commercial	Superstructure in progress	April, 2013
54,383	Residential	Superstructure in progress	June, 2013
35,331	Residential	Planning	June, 2014
163,889	Residential/Commercial	Planning	September, 2016
8,302	Residential	Superstructure completed	January, 2013
85,404	Residential	Superstructure in progress	June, 2014
108,400	Residential	Superstructure in progress	June, 2013
128,785	Residential/Commercial	Superstructure in progress	December, 2013
151,367	Residential	Foundation work	December, 2014
107,583	Residential/Commercial	Foundation work	December, 2015
312,479	Residential	Foundation work	September, 2017
56,654	Residential	Superstructure in progress	June, 2013
36,981	Residential	Superstructure in progress	March, 2013
18,158	Residential	Planning	January, 2014
127,478	Residential/Commercial	Site formation	March, 2016
1,345,524	Residential/Commercial	Planning	–
36,756	Residential	Foundation work	October, 2013
101,159	Residential	Site formation	December, 2014
15,715	Residential/Commercial	Superstructure in progress	June, 2013
32,013	Residential	Superstructure in progress	September, 2013
34,713	Residential	Planning	December, 2014
96,353	Residential/Commercial	Planning	June, 2015
630,135	Residential/Commercial	Planning	–

Schedule of Major Properties (continued)

A. PROPERTIES FOR/UNDER DEVELOPMENT (continued)

Description	Lot Number/Location	Group's Interest	Approx. Site Area (sq. m.)
The Mainland (continued)			
Heizuizi, Xigang District	Dalian	50.0%	143,034
Wolong Bay	Dalian	50.0%	319,359
Nanzhuang Town	Foshan	50.0%	74,858
Cape Coral	Guangzhou	50.0%	212,211
Guangzhou Guoji Wanjucheng	Guangzhou	30.0%	321,261
Noble Hills	Guangzhou	50.0%	1,722,795
Yuhu Mingdi	Guangzhou	40.0%	225,547
Aotou, Daya Bay	Huizhou	50.0%	80,052
Yinhuwan	Jiangmen	45.0%	1,333,333
Yingtianjiajie, Jianye District	Nanjing	50.0%	119,503
The Harbourfront	Qingdao	45.0%	238,108
Century Link	Shanghai	25.0%	51,281
City Link	Shanghai	30.0%	14,528
Hupan Mingdi	Shanghai	50.0%	211,621
Kerry Everbright City	Shanghai	24.8%	15,858
Oriental Financial Center	Shanghai	50.0%	9,298
Regency Garden	Shanghai	42.5%	207,967
Upper West Shanghai	Shanghai	29.4%	176,854
Zhao Xiang Town, Qing Pu District	Shanghai	50.0%	218,573
Land lots G/M and H, Futian District	Shenzhen	25.0%	13,723
Le Sommet	Shenzhen	50.0%	91,491
Noble Hills	Shenzhen	50.0%	85,185
The Metropolitan	Tianjin	40.0%	12,491
Hualou Jie, Jiangnan	Wuhan	50.0%	110,798
Laopupian, Jiangnan	Wuhan	50.0%	35,214
Regency Cove	Wuhan	50.0%	773,899
The Greenwich	Xian	50.0%	128,159
Cuilihu	Zhongshan	50.0%	104,808
Horizon Costa	Zhuhai	50.0%	200,000
Overseas			
Marina Bay Suites	Singapore	16.7%	15,064
The Vision	Singapore	50.0%	12,000
Thomson Grand	Singapore	100.0%	20,848
Lots Road, Chelsea	London, United Kingdom	47.5%	35,693
Convoys Wharf	London, United Kingdom	50.0%	161,874

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
252,500	Residential/Commercial	Planning	December, 2017
198,341	Residential/Commercial	Planning	June, 2017
92,686	Residential/Commercial	Planning	December, 2015
42,001	Residential	Superstructure in progress	December, 2013
88,015	Residential/Commercial	Planning	September, 2015
18,775	Commercial	Superstructure completed	June, 2013
29,839	Commercial	Superstructure in progress	March, 2014
65,565	Commercial	Planning	December, 2016
5,865	Residential	Superstructure completed	March, 2013
18,302	Residential/Commercial	Superstructure in progress	September, 2013
113,020	Residential	Planning	September, 2015
17,560	Residential/Commercial	Superstructure in progress	October, 2013
50,351	Residential	Site formation	March, 2015
24,832	Residential	Site formation	December, 2015
118,228	Residential/Commercial	Planning	March, 2015
12,539	Commercial/Hotel	Site formation	March, 2014
72,522	Residential	Site formation	March, 2016
108,428	Residential	Planning	–
31,255	Residential/Commercial	Planning	July, 2014
148,503	Residential/Commercial	Foundation work	March, 2015
24,883	Residential/Commercial	Superstructure in progress	April, 2013
12,600	Commercial	Superstructure in progress	September, 2013
300,554	Residential/Commercial	Planning	March, 2016
54,614	Commercial	Superstructure in progress	August, 2015
17,392	Commercial	Foundation work	June, 2015
30,787	Residential/Commercial	Superstructure in progress	March, 2014
50,608	Residential	Superstructure in progress	May, 2014
19,881	Commercial	Foundation work	July, 2014
63,694	Residential	Ground investigation work	November, 2014
24,933	Commercial	Foundation work	March, 2015
40,000	Commercial	Superstructure in progress	March, 2014
10,620	Residential	Superstructure in progress	October, 2013
55,977	Residential	Superstructure in progress	March, 2014
63,944	Residential	Planning	December, 2014
3,948	Commercial	Superstructure in progress	March, 2014
30,183	Commercial	Superstructure in progress	November, 2014
41,179	Commercial/Hotel	Planning	October, 2016
66,982	Residential/Commercial	Planning	July, 2017
69,389	Commercial/Hotel	Planning	–
14,820	Residential	Foundation work	June, 2014
91,977	Residential	Planning	September, 2014
11,250	Commercial	Foundation work	May, 2015
59,747	Residential/Commercial	Superstructure in progress	September, 2013
73,475	Residential/Commercial	Superstructure in progress	May, 2013
68,678	Commercial	Superstructure in progress	June, 2013
9,207	Commercial	Superstructure in progress	March, 2014
269,321	Residential/Commercial	Planning	December, 2015
83,847	Residential/Commercial	Planning	June, 2015
44,679	Residential	Superstructure in progress	April, 2013
709,369	Residential/Commercial/Hotel	Planning	–
142,333	Residential/Commercial	Planning	September, 2016
30,263	Residential/Commercial	Planning	September, 2014
55,872	Residential/Commercial	Planning	June, 2015
62,910	Residential	Planning	June, 2016
7,268	Residential	Interior finishing	April, 2013
16,800	Residential	Superstructure in progress	January, 2014
43,781	Residential	Superstructure in progress	March, 2015
39,827	Residential/Commercial	Demolition work	September, 2017
163,806	Residential/Commercial	Planning	–

Schedule of Major Properties (continued)

B. PROPERTIES IN WHICH THE GROUP HAS A DEVELOPMENT INTEREST

Description	Lot Number/Location	Approx. Site Area (sq. m.)
Hong Kong		
The Beaumont, Tseung Kwan O	T.K.O.T.L. 90	19,480
A site at MTR Tsuen Wan West Station, Tsuen Wan	T.W.T.L. 403	23,742
Area 86, Tseung Kwan O (Package 3)	T.K.O.T.L. 70	13,587
A site at Lai Chi Kok Road/Kweilin Street/Yee Kuk Street	N.K.I.L. 6494	3,339
A site at Peel Street/Graham Street, Site B, Central	I.L. 9038	1,690
A site at MTR Tsuen Wan West Station, Tsuen Wan	T.W.T.L. 401	42,870

C. PROPERTIES FOR INVESTMENT/OWN USE

Description	Lot Number/Location	Group's Interest
Hong Kong		
The Center (portion), Central	–	100.0%
United Centre (portion), Admiralty	–	100.0%
Kingswood Ginza, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Victoria Mall, Tsim Sha Tsui	–	42.5%
Rambler Plaza, Tsing Yi	T.Y.T.L. 140	30.0%
Rambler Garden Hotel, Tsing Yi	T.Y.T.L. 140	30.0%
Rambler Oasis Hotel, Tsing Yi	T.Y.T.L. 140	30.0%
Harbour Plaza Resort City, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Harbourview Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11103	100.0%
Harbourfront Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11110	100.0%
The Apex Horizon, Kwai Chung	K.C.T.L. 467 R.P.	100.0%
Harbour Plaza North Point	I.L. 8885	60.9%
Horizon Suite Hotel at Tolo Harbour, Ma On Shan	S.T.T.L. 461	51.0%
Harbour Plaza Metropolis, Hung Hom	–	50.0%
The Kowloon Hotel, Tsim Sha Tsui	–	50.0%
Harbour Grand Hong Kong, North Point	I.L. 7106 s.A. & Extension	Development interest
Harbour Plaza 8 Degrees, Kowloon City	K.I.L. 4013 R.P.	100.0%
1881 Heritage, Tsim Sha Tsui	K.I.L. 11161	100.0%
Conic Investment Building, Hung Hom	–	100.0%
8 Tung Yuen Street, Yau Tong	Y.T.M.L. 69	100.0%
The Mainland		
Sheraton Shenyang Lido Hotel	Shenyang	29.0%
Sheraton Chengdu Lido Hotel	Chengdu	70.0%
Harbour Plaza Chongqing	Chongqing	50.0%
Metropolitan Plaza	Chongqing	50.0%
The Metropolitan Plaza	Guangzhou	50.0%
Century Place	Shenzhen	40.0%
Westgate Mall	Shanghai	30.0%
Kerry Everbright City	Shanghai	24.8%

Notes to Schedule of Major Properties:

- Properties which are insignificant, including overseas properties, agricultural land and completed properties for sales, are not included.
- Properties owned by listed and unlisted associates are not included.
- For properties in which the Group has a development interest, other parties provide the land whilst the Group finances the construction costs and occasionally also the land costs, and is entitled to a share of the revenue/development profits/properties after completion in accordance with the terms and conditions of the joint development agreements.

Approx. Floor Area of the Development (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
97,400	Residential	Superstructure in progress	June, 2013
113,064	Residential	Superstructure in progress	March, 2014
128,541	Residential	Superstructure in progress	June, 2014
29,259	Residential/Commercial	Superstructure in progress	August, 2014
17,790	Residential/Commercial	Planning	November, 2016
207,650	Residential/Commercial	Planning	June, 2017

Approx. Site Area (sq. m.)	Approx. Floor Area Attributable to the Group (sq. m.)	Existing Use	Lease Term
–	113,169	Commercial	Medium Term Lease
–	3,512	Commercial	Long Lease
–	49,211	Commercial	Medium Term Lease
–	6,634	Commercial	Medium Term Lease
907	1,696	Commercial	Medium Term Lease
3,147	5,884	Hotel	Medium Term Lease
3,178	5,943	Hotel	Medium Term Lease
–	60,591	Hotel	Medium Term Lease
9,940	119,280	Hotel	Medium Term Lease
20,364	107,444	Hotel	Medium Term Lease
7,825	21,190	Hotel	Medium Term Lease
–	19,410	Hotel	Medium Term Lease
8,000	28,560	Hotel	Medium Term Lease
–	21,429	Hotel	Medium Term Lease
–	15,311	Hotel	Medium Term Lease
6,816	41,341	Hotel	Medium Term Lease
3,153	21,420	Hotel	Long Lease
12,289	13,023	Commercial/Hotel	Medium Term Lease
–	30,409	Industrial	Medium Term Lease
2,108	7,170	Godown	Medium Term Lease
9,745	23,505	Hotel	Medium Term Lease
4,615	39,445	Hotel	Medium Term Lease
–	25,872	Hotel	Medium Term Lease
–	70,212	Commercial	Medium Term Lease
–	44,454	Commercial	Medium Term Lease
–	21,096	Commercial	Medium Term Lease
–	30,640	Commercial	Medium Term Lease
–	16,365	Commercial/Residential	Medium Term Lease

Consolidated Income Statement

For the year ended 31st December, 2012

	Note	2012 \$ Million	2011 \$ Million
Group turnover		19,199	32,971
Share of property sales of jointly controlled entities		11,907	9,388
Turnover	(3)	31,106	42,359
Group turnover		19,199	32,971
Investment and other income		2,180	1,567
Operating costs			
Property and related costs		(9,810)	(21,160)
Salaries and related expenses		(1,607)	(1,503)
Interest and other finance costs		(496)	(372)
Depreciation		(340)	(400)
Other expenses		(496)	(470)
		(12,749)	(23,905)
Share of net profit of jointly controlled entities		5,452	5,211
Increase in fair value of investment properties		4,470	4,010
Surplus on loss of control of interest in subsidiaries		1,077	–
Profit on disposal of a jointly controlled entity		450	–
Operating profit		20,079	19,854
Share of net profit of associates		13,679	28,238
Profit before taxation	(4)	33,758	48,092
Taxation	(5)	(1,234)	(1,833)
Profit for the year		32,524	46,259
Profit attributable to			
Shareholders of the Company	(6)	32,152	46,055
Non-controlling interests and holders of perpetual securities		372	204
		32,524	46,259
Earnings per share	(7)	\$13.88	\$19.88

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2012

	2012 \$ Million	2011 \$ Million
Profit for the year	32,524	46,259
Other comprehensive income		
Exchange gain/(loss) on translation of financial statements of operations outside Hong Kong	326	(128)
Exchange gain on translation of financial statements of operations outside Hong Kong transferred to income statement upon disposal	(372)	–
Loss on hedging instruments designated and qualify as net investment hedges	(60)	–
Investments available for sale		
Gain/(loss) in fair value	2,870	(2,251)
Gain in fair value transferred to income statement upon disposal	(479)	(233)
Impairment transferred to income statement	50	522
Share of other comprehensive income/(loss) of jointly controlled entities and unlisted associates	1,063	(214)
Total comprehensive income for the year	35,922	43,955
Total comprehensive income attributable to		
Shareholders of the Company	35,549	43,745
Non-controlling interests and holders of perpetual securities	373	210
	35,922	43,955

Consolidated Statement of Financial Position

As at 31st December, 2012

	Note	31/12/2012 \$ Million	31/12/2011 \$ Million
Non-current assets			
Fixed assets	(8)	10,145	11,233
Investment properties	(9)	29,656	25,180
Associates	(11)	202,787	190,937
Jointly controlled entities	(12)	48,705	45,323
Investments available for sale	(13)	11,642	8,327
Long term loan receivables		286	180
		303,221	281,180
Current assets			
Stock of properties	(14)	80,088	68,932
Debtors, deposits and prepayments	(15)	2,418	2,805
Investments held for trading	(16)	236	220
Derivative financial instruments		436	155
Bank balances and deposits		21,167	19,894
		104,345	92,006
Current liabilities			
Bank and other loans	(17)	5,098	22,897
Creditors and accruals	(18)	13,290	9,701
Derivative financial instruments		1,140	826
Provision for taxation		661	1,607
		84,156	56,975
Net current assets		84,156	56,975
Total assets less current liabilities		387,377	338,155
Non-current liabilities			
Bank and other loans	(17)	43,001	23,020
Deferred tax liabilities	(19)	820	850
Derivative financial instruments		63	–
		43,884	23,870
Net assets		343,493	314,285
Representing:			
Share capital	(20)	1,158	1,158
Share premium		9,331	9,331
Reserves		324,195	295,936
Shareholders' funds		334,684	306,425
Perpetual securities	(22)	5,652	4,648
Non-controlling interests		3,157	3,212
Total equity		343,493	314,285

Statement of Financial Position

As at 31st December, 2012

	Note	31/12/2012 \$ Million	31/12/2011 \$ Million
Non-current assets			
Fixed assets	(8)	6	5
Subsidiaries	(10)	29,537	32,356
Associates	(11)	50	50
Jointly controlled entities	(12)	718	718
Long term loan receivables		–	1
		30,311	33,130
Current assets			
Stock of properties	(14)	3	3
Debtors, deposits and prepayments	(15)	163	126
Bank balances and deposits		352	349
		518	478
Current liabilities			
Creditors and accruals	(18)	270	231
Provision for taxation		2	–
		246	247
Net current assets		246	247
Net assets		30,557	33,377
Representing:			
Share capital	(20)	1,158	1,158
Share premium		9,331	9,331
Reserves	(21)	20,068	22,888
Total equity		30,557	33,377

Li Ka-shing
Director

Ip Tak Chuen, Edmond
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2012

	Shareholders' Funds						
	Share capital, premium and reserve ⁽¹⁾ \$ Million	Other reserves ⁽²⁾ \$ Million	Retained profits \$ Million	Total \$ Million	Holders of perpetual securities \$ Million	Non- controlling interests \$ Million	Total Equity \$ Million
Balance at 1st January, 2012	10,834	5,251	290,340	306,425	4,648	3,212	314,285
Profit for the year	-	-	32,152	32,152	262	110	32,524
Other comprehensive income							
Exchange gain on translation of financial statements of operations outside Hong Kong	-	326	-	326	-	-	326
Exchange gain on translation of financial statements of operations outside Hong Kong transferred to income statement upon disposal	-	(372)	-	(372)	-	-	(372)
Loss on hedging instruments designated and qualify as net investment hedges	-	(60)	-	(60)	-	-	(60)
Gain in fair value of investments available for sale	-	2,869	-	2,869	-	1	2,870
Gain in fair value of investments available for sale transferred to income statement upon disposal	-	(479)	-	(479)	-	-	(479)
Impairment of investments available for sale transferred to income statement	-	50	-	50	-	-	50
Share of other comprehensive income/(loss) of jointly controlled entities and unlisted associates	-	1,103	(40)	1,063	-	-	1,063
Total comprehensive income for the year	-	3,437	32,112	35,549	262	111	35,922
Change in non-controlling interests	-	-	-	-	-	(141)	(141)
Issue of perpetual securities	-	-	-	-	1,000	-	1,000
Transaction costs for issue of perpetual securities	-	-	(12)	(12)	-	-	(12)
Gain on dilution of interest in subsidiaries	-	-	41	41	-	34	75
Distribution on perpetual securities	-	-	-	-	(258)	-	(258)
Dividend paid to non-controlling interests	-	-	-	-	-	(59)	(59)
Dividend paid to shareholders of the Company							
2011 final dividend \$2.63 per share	-	-	(6,091)	(6,091)	-	-	(6,091)
2012 interim dividend \$0.53 per share	-	-	(1,228)	(1,228)	-	-	(1,228)
Balance at 31st December, 2012	10,834	8,688	315,162	334,684	5,652	3,157	343,493

	Shareholders' Funds				Holders of perpetual securities \$ Million	Non-controlling interests \$ Million	Total Equity \$ Million
	Share capital, premium and reserve ⁽¹⁾ \$ Million	Other reserves ⁽²⁾ \$ Million	Retained profits \$ Million	Total \$ Million			
Balance at 1st January, 2011	10,834	7,431	251,372	269,637	–	3,821	273,458
Profit for the year	–	–	46,055	46,055	60	144	46,259
Other comprehensive income							
Exchange gain/(loss) on translation of financial statements of operations outside Hong Kong	–	(136)	–	(136)	–	8	(128)
Loss in fair value of investments available for sale	–	(2,249)	–	(2,249)	–	(2)	(2,251)
Gain in fair value of investments available for sale transferred to income statement upon disposal	–	(233)	–	(233)	–	–	(233)
Impairment of investments available for sale transferred to income statement	–	522	–	522	–	–	522
Share of other comprehensive loss of jointly controlled entities and unlisted associates	–	(84)	(130)	(214)	–	–	(214)
Total comprehensive income/(loss) for the year	–	(2,180)	45,925	43,745	60	150	43,955
Change in non-controlling interests	–	–	–	–	–	(483)	(483)
Issue of perpetual securities	–	–	–	–	4,588	–	4,588
Transaction costs for issue of perpetual securities	–	–	(54)	(54)	–	–	(54)
Dividend paid to non-controlling interests	–	–	–	–	–	(276)	(276)
Dividend paid to shareholders of the Company							
2010 final dividend \$2.45 per share	–	–	(5,675)	(5,675)	–	–	(5,675)
2011 interim dividend \$0.53 per share	–	–	(1,228)	(1,228)	–	–	(1,228)
Balance at 31st December, 2011	10,834	5,251	290,340	306,425	4,648	3,212	314,285

- (1) Share capital, premium and reserve comprise share capital of \$1,158 million, share premium of \$9,331 million and capital reserve of \$345 million.
- (2) Other reserves comprise investment revaluation reserve, exchange reserve and hedging reserve. As at 31st December, 2012, investment revaluation reserve surplus amounted to \$3,706 million (31st December, 2011 – \$597 million and 1st January, 2011 – \$3,165 million), exchange reserve surplus amounted to \$5,085 million (31st December, 2011 – \$4,658 million and 1st January, 2011 – \$4,266 million) and hedging reserve deficit amounted to \$103 million (31st December, 2011 – \$4 million and 1st January, 2011 – Nil).

Consolidated Statement of Cash Flows

For the year ended 31st December, 2012

	Note	2012 \$ Million	2011 \$ Million
Operating activities			
Cash generated from operations	(a)	1,633	22
Investment in/loan advance to jointly controlled entities		(1,941)	(5,069)
Dividend/repayment from jointly controlled entities		899	2,355
Dividend from associates		4,755	4,243
Dividend from investments in securities		432	292
Interest received		834	225
Dividend paid to shareholders of the Company		(7,319)	(6,903)
Dividend paid to non-controlling interests		(59)	(276)
Distribution paid on perpetual securities		(233)	–
Profits tax paid		(2,220)	(865)
Net cash used in operating activities		(3,219)	(5,976)
Investing activities			
Loss of control of interest in subsidiaries	(b)	1,065	–
Investment in/loan advance to associates		(2,614)	(11,125)
Repayment from associates		15	14
Investment in/loan advance to jointly controlled entities		(235)	(683)
Dividend/repayment from jointly controlled entities		3,412	2,348
Purchase of investments available for sale		(104)	(3,339)
Disposal of a jointly controlled entity		503	–
Disposal/redemption of investments available for sale		922	2,048
Addition of investment properties		(21)	(14)
Addition of fixed assets		(105)	(1,259)
Net cash from/(used in) investing activities		2,838	(12,010)
Financing activities			
Borrowing of bank and other loans		26,035	25,379
Repayment of bank and other loans		(24,274)	(16,249)
Decrease in funding from non-controlling interests		(141)	(483)
Issue of perpetual securities		988	4,534
Interest and other finance costs paid		(954)	(448)
Net cash from financing activities		1,654	12,733
Net increase/(decrease) in bank balances and deposits		1,273	(5,253)
Bank balances and deposits at 1st January		19,894	25,147
Bank balances and deposits at 31st December		21,167	19,894

Notes:

(a) Cash generated from operations

	2012 \$ Million	2011 \$ Million
Profit before taxation	33,758	48,092
Interest income	(809)	(398)
Interest and other finance costs	496	372
Dividend income from investments in securities	(470)	(295)
Share of net profit of jointly controlled entities	(5,452)	(5,211)
Share of net profit of associates	(13,679)	(28,238)
Increase in fair value of investment properties	(4,470)	(4,010)
Surplus on loss of control of interest in subsidiaries	(1,077)	–
Profit on disposal of a jointly controlled entity	(450)	–
(Increase)/decrease in long term loan receivables	(106)	177
(Gain)/loss on investments available for sale	(429)	289
Depreciation	340	400
Exchange difference and other items	50	(426)
Changes in working capital		
(Increase)/decrease in investments held for trading	(16)	38
Increase in stock of properties	(10,702)	(2,976)
Increase/(decrease) in customers' deposits received	3,318	(9,413)
(Increase)/decrease in debtors, deposits and prepayments	632	(137)
Decrease in derivative financial instruments	83	358
Increase in creditors and accruals	616	1,400
	(6,069)	(10,730)
	1,633	22

Consolidated Statement of Cash Flows (*continued*)**(b) Loss of control of interest in subsidiaries**

During the year, the Group disposed of a 70% interest in subsidiaries which owned a hotel outside Hong Kong and the Group's remaining interest in the hotel owning companies was accounted for as jointly controlled entities after the transaction. The transaction had effect on cash flow as follows:

	2012 \$ Million
Net assets derecognised (excluding bank balances and deposits)	
Fixed assets	828
Debtors, deposits and prepayments	16
Creditors and accruals	(144)
Provision for taxation	(1)
Deferred tax liabilities	(47)
Reserves	(145)
	507
Surplus on loss of control (including \$323 million attributable to recognising interest retained in jointly controlled entities at fair value)	1,077
	1,584
Less: Interest retained in jointly controlled entities	(519)
Net cash inflow	1,065
Satisfied by:	
Cash proceed received	1,205
Less: Bank balances and deposits derecognised	(140)
	1,065

Notes to Financial Statements

1. General Information

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and other corporate information are set out on page 164 of the annual report.

2. Principal Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with the Hong Kong Financial Reporting Standards (“HKFRSs”). The financial statements are prepared under the historical cost convention except that investments in securities, investment properties and derivative financial instruments, as set out in notes 2(f), 2(h) and 2(l) respectively, are stated at fair values.

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new and revised HKFRSs. For HKFRS 7 (Amendments) “Disclosures – Transfer of Financial Assets” which is effective for the Group’s annual accounting periods beginning on 1st January, 2012, the adoption has no significant impact on the Group’s results and financial position.

The following HKFRSs have been issued by the HKICPA and are not yet effective:

Effective for the Group’s annual accounting periods beginning on 1st January, 2013

Amendments to HKFRSs	Annual Improvements 2009 – 2011 Cycle
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Effective for the Group’s annual accounting periods beginning on 1st January, 2014

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities

Effective for the Group’s annual accounting periods beginning on 1st January, 2015

HKFRS 9	Financial Instruments
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Notes to Financial Statements (continued)**2. Principal Accounting Policies (continued)****(a) Basis of preparation (continued)**

For HKFRS 10 “Consolidated Financial Statements” which will be effective for the Group’s annual accounting periods beginning on 1st January, 2013, the Group has assessed and concluded that its adoption, when effective, would not affect the Group’s current accounting treatment of its subsidiaries, jointly controlled entities and associates.

For the other HKFRSs which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

(b) Consolidation

The consolidated financial statements of the Group include the financial statements of the Company and of all its direct and indirect subsidiaries made up to 31st December, and also incorporate the Group’s interests in jointly controlled entities and associates on the basis set out in note 2(d) and note 2(e) respectively.

Results of subsidiaries, jointly controlled entities and associates acquired or disposed of during the year are included as from their effective dates of acquisition to the end of the year or up to the dates of disposal as the case may be. Goodwill on acquisition of subsidiaries is carried at cost and reviewed for impairment annually. Impairment, if any, is charged to income statement.

(c) Subsidiaries

A subsidiary is an entity that is controlled by the Company after assessing relevant facts and circumstances, and control is the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In the consolidated financial statements, subsidiaries are accounted for as described in note 2(b) above. In the financial statements of the Company, investments in subsidiaries are carried at cost less provision for impairment where appropriate.

(d) Jointly controlled entities

A jointly controlled entity is an entity in which the Group has a long term equity interest and of which its financial and operating policies are under contractual arrangements jointly controlled by the Group and other parties.

Investments in jointly controlled entities are carried in the consolidated financial statements at cost plus the Group’s share of their post-acquisition results less dividends received and provision for impairment.

Results of jointly controlled entities are incorporated in the consolidated financial statements to the extent of the Group’s share of their comprehensive income calculated from their financial statements made up to 31st December after adjusting, where necessary, to ensure consistency with the Group’s accounting policies.

2. Principal Accounting Policies *(continued)*

(e) Associates

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 has significant influence over its management.

Investments in associates are carried in the consolidated financial statements at cost plus the Group's share of their post-acquisition results less dividends received and provision for impairment.

Results of associates are incorporated in the consolidated financial statements to the extent of the Group's share of their comprehensive income calculated from their financial statements made up to 31st December after adjusting, where necessary, to ensure consistency with the Group's accounting policies. Losses of associates in excess of the Group's interests in the associates are not recognised unless the Group has incurred legal or constructive obligations.

(f) Investments in securities

Investments which are not subsidiaries, jointly controlled entities or associates are classified as either investments held for trading or investments available for sale, and are stated at fair value. Purchases and sales of investments in securities are accounted for on a trade date basis.

For investments held for trading, changes in fair value are included in income statement; and for investments available for sale, changes in fair value are recognised in other comprehensive income and transferred to income statement upon disposal. For equity securities available for sale where there are significant or prolonged declines in fair value below costs and for debt securities available for sale where there are observable evidences that the debt securities cannot be recovered in full, impairment is charged to income statement and is not reversible unless increase in fair value of the debt securities in a subsequent period can be objectively related to events occurring after the impairment is recognised.

(g) Fixed assets

Fixed assets, including hotel and serviced suite properties held for operation, are stated at cost less depreciation and provision for impairment.

Leasehold land is amortised over the remaining term of the lease on a straight-line basis. Buildings are depreciated at annual rates of 2% to 4% on the costs of the respective buildings. Other fixed assets are depreciated on a straight-line basis at annual rates of 5% to 33 $\frac{1}{3}$ % based on their respective estimated useful lives.

(h) Investment properties

Investment properties, which are held for rental, are stated at fair value. Investment properties under development are stated at fair value when their fair values become reliably determinable or upon completion of their construction, whichever is the earlier, otherwise at cost less provision for impairment. Changes in fair value are included in income statement.

Notes to Financial Statements (continued)**2. Principal Accounting Policies (continued)****(i) Loan receivables**

Loan receivables are non-derivative financial assets with fixed or determinable payments. Loan receivables are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method less provision for impairment.

(j) Stock of properties

Stock of properties are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the year end date less selling expenses, or by management estimates based on prevailing market condition.

Costs of properties include acquisition costs, development expenditure, interest and other direct costs attributable to such properties. The carrying values of properties held by subsidiaries are adjusted in the consolidated financial statements to reflect the Group's actual acquisition costs where appropriate.

(k) Debtors

Debtors are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method less provision for impairment.

(l) Derivative financial instruments and hedge accounting

Derivative financial instruments, which are used for investment and financial purposes, are stated at fair value. Changes in fair value of derivative financial instruments that are designated and qualify as fair value hedges are recognised in income statement, together with any changes in fair value of the hedged assets or liabilities that are attributable to the hedged risk. Changes in fair value of derivative financial instruments that are designated and qualify as net investment hedges are recognised in other comprehensive income. Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in income statement.

Gain or loss on other financial liabilities that are designated and qualify as net investment hedges are recognised in other comprehensive income.

Any cumulative gain or loss on net investment hedges, previously recognised in other comprehensive income and deferred in equity, is transferred to income statement upon disposal of the investment hedged.

(m) Bank and other loans

Bank and other loans are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

(n) Creditors

Creditors are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

2. Principal Accounting Policies *(continued)*

(o) Revenue recognition

When properties under development are sold, income is recognised when the property development is completed with the relevant occupation permit issued by the Authorities and the significant risks and rewards of the properties are passed to the purchasers. Payments received from purchasers prior to this stage are recorded as customers' deposits received.

Rental income is recognised on a straight-line basis over the term of the lease. Income from property and project management is recognised when services are rendered. Revenue from hotel and serviced suite operation is recognised upon provision of services. Interest income is recognised on a time proportion basis using the effective interest method; and dividend income is recognised when the right to receive payment is certain.

(p) Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the year end date. Transactions during the year are converted at the rates of exchange ruling at the transaction dates. Exchange differences are included in income statement.

For translation of the financial statements of subsidiaries, jointly controlled entities and associates denominated in foreign currencies into presentation currency of the Company, assets and liabilities are translated at exchange rates prevailing at the year end date and results are translated at the average rates of exchange during the year, and if the average rates are not reasonable approximations of the exchange rates at the transaction dates, then the exchange rates at the transaction dates are used. Exchange differences are recognised in other comprehensive income.

(q) Taxation

Hong Kong profits tax is provided for, using the enacted rate at the year end date, on the estimated assessable profits less available tax relief for losses brought forward of each individual company comprising the Group. Tax outside Hong Kong is provided for, using the local enacted rates at the year end date, on the estimated assessable profits of the individual company concerned.

Deferred tax liabilities are provided in full, based on the applicable enacted rates, on all temporary differences between the carrying amounts of assets and liabilities and their tax bases, and deferred tax assets are recognised, based on the applicable enacted rates, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

(r) Borrowing costs

Borrowing costs are charged to income statement in the year in which they are incurred unless they are capitalised as being directly attributable to the acquisition and development of properties which necessarily take a substantial period of time to complete.

Notes to Financial Statements (continued)

3. Turnover and Contribution

The principal activities of the Group are property development and investment, hotel and serviced suite operation, property and project management, investment in infrastructure business and securities.

Turnover of Group activities comprises proceeds from property sales, gross rental income, revenue from hotel and serviced suite operation and income from property and project management. In addition, the Group also includes its proportionate share of proceeds from property sales of jointly controlled entities as turnover. Turnover of jointly controlled entities (save for proceeds from property sales shared by the Group) and turnover of listed and unlisted associates are not included.

Turnover of the Group by operating activities for the year is as follows:

	2012 \$ Million	2011 \$ Million
Property sales	14,614	28,755
Property rental	1,867	1,377
Hotels and serviced suites	2,350	2,489
Property and project management	368	350
Group turnover	19,199	32,971
Share of property sales of jointly controlled entities	11,907	9,388
Turnover	31,106	42,359

During the year, turnover of the Group's operating activities outside Hong Kong (including property sales of jointly controlled entities) accounted for approximately 38% (2011 – 23%) of the turnover and was derived from the following location:

	2012 \$ Million	2011 \$ Million
The Mainland	11,919	9,827

3. Turnover and Contribution *(continued)*

Profit contribution by operating activities for the year is as follows:

	Company and subsidiaries		Jointly controlled entities		Total	
	2012 \$ Million	2011 \$ Million	2012 \$ Million	2011 \$ Million	2012 \$ Million	2011 \$ Million
Property sales	5,305	7,782	4,699	3,436	10,004	11,218
Property rental	1,703	1,274	275	424	1,978	1,698
Hotels and serviced suites	930	916	305	272	1,235	1,188
Property and project management	129	124	45	17	174	141
	8,067	10,096	5,324	4,149	13,391	14,245
Infrastructure business					1,036	130
Investment and finance					1,159	694
Interest and other finance costs					(496)	(372)
Increase in fair value of investment properties						
Subsidiaries					4,470	4,010
Jointly controlled entities					531	1,151
Surplus on loss of control of interest in subsidiaries					1,077	–
Surplus on loss of control of indirect interest in jointly controlled entities					1,326	1,731
Profit on disposal of a jointly controlled entity					450	–
Others					62	189
Taxation						
Company and subsidiaries					(1,234)	(1,833)
Jointly controlled entities					(2,382)	(1,730)
Profit attributable to non-controlling interests and holders of perpetual securities					(372)	(204)
					19,018	18,011
Share of net profit of listed associates						
Hutchison Whampoa Limited						
Profit attributable to shareholders before profit on disposal of investments and others					13,955	11,566
Profit on disposal of investments and others					(901)	16,421
CK Life Sciences Int'l., (Holdings) Inc.					80	57
Profit attributable to shareholders of the Company					32,152	46,055

Notes to Financial Statements (continued)

4. Profit before Taxation

	2012 \$ Million	2011 \$ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Bank loans and other loans repayable within 5 years	874	635
Other loans not repayable within 5 years	172	114
Gain on loan hedging	(121)	(162)
	925	587
Less: Amount capitalised (see note (a))	(429)	(215)
	496	372
Directors' emoluments (see note (b))		
Salaries, allowances and benefits in kind	115	109
Pension scheme contribution	11	11
Discretionary bonus	93	82
	219	202
Less: Emoluments from listed associates paid back	(11)	(10)
	208	192
Auditors' remuneration	7	7
Costs of properties sold	8,426	19,498
Impairment of investments available for sale	50	522
Operating lease charges – properties	226	187
and after crediting:		
Net rental income	1,832	1,349
Interest income from banks	73	60
Interest income from loan receivables	60	144
Interest income from jointly controlled entities	57	54
Interest income from associates	587	107
Income from listed investments in securities		
Dividend income from equity securities	460	293
Interest income from debt securities	12	16
Income from unlisted investments in securities		
Dividend income from equity securities	10	2
Interest income from debt securities	20	17
Exchange difference	(122)	440
Gain/(loss) on investments held for trading	26	(20)
Gain on disposal of investments available for sale	479	233

Notes:

- (a) Interest was capitalised to property development projects at an average annual rate of approximately 1.75% (2011 – 1.25%) during the year.

4. Profit before Taxation (continued)

- (b) Directors' emoluments comprised payments to the Company's directors (including the five highest paid individuals in the Group) in connection with the management of the affairs of the Group. The independent non-executive directors receive an annual director's fee of \$120,000 (2011 – \$120,000) each; and for those acting as members of the Audit Committee and/or Remuneration Committee, additional annual fee of \$130,000 (2011 – \$130,000) each is paid for the former and \$60,000 (2011 – \$60,000) each is paid for the latter. The emoluments of the Company's directors, excluding emoluments received by them from the Group's listed associates, are as follows:

	Director Fees \$ Million	Salaries, Allowances and Benefits in Kind \$ Million	Pension Scheme Contribution \$ Million	Discretionary Bonus \$ Million	Inducement or Compensation Fee \$ Million	2012 Total \$ Million	2011 Total \$ Million
Li Ka-shing ⁽¹⁾	0.01	–	–	–	–	0.01	0.01
Li Tzar Kuoi, Victor ⁽²⁾	0.12	37.95	3.79	20.91	–	62.77	58.05
Kam Hing Lam ⁽³⁾	0.12	18.53	1.85	0.80	–	21.30	20.24
Ip Tak Chuen, Edmond ⁽⁴⁾	0.12	15.19	1.52	9.03	–	25.86	23.90
Chung Sun Keung, Davy	0.12	9.44	0.94	16.57	–	27.07	24.64
Pau Yee Wan, Ezra	0.12	10.70	1.07	13.15	–	25.04	22.90
Woo Chia Ching, Grace	0.12	10.70	1.07	16.50	–	28.39	25.96
Chiu Kwok Hung, Justin	0.12	9.59	0.95	16.58	–	27.24	24.80
Leung Siu Hon	0.12	–	–	–	–	0.12	0.12
Fok Kin Ning, Canning	0.12	–	–	–	–	0.12	0.12
Frank John Sixt	0.12	–	–	–	–	0.12	0.12
Chow Kun Chee, Roland	0.12	–	–	–	–	0.12	0.12
George Colin Magnus	0.12	–	–	–	–	0.12	0.12
Kwok Tun-li, Stanley	0.31	–	–	–	–	0.31	0.31
Yeh Yuan Chang, Anthony	0.12	–	–	–	–	0.12	0.12
Simon Murray	0.12	–	–	–	–	0.12	0.12
Chow Nin Mow, Albert	0.12	–	–	–	–	0.12	0.12
Hung Siu-lin, Katherine	0.25	–	–	–	–	0.25	0.25
Wong Yick-ming, Rosanna	0.18	–	–	–	–	0.18	0.18
Cheong Ying Chew, Henry	0.25	–	–	–	–	0.25	0.25
Total for the year 2012	2.80	112.10	11.19	93.54	–	219.63	
Total for the year 2011	2.80	106.79	10.66	82.20	–		202.45

- (1) Other than a director's fee of \$5,000, no other remuneration was paid to the Chairman, Mr. Li Ka-shing. The amount of director's fee shown above is a result of rounding. The director's fee of \$50,000 received by Mr. Li Ka-shing from Hutchison Whampoa Limited was paid back to the Company.
- (2) Part of the directors' emoluments in the sum of \$3,864,000 received by Mr. Li Tzar Kuoi, Victor from the Hutchison Whampoa Group and the director's fee of \$75,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.
- (3) Part of the directors' emoluments in the sum of \$1,620,000 received by Mr. Kam Hing Lam from the Hutchison Whampoa Group and the directors' emoluments of \$2,575,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.
- (4) Part of the directors' emoluments in the sum of \$1,875,000 received by Mr. Ip Tak Chuen, Edmond from Cheung Kong Infrastructure Holdings Limited and the directors' emoluments of \$1,075,000 received by him from CK Life Sciences Int'l., (Holdings) Inc. were paid back to the Company.

Notes to Financial Statements (continued)

5. Taxation

	2012 \$ Million	2011 \$ Million
Current tax		
Hong Kong profits tax	1,095	1,541
Tax outside Hong Kong	122	203
Deferred tax	17	89
	1,234	1,833

Hong Kong profits tax has been provided for at the rate of 16.5% (2011 – 16.5%) on the estimated assessable profits for the year and operating profit (after adjusting for share of taxation of jointly controlled entities) is reconciled with taxation as follows:

	2012 \$ Million	2011 \$ Million
Adjusted operating profit at Hong Kong tax rate of 16.5% (2011 – 16.5%)	3,706	3,561
Effect of tax rate differences at locations outside Hong Kong	1,248	807
Surplus on loss of control of indirect interest in jointly controlled entities	(219)	–
Interest income from infrastructure business	(96)	(17)
Dividend income	(63)	(39)
Increase in fair value of investment properties	(751)	(714)
Net effect of tax losses and deductible temporary differences utilised/not recognised	(82)	(239)
Net effect of non-assessable/deductible items	(124)	194
Others	(3)	10
	3,616	3,563
Less: Share of taxation of jointly controlled entities	(2,382)	(1,730)
	1,234	1,833

6. Profit Attributable to Shareholders of the Company

Profit attributable to shareholders of the Company dealt with in the income statement of the Company is \$4,499 million (2011 – \$7,525 million) and dividends paid and proposed for the year by the Company are as follows:

	2012 \$ Million	2011 \$ Million
Interim dividend paid at \$0.53 (2011 – \$0.53) per share	1,228	1,228
Final dividend proposed at \$2.63 (2011 – \$2.63) per share	6,091	6,091
	7,319	7,319

7. Earnings per Share

The calculation of earnings per share is based on profit attributable to shareholders of the Company and on 2,316,164,338 shares (2011 – 2,316,164,338 shares) in issue during the year.

8. Fixed Assets

Group	Hotels and serviced suites		Other assets \$ Million	Total \$ Million
	Hong Kong \$ Million	in outside Hong Kong \$ Million		
Cost				
At 1st January, 2011	10,871	1,622	1,394	13,887
Translation difference	–	80	17	97
Additions/transfers	1,095	9	67	1,171
Disposals	–	–	(11)	(11)
At 31st December, 2011	11,966	1,711	1,467	15,144
Additions/transfers	32	18	40	90
Disposals	–	–	(36)	(36)
Derecognised on loss of control in subsidiaries	–	(1,008)	(121)	(1,129)
At 31st December, 2012	11,998	721	1,350	14,069
Accumulated depreciation/provisions				
At 1st January, 2011	2,094	356	1,038	3,488
Translation difference	–	18	15	33
Depreciation	216	38	146	400
Disposals	–	–	(10)	(10)
At 31st December, 2011	2,310	412	1,189	3,911
Depreciation	221	16	103	340
Disposals	–	–	(26)	(26)
Derecognised on loss of control in subsidiaries	–	(207)	(94)	(301)
At 31st December, 2012	2,531	221	1,172	3,924
Net book value				
At 31st December, 2012	9,467	500	178	10,145
At 31st December, 2011	9,656	1,299	278	11,233

At the year end date, all properties were held under long leases except certain properties in Hong Kong and outside Hong Kong with aggregate carrying values of \$8,935 million (2011 – \$9,114 million) and \$500 million (2011 – \$1,299 million) respectively were held under medium term leases.

Notes to Financial Statements (continued)

8. Fixed Assets (continued)

Company	Other assets	
	31/12/2012 \$ Million	31/12/2011 \$ Million
Cost		
At 1st January	189	187
Additions	4	3
Disposals	(4)	(1)
At 31st December	189	189
Accumulated depreciation		
At 1st January	184	182
Depreciation	3	3
Disposals	(4)	(1)
At 31st December	183	184
Net book value at 31st December	6	5

9. Investment Properties

	Group	
	31/12/2012 \$ Million	31/12/2011 \$ Million
Investment properties in Hong Kong		
At 1st January	25,180	21,170
Additions	6	–
Increase in fair value	4,470	4,010
	29,656	25,180

At the year end date:

- investment properties have been revalued by DTZ Debenham Tie Leung Limited, independent professional valuers, on a market value basis, which has taken into account comparable market transactions and net income derived from existing tenancies with due allowance for reversionary income potential;
- investment properties with aggregate carrying value of \$28,765 million (2011 – \$24,473 million) and \$891 million (2011 – \$707 million) were held under medium term leases and long leases respectively; and
- gross rental income and direct operating expenses of investment properties during the year amounted to \$1,686 million (2011 – \$1,229 million) and \$28 million (2011 – \$21 million) respectively.

10. Subsidiaries

	Company	
	31/12/2012 \$ Million	31/12/2011 \$ Million
Unlisted investments in subsidiaries	2,071	2,071
Amounts due from subsidiaries	27,731	30,445
Amounts due to subsidiaries	(265)	(160)
	29,537	32,356

Particulars regarding the principal subsidiaries are set out in Appendix I.

11. Associates

	Group		Company	
	31/12/2012 \$ Million	31/12/2011 \$ Million	31/12/2012 \$ Million	31/12/2011 \$ Million
Listed investments in associates	28,132	28,132	–	–
Unlisted investments in associates	7,052	5,804	50	50
Share of results less dividends	160,582	151,549	–	–
	195,766	185,485	50	50
Amounts due from associates	7,021	5,452	–	–
	202,787	190,937	50	50
Market value of investments in associates – listed in Hong Kong	175,382	140,094	–	–

At the year end date, amounts due from associates included interest bearing loans to associates amounting to \$6,855 million (2011 – \$5,288 million) of which \$5,200 million (2011 – \$4,988 million) is subordinated to the rights of other lenders to the associate.

Particulars regarding the principal associates are set out in Appendix II. Extracts of financial statements of Hutchison Whampoa Limited and CK Life Sciences Int'l., (Holdings) Inc., listed associates, are set out in Appendix IV and Appendix V respectively.

Notes to Financial Statements (continued)

11. Associates (continued)

Summarised financial information in respect of the Group's unlisted associates is as follows:

	2012 \$ Million	2011 \$ Million
Income	12,022	3,905
Expenses	(10,826)	(3,432)
Profit for the year	1,196	473
Non-current assets	109,002	72,060
Current assets	7,907	4,976
Current liabilities	(7,036)	(3,398)
Non-current liabilities	(71,280)	(44,594)
Net assets	38,593	29,044
Shared by the Group:		
Profit for the year	545	194
Net assets	14,619	11,604

12. Jointly Controlled Entities

	Group		Company	
	31/12/2012 \$ Million	31/12/2011 \$ Million	31/12/2012 \$ Million	31/12/2011 \$ Million
Unlisted investments in jointly controlled entities	17,802	15,048	142	–
Share of results less dividends	22,575	19,916	–	–
	40,377	34,964	142	–
Amounts due from jointly controlled entities	8,328	10,359	576	718
	48,705	45,323	718	718

At the year end date, amounts due from jointly controlled entities included interest bearing loans to jointly controlled entities amounting to \$1,634 million (2011 – \$2,990 million).

Particulars regarding the principal jointly controlled entities are set out in Appendix III.

12. Jointly Controlled Entities (continued)

Summarised financial information in respect of the Group's jointly controlled entities is as follows:

	2012 \$ Million	2011 \$ Million
Income	35,738	31,255
Expenses	(23,631)	(18,621)
Profit for the year	12,107	12,634
Non-current assets	49,083	58,171
Current assets	111,049	99,185
Current liabilities	(26,051)	(24,369)
Non-current liabilities	(22,990)	(20,649)
Net assets	111,091	112,338
Shared by the Group:		
Profit for the year	5,452	5,211
Net assets	48,705	45,323

13. Investments Available for Sale

	Group	
	31/12/2012 \$ Million	31/12/2011 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	5,405	2,926
Equity securities – listed outside Hong Kong	5,391	4,233
Debt securities – listed outside Hong Kong	32	142
	10,828	7,301
Unlisted investments		
Equity securities	141	445
Debt securities	673	581
	814	1,026
	11,642	8,327

Notes to Financial Statements (continued)

14. Stock of Properties

	Group		Company	
	31/12/2012 \$ Million	31/12/2011 \$ Million	31/12/2012 \$ Million	31/12/2011 \$ Million
Properties for/under development	48,895	44,359	–	–
Joint development projects	29,746	22,784	–	–
Properties for sale	1,447	1,789	3	3
	80,088	68,932	3	3

At the year end date, properties for/under development and joint development projects amounting to \$63,448 million (2011 – \$55,869 million) were not scheduled for completion within twelve months.

15. Debtors, Deposits and Prepayments

	Group		Company	
	31/12/2012 \$ Million	31/12/2011 \$ Million	31/12/2012 \$ Million	31/12/2011 \$ Million
Trade debtors	1,308	525	–	–
Loan receivables	193	1,195	–	–
Deposits, prepayments and others	917	1,085	163	126
	2,418	2,805	163	126

The Group's trade debtors mainly comprise receivables for sale of properties and rental. Sales terms vary for each property project and are determined with reference to the prevailing market conditions. Sale of properties are normally completed when the sale prices are fully paid and deferred payment terms are sometimes offered to purchasers at a premium. Rentals and deposits are payable in advance by tenants.

At the year end date, ageing analysis of the Group's trade debtors is as follows:

	2012 \$ Million	2011 \$ Million
Current to one month	1,221	434
Two to three months	72	70
Over three months	15	21
	1,308	525

and the ageing analysis of trade debtors past due but not impaired is as follows:

	2012 \$ Million	2011 \$ Million
Overdue within one month	88	68
Overdue for two to three months	44	41
Overdue over three months	14	21
	146	130

16. Investments Held for Trading

	Group	
	31/12/2012 \$ Million	31/12/2011 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	64	69
Equity securities – listed outside Hong Kong	172	151
	236	220

17. Bank and Other Loans

	Group	
	31/12/2012 \$ Million	31/12/2011 \$ Million
Bank loans repayable		
within 1 year	3,498	22,897
after 1 year but not exceeding 2 years	4,437	2,499
after 2 years but not exceeding 5 years	25,916	10,500
	33,851	35,896
Other loans repayable		
within 1 year	1,600	–
after 1 year but not exceeding 2 years	–	1,600
after 2 years but not exceeding 5 years	8,117	4,001
after 5 years	4,531	4,420
	14,248	10,021
	48,099	45,917
Less: Amounts classified under current liabilities	5,098	22,897
Amounts classified under non-current liabilities	43,001	23,020

Notes to Financial Statements (continued)

17. Bank and Other Loans (continued)

At the year end date:

- (a) bank loan denominated in GBP and amounted to \$3,083 million (2011 – Nil) is designated as net investment hedge for investment in GBP;
- (b) other loans included fixed rate bonds and notes issued by wholly owned subsidiaries and guaranteed by the Company as follows:
- (i) issued by Cheung Kong Bond Finance Limited in Hong Kong:
- | | |
|-----------------|----------------------------------------|
| HK\$500,000,000 | 4.4% due April 2015 (issued in 2005) |
| HK\$150,000,000 | 5.1% due April 2016 (issued in 2006) |
| HK\$800,000,000 | 3.48% due April 2013 (issued in 2008) |
| HK\$500,000,000 | 3.9% due May 2013 (issued in 2008) |
| HK\$500,000,000 | 4.88% due August 2018 (issued in 2008) |
- (ii) issued by Joynote Ltd and listed in Singapore:
- | | |
|----------------|------------------------------------------|
| SGD225,000,000 | 2.25% due November 2015 (issued in 2010) |
| SGD180,000,000 | 2.585% due July 2016 (issued in 2011) |
| SGD320,000,000 | 3.408% due July 2018 (issued in 2011) |
- (iii) issued by Cheung Kong Finance (MTN) Limited in Hong Kong:
- | | |
|-----------------|-------------------------------------------------------------------|
| HK\$500,000,000 | 4.3% due January 2020 (issued in 2010) |
| HK\$500,000,000 | 4.35% due January 2020 (issued in 2010) |
| HK\$300,000,000 | 3.9% due April 2020 (issued in 2010) |
| HK\$330,000,000 | 2.45% due September 2016 (issued in 2011) |
| HK\$377,000,000 | 2.56% due October 2016 (issued in 2011) |
| HK\$400,000,000 | 3.45% due October 2021 (issued in 2011) |
| HK\$300,000,000 | 3.35% due November 2021 (issued in 2011) |
| US\$500,000,000 | LIBOR+1.5% due June 2015 (issued in 2012) and listed in Hong Kong |

and, where appropriate, swaps had been arranged to convert the rates and the related terms of the fixed rate bonds and notes to a floating rate basis. The aggregate fair value of the derivative financial instruments used for interest rate hedging purposes with total notional principal of \$3,750 million (2011 – \$3,750 million) amounted to a net asset of \$422 million (2011 – \$415 million);

- (c) bank and other loans, where appropriate after interest rate hedging, approximated their fair value and carried interest at effective rates generally based on inter-bank offered rate of the relevant currency plus a margin of approximately 1.25% per annum.

18. Creditors and Accruals

	Group		Company	
	31/12/2012 \$ Million	31/12/2011 \$ Million	31/12/2012 \$ Million	31/12/2011 \$ Million
Trade creditors	2,677	2,225	–	–
Accruals and other creditors	3,615	3,819	270	231
Customers' deposits received	6,998	3,657	–	–
	13,290	9,701	270	231

At the year end date, ageing analysis of the Group's trade creditors is as follows:

	2012 \$ Million	2011 \$ Million
Current to one month	2,584	2,162
Two to three months	53	44
Over three months	40	19
	2,677	2,225

19. Deferred Tax Liabilities

At the year end date:

- (a) deferred tax liabilities amounting to \$806 million (2011 – \$828 million) were provided for temporary differences arising from accelerated tax depreciation and deferred tax liabilities amounting to \$14 million (2011 – \$22 million) were provided on undistributed profits of foreign operations for which additional taxes are payable upon distribution; and
- (b) unutilised tax losses and deductible temporary differences amounting to a total of \$2,717 million (2011 – \$2,584 million), of which \$65 million (2011 – \$19 million) expires within 5 years, were not recognised.

Notes to Financial Statements (continued)

20. Share Capital

	Company			
	31/12/2012 No. of shares	31/12/2011 No. of shares	31/12/2012 \$ Million	31/12/2011 \$ Million
Authorised:				
Shares of \$0.5 each	3,800,000,000	3,800,000,000	1,900	1,900
Issued and fully paid:				
Shares of \$0.5 each	2,316,164,338	2,316,164,338	1,158	1,158

21. Reserves

	Company			
	Capital reserve \$ Million	Retained profits \$ Million	31/12/2012 Total \$ Million	31/12/2011 Total \$ Million
At 1st January	199	22,689	22,888	22,266
Profit for the year	–	4,499	4,499	7,525
Dividend paid	–	(7,319)	(7,319)	(6,903)
At 31st December	199	19,869	20,068	22,888

The Company's reserves available for distribution to shareholders of the Company, including the proposed final dividend, amounted to \$19,869 million (2011 – \$22,689 million). Proposed final dividend for 2011 was approved by shareholders of the Company on 25th May, 2012 and paid on 14th June, 2012.

22. Perpetual Securities

During 2011, the Group issued SGD730 million perpetual securities with an annual distribution rate of 5.125%, listed in Singapore, and are redeemable at the Group's option on or after 9th September, 2016 at their principal amounts together with any unpaid distribution.

In July 2012, the Group issued HK\$1,000 million perpetual securities with an annual distribution rate of 5.25% for the first five years and 6.25% thereafter, listed in Hong Kong, and are redeemable at the Group's option on or after 9th July, 2017 at their principal amounts together with any unpaid distribution.

The perpetual securities have no fixed maturity and are guaranteed by the Company. Distribution is paid semi-annually in arrears and may be deferred at the Group's discretion. While any distribution is deferred, the Company and the issuer will not declare or pay any dividends, distributions or make any other payment on, or redeem, reduce, cancel, buy-back or acquire any of the Company's and/or the issuer's share capital.

23. Operating Lease

Analysis of future minimum lease income receivable by the Group under non-cancellable operating leases, mainly on 2 to 3 year terms, for property rental at the year end date is as follows:

	Group	
	2012 \$ Million	2011 \$ Million
Future minimum lease income receivable		
not later than 1 year	1,736	1,012
later than 1 year but not later than 5 years	1,634	776
later than 5 years	–	4
	3,370	1,792

Analysis of future minimum lease charges payable by the Group and the Company under non-cancellable operating leases at the year end date are as follows:

	Group		Company	
	2012 \$ Million	2011 \$ Million	2012 \$ Million	2011 \$ Million
Future minimum lease charges payable				
not later than 1 year	201	194	123	123
later than 1 year but not later than 5 years	141	267	82	205
	342	461	205	328

24. Segment Information

Depreciation for the year analysed by operating activities is as follows:

	2012 \$ Million	2011 \$ Million
Hotels and serviced suites	305	371
Property and project management	14	13
	319	384
Others	21	16
	340	400

Notes to Financial Statements (continued)

25. Commitments and Contingent Liabilities

At the year end date:

- (a) the Group had capital commitments as follows:
 - (i) contracted but not provided for
 - fixed assets – \$213 million (2011 – \$32 million)
 - loan advances to jointly controlled entities – Nil (2011 – \$303 million)
 - investments in associates – \$693 million (2011 – \$694 million)
 - others – \$124 million (2011 – \$152 million)
 - (ii) authorised but not contracted for
 - fixed assets – \$5 million (2011 – \$4 million)
- (b) the Group's share of capital commitments of the jointly controlled entities were as follows:
 - (i) contracted but not provided for – \$1,051 million (2011 – \$1,641 million)
 - (ii) authorised but not contracted for – \$1,619 million (2011 – \$2,453 million)
- (c) the minimum share of revenue guaranteed by the Company to be received by the partner of a joint development project amounted to \$612 million (2011 – \$624 million);
- (d) the Company provided guarantee for amounts payable under the terms and conditions of the perpetual securities as disclosed in note 22; and
- (e) the Company provided guarantees for loan financing as follows:
 - (i) bank and other loans utilised by subsidiaries – \$47,484 million (2011 – \$45,267 million)
 - (ii) bank loans utilised by jointly controlled entities – \$50 million (2011 – \$48 million)
 - (iii) bank loans utilised by investee company – \$359 million (2011 – \$334 million)and certain subsidiaries provided guarantees for bank loans utilised by jointly controlled entities amounted to \$1,231 million (2011 – \$1,569 million).

26. Employees Pension Schemes

The principal employees pension schemes operated by the Group, including the occupational retirement schemes and the mandatory provident fund schemes, are defined contribution schemes. For occupational retirement schemes, contributions are made by either the employer only or both the employer and the employees at rates ranging from approximately 5% to 10% of the employees' salary. For mandatory provident fund schemes, contributions are made by both the employer and the employees at 5% each of the employees' relevant monthly income which is capped at \$25,000.

During the year, the Group's costs incurred on employees pension schemes were \$125 million (2011 – \$118 million) and forfeited contributions in the amount of \$5 million (2011 – \$3 million) were used to reduce current year's contributions.

27. Related Party Transactions

During the year and in the ordinary course of business, the Group undertook various joint venture projects and transactions with related parties, including the Chairman, Mr. Li Ka-shing, Hutchison Whampoa Limited, and CK Life Sciences Int'l., (Holdings) Inc., on normal commercial terms. Loan advances were made to/received from and guarantees were provided for the joint venture projects on a pro rata basis.

Loan advances made by the Group at the year end date were disclosed as amounts due from associates and jointly controlled entities in notes 11 and 12. Commitments for loan advances to jointly controlled entities and guarantees provided by the Group for bank loans utilised by jointly controlled entities at the year end date were disclosed in note 25.

During the year, loan advances amounting to \$1,354 million were made to associates, of which \$154 million and \$1,200 million are repayable in 2017 and 2032 respectively.

Other than the aforementioned, there were no other significant related party transactions requiring disclosure in the financial statements.

28. Financial Risks and Management

Financial assets and financial liabilities of the Group include investments in securities, cash balances maintained for liquidity, loan and other receivables, bank and other loan borrowings, and derivative financial instruments for investment and financial purposes. The Group's treasury policies and how the management manages to mitigate the risks associated with these financial assets and financial liabilities are described below:

(a) Treasury policies

The Group maintains a conservative approach on foreign exchange exposure management. At the year end date, approximately 78.8% of the Group's borrowings were in HK\$ and US\$, with the balance in GBP and SGD mainly for the purpose of financing investments and property projects in the United Kingdom and Singapore. The Group derives its revenue mainly in HK\$ and cash is mainly held in HK\$. Income in foreign currencies, including RMB, SGD and GBP, is also generated from the Group's investments and property projects outside Hong Kong and cash in these foreign currencies is maintained for operational requirements. The Group ensures that its exposure to fluctuations in foreign exchange rates is minimised.

The Group's borrowings are principally on a floating rate basis and where appropriate, swaps are arranged to convert the rates and related terms of the fixed rate bonds and notes issued to a floating rate basis.

At times of interest rate or exchange rate uncertainty or volatility and as appropriate, hedging instruments including swaps and forwards are used by the Group in the management of exposure to interest rate and foreign exchange rate fluctuations.

Notes to Financial Statements (*continued*)**28. Financial Risks and Management** (*continued*)**(b) Risk management**

Loan receivables normally carry interest at rates with reference to banks' lending rates and are secured by collaterals and other credit enhancements including charge on assets and guarantees. Trade debtors include mainly receivables arising from sale and lease of properties to the public. The Group has legal right to claim repossession of the properties in the event of default by purchasers/tenants. At the year end date, overdue loan receivables and trade debtors amounted to less than 1% of the Group's profit for the year and regular review and follow-up actions are carried out on the overdue amounts to minimise exposures to credit risk on loan receivables and trade debtors, estimated to be less than 0.3% of the Group's net assets after mitigation by collaterals and other credit enhancements.

Cash balances maintained for liquidity are placed with a number of major banks. Investments in securities and transactions involving derivative financial instruments are generally limited to issuers and counter-parties with sound credit.

Investments in securities and derivative financial instruments are stated at fair value. Fair values are determined based on quoted market price, otherwise, with reference to professional valuations and/or estimations that take into account assumptions and estimates on factors affecting the value of these financial instruments and change of such assumptions and estimates to reasonably possible alternatives would not have material effect on the Group's result for the year and financial position at the year end date. An analysis of these financial assets and financial liabilities of the Group based on the degree to which their fair values are observable and grouped into Levels 1 to 3 is as follows:

- Level 1 : unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 : value inputs, other than quoted prices, that are observable either directly or indirectly
- Level 3 : value inputs that are not based on observable market data

28. Financial Risks and Management *(continued)*

(b) Risk management *(continued)*

	Level 1 \$ Million	Level 2 \$ Million	Level 3 \$ Million	Total \$ Million
At 31st December, 2012				
Financial assets				
Investments available for sale				
Equity securities	10,796	14	127	10,937
Debt securities	32	673	–	705
Investments held for trading				
Equity securities	236	–	–	236
Derivative financial instruments	–	436	–	436
	11,064	1,123	127	12,314
Financial liabilities				
Derivative financial instruments	–	(1,203)	–	(1,203)
At 31st December, 2011				
Financial assets				
Investments available for sale				
Equity securities	7,159	11	434	7,604
Debt securities	142	581	–	723
Investments held for trading				
Equity securities	220	–	–	220
Derivative financial instruments	–	155	–	155
	7,521	747	434	8,702
Financial liabilities				
Derivative financial instruments	–	(826)	–	(826)

The movement of Level 3 fair value measurement of equity securities available for sale during the year was as follows:

	2012 \$ Million	2011 \$ Million
Fair value at 1st January	434	93
Additions	27	19
Disposal	(337)	–
Gain in fair value recognised in other comprehensive income	3	322
Fair value at 31st December	127	434

Notes to Financial Statements (continued)

28. Financial Risks and Management (continued)**(b) Risk management (continued)**

The exposure to price changes is managed by closely monitoring the changes in market conditions that may have an impact on the market prices or factors affecting the value of these financial instruments. If the fair value of the investments in securities and derivative financial instruments was 5% higher/lower at the year end date, the Group's investment revaluation reserve would increase/decrease by approximately \$557 million (2011 – \$386 million) and the Group's profit for the year would increase/decrease by approximately \$69 million (2011 – \$73 million).

The Group's borrowings are exposed to interest rate fluctuation. It is estimated that an increase/decrease of 1% in interest rates would increase/decrease the Group's finance costs for the year by approximately \$421 million (2011 – \$402 million), assuming the change in interest rates had been applied to the Group's bank and other loans at the year end date which were kept constant throughout the year, and the amount of finance costs capitalised would increase/decrease by approximately \$195 million (2011 – \$147 million) based on the proportion of finance costs capitalised during the year.

At the year end date, foreign exchange risk of the subsidiaries with functional currency in HK\$ arose mainly from borrowings denominated in GBP and designated for hedging net investment in GBP. It is estimated that if GBP had strengthened/weakened against HK\$ by 5% at the year end date, the Group's other comprehensive income for the year would decrease/increase by approximately \$154 million (2011 – not affected).

(c) Liquidity management

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings as appropriate. With cash and marketable securities in hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

The contractual undiscounted cash flows (including interest payments, after hedging where appropriate, computed at rates current at the year end date) of the Group's borrowings by contractual maturities at the year end date are as follows:

	2012 \$ Million	2011 \$ Million
Within 1 year	5,847	23,422
After 1 year but not exceeding 2 years	5,124	4,437
After 2 years but not exceeding 5 years	34,961	15,202
After 5 years	4,694	4,684
	50,626	47,745

The derivative financial instruments held for hedging net investments in GBP will be settled on gross basis and will mature after 2 years but not exceeding 5 years. The aggregate contractual undiscounted cash inflow and outflow upon maturities are \$9,978 million (2011 – Nil) and \$10,066 million (2011 – Nil) respectively based on exchange rates at the year end date.

29. Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising returns to the shareholders of the Company through the optimisation of debt and equity balance. The capital structure of the Group consists of bank and other loans as detailed in note 17, bank balances and deposits, shareholders' funds (comprising share capital, share premium and reserves), perpetual securities and non-controlling interests as detailed in the consolidated statement of financial position. The Group reviews its capital structure on a regular basis and maintains a low net debt to net total capital ratio.

The net debt to net total capital ratio at the year end date is as follows:

	2012 \$ Million	2011 \$ Million
Bank and other loans	48,099	45,917
Less: Bank balances and deposits	(21,167)	(19,894)
Net debt	26,932	26,023
Total equity	343,493	314,285
Net debt	26,932	26,023
Net total capital	370,425	340,308
Net debt to net total capital ratio	7.3%	7.6%

30. Approval of Financial Statements

The financial statements reported in Hong Kong dollars and set out on pages 108 to 152 were approved by the board of directors on 26th March, 2013.

Principal Subsidiaries

Appendix I

The Directors are of the opinion that a complete list of the particulars of all the subsidiaries will be of excessive length and therefore the following list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group. All the companies listed below were incorporated in Hong Kong except otherwise stated.

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Alcon Investments Limited	HK\$ 1		100	Property development
AMTD Group Company Limited (British Virgin Islands)	US\$ 10,000		55.06	Financial planning, mortgage servicing & corporate insurance
Bermington Investment Limited	HK\$ 2		100	Hotels & serviced suites
Biro Investment Limited	HK\$ 10,000		100	Property development
Bradford Investments Limited	HK\$ 1		80	Property development
Bristow Investments Limited	HK\$ 1		100	Property development
Carlford Investments Limited	HK\$ 1		100	Property development
Chaview Holdings Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Cheer Good Limited	HK\$ 1		100	Property development
Cheung Kong Bond Finance Limited (Cayman Islands)	US\$ 1		100	Finance
Cheung Kong Bond Securities Limited (British Virgin Islands)	US\$ 1		100	Finance
Cheung Kong Bond Securities (02) Limited (British Virgin Islands)	US\$ 1		100	Finance
Cheung Kong Finance Company Limited	HK\$ 2,500,000	100		Finance
Cheung Kong Finance (MTN) Limited (Cayman Islands)	US\$ 1,000		100	Finance
Cheung Kong Holdings (China) Limited	HK\$ 2		100	Investment holding in the Mainland projects
Cheung Kong Investment Company Limited	HK\$ 20	100		Investment holding
Cheung Kong Property Development Limited	HK\$ 2	100		Project management
Citybase Property Management Limited	HK\$ 100,000		100	Property management
Crown Treasure Investments Limited	HK\$ 1		100	Property development
East City Investments Limited	HK\$ 1		100	Property development
Fantastic State Limited	HK\$ 2		100	Property development
Flying Snow Limited	HK\$ 2		100	Property investment
Focus Eagle Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Garbo Field Limited	HK\$ 2		100	Property development
Glass Bead Limited (British Virgin Islands)	US\$ 1		100	Property investment
Global Coin Limited	HK\$ 2		100	Property investment
Goodwell Property Management Limited	HK\$ 100,000		100	Property management
Grandwood Investments Limited	HK\$ 1		100	Property development
Great Art Investment Limited	HK\$ 1		100	Property development
Harbour Grand Hong Kong Limited	HK\$ 2		100	Hotels & serviced suites
Harbour Plaza 8 Degrees Limited	HK\$ 2		100	Hotels & serviced suites
iMarkets Limited	HK\$ 30,000,000		54.83	Provider of electronic trading platform
Joynote Ltd (Singapore)	SGD 2		100	Finance
Jubilee Year Investments Limited	HK\$ 1		100	Property development

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
King Century Investments Limited	HK\$ 1		100	Property development
Kingsmark Investments Limited	HK\$ 1		100	Property development & investment
Luxury Green Development Pte. Ltd. (Singapore)	SGD 1,000,000		100	Property development
Megawin International Limited (British Virgin Islands)	US\$ 2		100	Property development
Mutual Luck Investment Limited	HK\$ 30,000		60	Property development
New Accord Limited	HK\$ 1		100	Property development
New City Investments Limited	HK\$ 1		100	Property development
New Harbour Investments Limited	HK\$ 1		100	Property development
New Vision Development Limited	HK\$ 1		100	Property development
Ocean Century Investments Limited	HK\$ 1		100	Property development
Oxford Investments Limited	HK\$ 2		100	Property development
Pako Wise Limited	HK\$ 2	100		Property investment
Pearl Wisdom Limited	HK\$ 2		100	Hotels & serviced suites
Pofield Investments Limited (British Virgin Islands)	US\$ 1		100	Property investment
Queensway Investments Limited	HK\$ 1		85	Property development
Rainbow Elite Investments Limited	HK\$ 1		100	Property development
Randash Investment Limited	HK\$ 110		60.9	Hotels & serviced suites
Regent Land Investments Limited	HK\$ 1		100	Property development
Rich Asia Investments Limited	HK\$ 1,000,000		85	Property development
Romefield Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Ruby Star Enterprises Limited	HK\$ 1		100	Property development
Sai Ling Realty Limited	HK\$ 10,000	100		Property development
Sino China Enterprises Limited	HK\$ 2		100	Hotels & serviced suites
Stanley Investments Limited	HK\$ 1		100	Property development
The Center (Holdings) Limited (British Virgin Islands)	US\$ 1		100	Property investment
Tin Shui Wai Development Limited	HK\$ 1,000		98.47	Property investment
Tony Investments Limited	HK\$ 1		100	Property development
Total Win Group Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Towerich Limited	HK\$ 2		51	Hotels & serviced suites
Volly Best Investment Limited	HK\$ 1		90	Property development
Wealth Pine Investment Limited	HK\$ 1		85	Property development
Wide Global Investment Limited	HK\$ 2		100	Property development
Winchesto Finance Company Limited	HK\$ 15,000,000	100		Finance
Yick Ho Limited	HK\$ 6,000,000		100	Investment in hotel projects

The principal area of operation of the above companies were in Hong Kong except the following:

Name	Area of Operation
Cheung Kong Bond Securities Limited	Singapore
Cheung Kong Holdings (China) Limited	The Mainland
Joynote Ltd	Singapore
Luxury Green Development Pte. Ltd.	Singapore
Megawin International Limited	The Mainland
Yick Ho Limited	The Mainland

Principal Associates

Appendix II

The Directors are of the opinion that a complete list of the particulars of all the associates will be of excessive length and therefore the following list contains only the particulars of the associates which materially affect the results or assets of the Group. All the companies listed below were incorporated in Hong Kong except otherwise stated.

Name	Effective percentage of Issued Ordinary Share Capital held by the Company		Principal Activities
	Directly	Indirectly	
CEF Holdings Limited	50		Investment holding
CK Life Sciences Int'l., (Holdings) Inc. (Cayman Islands)		45.3	Research & development, manufacturing, commercialisation, marketing & selling of health & agriculture-related products, vineyards & investments
Harbour Plaza Hotel Management (International) Limited (British Virgin Islands)		50	Hotel management
Hong Kong Concord Holdings Limited		40	Investment holding & power generation
Hutchison Whampoa Limited		49.9	Ports & related services, property & hotels, retail, infrastructure, energy, telecommunications, finance & investments and others
Metro Broadcast Corporation Limited		50	Radio broadcasting
UK Water (2011) Limited (The United Kingdom)		40	Water supply, sewerage and waste water businesses
Wales & West Gas Networks (Holdings) Limited (The United Kingdom)		30	Gas distribution

The principal area of operation of the above companies were in Hong Kong except the following:

Name	Area of Operation
Hong Kong Concord Holdings Limited	The Mainland
UK Water (2011) Limited	The United Kingdom
Wales & West Gas Networks (Holdings) Limited	The United Kingdom

Principal Jointly Controlled Entities

Appendix III

The Directors are of the opinion that a complete list of the particulars of all the jointly controlled entities will be of excessive length and therefore the following list contains only the particulars of the jointly controlled entities which materially affect the results or assets of the Group. All the jointly controlled entities below were incorporated in Hong Kong except otherwise stated.

Name	Effective percentage of Ownership Interest held by the Company		Principal Activities
	Directly	Indirectly	
Afford Limited		50	Property development & investment
Bayswater Developments Limited (British Virgin Islands)		50	Property development & investment
Beright Investments Limited (British Virgin Islands)		50	Property development
Billion Rise Limited (British Virgin Islands)		50	Property development
Chesgold Limited		50	Property investment
Cheung Wo Enterprises Limited (British Virgin Islands)		50	Property investment
Choicewide Group Limited (British Virgin Islands)		50	Investment in property project
Clayton Power Enterprises Limited		50	Property development
Dragon Beauty International Limited		50	Property development
Elegant Wealth Investment Limited	49		Property development
Extreme Selection Investments Limited (British Virgin Islands)		50	Property development
Forton Investment Limited		50	Property development
Gislingham Limited (British Virgin Islands)		50	Property development
Glory Sense Limited		50	Property development
Golden Castle Management Limited (British Virgin Islands)		50	Property development
Harbour Plaza Metropolis Limited (British Virgin Islands)		50	Hotels & serviced suites
Hildon Development Limited		50	Property development
Hong Kong Shanghai Development Co Ltd (Samoa)		25	Property development & investment
Hui Xian Holdings Limited		33.4	Investment holding
Hutchison Whampoa Properties (Chengdu) Limited (The Mainland)		50	Property development
Konus Investment Limited		42.5	Property investment
Mapleleaf Developments Limited (British Virgin Islands)		25	Property development
Mighty General Limited		50	Property development
Montoya (HK) Limited		50	Property development
New China Sheen Limited		50	Property development
New China Target Limited		50	Property development
Shanklin Developments Limited (British Virgin Islands)		50	Property development
Sky Island Limited (British Virgin Islands)		50	Property development

Principal Jointly Controlled Entities (*continued*)

Name	Effective percentage of Ownership Interest held by the Company		Principal Activities
	Directly	Indirectly	
Smart Rainbow Limited (British Virgin Islands)		50	Hotels & serviced suites
Swayfield Limited (British Virgin Islands)		30	Property investment
True Ample Developments Limited (British Virgin Islands)		50	Property development
Willpower Developments Limited (British Virgin Islands)		50	Property development
Zealand Limited (British Virgin Islands)		50	Property development

The principal area of operation of the above jointly controlled entities were in Hong Kong except the following:

Name	Area of Operation
Afford Limited	The Mainland
Bayswater Developments Limited	The Mainland
Beright Investments Limited	The Mainland
Billion Rise Limited	Singapore
Chesgold Limited	The Mainland
Cheung Wo Enterprises Limited	The Mainland
Choicewide Group Limited	Singapore
Elegant Wealth Investment Limited	The Mainland
Extreme Selection Investments Limited	The Mainland
Forton Investment Limited	The Mainland
Gislingham Limited	The Mainland
Glory Sense Limited	The Mainland
Golden Castle Management Limited	The Mainland
Hildon Development Limited	The Mainland
Hong Kong Shanghai Development Co Ltd	The Mainland
Hutchison Whampoa Properties (Chengdu) Limited	The Mainland
Mapleleaf Developments Limited	The Mainland
Mighty General Limited	The Mainland
Montoya (HK) Limited	The Mainland
New China Sheen Limited	The Mainland
New China Target Limited	The Mainland
Shanklin Developments Limited	The Mainland
Sky Island Limited	The Mainland
True Ample Developments Limited	The Mainland
Willpower Developments Limited	The Mainland
Zealand Limited	The Mainland

Extracts of Financial Statements of Hutchison Whampoa Limited

Appendix IV

Extracts of the 2012 published financial statements of Hutchison Whampoa Limited, a listed associate, are set out below.

Consolidated Income Statement

For the year ended 31st December, 2012

	2012 \$ Million	2011 \$ Million
Revenue	243,089	233,700
Cost of inventories sold	(98,113)	(93,059)
Staff costs	(31,171)	(30,488)
Telecommunications customer acquisition costs	(25,514)	(22,497)
Depreciation and amortisation	(14,149)	(14,080)
Other operating expenses	(50,364)	(53,055)
Change in fair value of investment properties	790	–
Profits on disposal of investments and others	(2,052)	43,147
Share of profits less losses after tax of:		
Associated companies	14,978	13,819
Jointly controlled entities	6,530	5,877
	44,024	83,364
Interest expenses and other finance costs	(9,243)	(8,415)
Profit before tax	34,781	74,949
Current tax	(3,097)	(3,237)
Deferred tax	676	2,150
Profit after tax	32,360	73,862
Allocated as:		
Profit attributable to non-controlling interests and holders of perpetual capital securities	(6,232)	(17,843)
Profit attributable to ordinary shareholders of the Company	26,128	56,019

Extracts of Financial Statements of Hutchison Whampoa Limited (*continued*)

Consolidated Statement of Financial Position

At 31st December, 2012

	2012 \$ Million	2011 \$ Million
ASSETS		
Non-current assets		
Fixed assets	167,588	155,502
Investment properties	43,652	42,610
Leasehold land	9,495	10,004
Telecommunications licences	78,655	75,503
Goodwill	26,492	26,338
Brand names and other rights	15,328	12,615
Associated companies	151,860	137,703
Interests in joint ventures	70,397	67,562
Deferred tax assets	18,067	16,992
Other non-current assets	9,579	10,184
Liquid funds and other listed investments	23,499	20,239
	614,612	575,252
Current assets		
Cash and cash equivalents	107,948	66,539
Trade and other receivables	61,788	60,345
Inventories	19,533	18,408
	189,269	145,292
Current liabilities		
Trade and other payables	78,471	78,093
Bank and other debts	39,596	28,835
Current tax liabilities	2,856	2,431
	120,923	109,359
Net current assets	68,346	35,933
Total assets less current liabilities	682,958	611,185
Non-current liabilities		
Bank and other debts	220,440	189,719
Interest bearing loans from non-controlling shareholders	6,307	6,502
Deferred tax liabilities	8,973	8,893
Pension obligations	3,570	2,992
Other non-current liabilities	5,076	4,296
	244,366	212,402
Net assets	438,592	398,783
CAPITAL AND RESERVES		
Share capital	1,066	1,066
Perpetual capital securities	23,400	15,600
Reserves	367,093	342,946
Total ordinary shareholders' funds and perpetual capital securities	391,559	359,612
Non-controlling interests	47,033	39,171
Total equity	438,592	398,783

Extracts of Financial Statements of CK Life Sciences Int'l., (Holdings) Inc.

Appendix V

Extracts of the 2012 published financial statements of CK Life Sciences Int'l., (Holdings) Inc., a listed associate, are set out below.

Consolidated Income Statement

For the year ended 31st December, 2012

	2012 \$'000	2011 \$'000
Turnover	4,545,022	3,511,563
Cost of sales	(2,992,216)	(2,331,432)
	1,552,806	1,180,131
Other income, gains and losses	(6,361)	(9,061)
Staff costs	(438,644)	(363,086)
Depreciation	(18,072)	(17,673)
Amortisation of intangible assets	(51,328)	(44,932)
Other expenses	(646,284)	(494,125)
Finance costs	(88,623)	(89,164)
Share of results of associates	(2,481)	(731)
Profit before taxation	301,013	161,359
Taxation	(102,979)	(46,252)
Profit for the year	198,034	115,107
Attributable to:		
Shareholders of the Company	176,331	125,826
Non-controlling interests of subsidiaries	21,703	(10,719)
	198,034	115,107

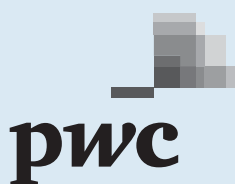
Extracts of Financial Statements of CK Life Sciences Int'l., (Holdings) Inc. (continued)

Consolidated Statement of Financial Position

As at 31st December, 2012

	2012 \$'000	2011 \$'000
Non-current assets		
Investment properties	947,866	813,502
Vines	542,218	537,571
Property, plant and equipment	561,604	575,962
Intangible assets	4,302,480	4,133,396
Interests in associates	16,260	18,622
Available-for-sale investments	335,386	368,621
Investments at fair value through profit or loss	130,923	153,130
Deferred taxation	33,353	23,718
	6,870,090	6,624,522
Current assets		
Investments at fair value through profit or loss	64,718	76,083
Derivative financial instruments	8,234	3,102
Tax recoverable	5,044	42
Inventories	796,031	650,886
Receivables and prepayments	983,733	983,985
Time deposits	–	91,200
Bank balances and deposits	572,113	380,415
	2,429,873	2,185,713
Current liabilities		
Payables and accruals	(923,122)	(822,767)
Derivative financial instruments	(17,363)	(37,151)
Bank borrowings	(124,414)	–
Finance lease obligations	(431)	(373)
Taxation	(112,774)	(61,988)
	(1,178,104)	(922,279)
Net current assets	1,251,769	1,263,434
Total assets less current liabilities	8,121,859	7,887,956
Non-current liabilities		
Bank borrowings	(1,565,629)	(1,691,606)
Finance lease obligations	(1,148)	(1,277)
Other borrowings	(790,376)	(536,201)
Deferred taxation	(41,008)	(26,314)
	(2,398,161)	(2,255,398)
Total net assets	5,723,698	5,632,558
Capital and reserves		
Share capital	961,107	961,107
Share premium and reserves	4,502,705	4,407,652
Equity attributable to shareholders of the Company	5,463,812	5,368,759
Non-controlling interests of subsidiaries	259,886	263,799
Total equity	5,723,698	5,632,558

Independent Auditor's Report



TO THE SHAREHOLDERS OF CHEUNG KONG (HOLDINGS) LIMITED *(incorporated in Hong Kong with limited liability)*

We have audited the consolidated financial statements of Cheung Kong (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 108 to 152, which comprise the consolidated and Company statements of financial position as at 31st 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 financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements 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 financial statements 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 financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements 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 financial statements.

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 financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st 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, 26th March, 2013

Listed Affiliated Companies

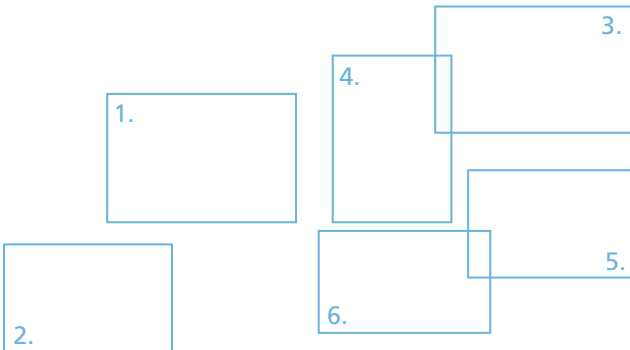


Hutchison Whampoa Limited



- Ports and Related Services
- Property and Hotels
- Retail
- Infrastructure
- Energy
- Telecommunications

The Hutchison Whampoa Group is steadfast in achieving sustainable recurring earnings growth and maintaining its strong financial profile. Each of its major operating divisions will continue to invest and expand their core business operations.



1. UK's largest container port, Port of Felixstowe, commences the new North Rail Terminal project
2. Lamma Power Station – powering Hong Kong's success
3. 3 Hong Kong heralds the new 4G (LTE) mobile communications era
4. ASW's Kruidvat in Belgium celebrates its 20th anniversary
5. Dongguan Laguna Parkview promotes a new living concept
6. Husky Energy's Lloydminster Upgrader sets an all-time production record



Cheung Kong Infrastructure Holdings Limited



- Investment in Power Assets
- Infrastructure Investment in United Kingdom
- Infrastructure Investment in Australia
- Infrastructure Investment in New Zealand
- Infrastructure Investment in Canada
- Infrastructure Investment in China
- Investment in Infrastructure Related Business

CKI achieved significant growth in the past decade, with profit nearly tripling over the last ten years, and almost doubling over the last 5 years, a reflection of the excellent performance of its established businesses.



3



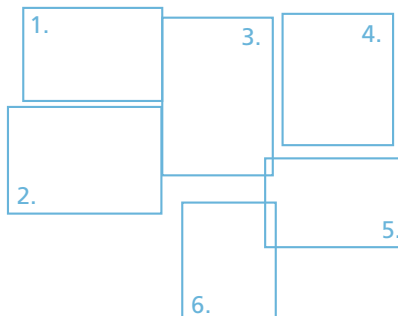
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5



6



- 1. Northumbrian Water Group Limited
- 2. Alliance Construction Materials Limited
- 3. Wales & West Utilities Limited
- 4. SA Power Networks
- 5. Tangshan Tangle Road
- 6. UK Power Networks Holdings Limited

Listed Affiliated Companies (continued)



Power Assets Holdings Ltd.
電能實業有限公司

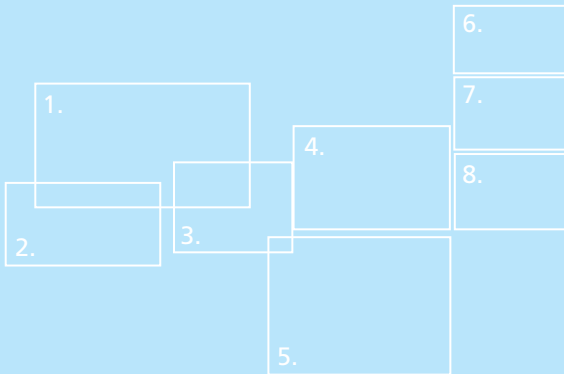
Power Assets Holdings Limited



- **Generation, Transmission and Distribution of Electricity**
- **International Investment in Power and Utility-related Industries**
- **Engineering Consultancy Services**

As an international investor in energy and utility-related businesses, Power Assets currently has investments in the United Kingdom, Canada, Australia, Thailand, mainland China and New Zealand. With interests in over 10,000 megawatts of power generation assets and 440,000 kilometers of power and gas networks, the Company lights up the life of more than 15 million customers on the global arena.





1. In 2012, Power Assets acquired a 30% shareholding in Wales & West Utilities in the UK and developed renewable energy transmission business in Australia
2. One of Power Assets' associates, UK Power Networks powered the London Olympics to success
3. More quick charging stations come into operation as HK Electric continues supporting the use of electric vehicles
4. HK Electric, a wholly-owned subsidiary of Power Assets, started gathering wind data for an offshore wind farm project targeted for commissioning in 2017
5. The solar power system at Lamma Power Station is the largest of its kind in Hong Kong
6. In 2012, Power Assets was the only company in Hong Kong to be included in the "CDP Global 500 CDLI 2012" and entered the "Dow Jones Sustainability Asia Pacific Index" for the first time in recognition of its efforts in CSR
7. Power Assets Volunteers Team continues supporting various green services
8. Power Assets' elderly care programme was named 2nd runner-up in the "2011-2012 Best Corporate Volunteer Project Award"

Risk Factors

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties pertaining to the Group's businesses. The factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. These factors are by no means exhaustive or comprehensive, and 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. In addition, this Annual Report does not constitute a recommendation or advice to invest in the shares of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company.

Economic Environment and Conditions

Global economy has remained highly uncertain as the European sovereign debt crisis and the financial problems of the United States continue to threaten the global financial markets and risks of a prolonged period of slowing growth in the advanced economies are increasing. The negative repercussions of a tight global credit market have led to unprecedented volatility in stock and commodity markets, high unemployment rate, and a contraction of economic activities in emerging markets as well as major developed economies. The Cheung Kong Group has diversified operations in 52 countries around the world. Any continuing adverse economic conditions in those countries and places in which the Group operates may potentially impact on the Group's financial position or potential income, asset value and liabilities.

Property Developments

There exist general risks inherent in property development and in the ownership of properties, including, among other things, risks that financing for development may not be available on favourable terms, that construction may not be completed on schedule or within budget especially due to facing the current problems such as aging workforce, labour shortage, skills mismatch and succession gap as well as the escalation of material prices, that long-term financing may not be available on completion of construction, that developed properties may not be sold or leased on profitable terms, that there will be intense competition from other developers or property owners which may lead to vacant properties or an inability to sell or rent properties on favourable terms, that purchasers or tenants may default, that properties held for rental purpose will need to be renovated, repaired and re-let on a periodic basis, that it may not be possible to renew leases or re-let spaces when existing leases expire, and that the property market conditions are subject to changes in environmental laws and regulations and zoning laws and other governmental rules and fiscal policies. Property values and rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, levels of interest rates and consumer prices, the overall supply of properties, and the imposition of governmental measures to dampen property prices. Taxes, levies, stamp duties and similar taxes or charges payable for the sale or transfer of residential properties may be imposed by the relevant authorities from time to time.

Investment in property is generally illiquid, which may limit the ability of the Group in timely realising property assets into cash.

In addition, suitable land of significant size at appropriate prices is not easy to obtain due to limited supply of land in Hong Kong, while acquisition of land on the Mainland and other overseas markets may be subject to various other regulatory requirements or restrictions. Future growth prospects of the property development business is therefore affected by the availability and price levels of prime sites in Hong Kong, the Mainland and other overseas markets.

Properties could suffer physical damage by fire or other causes and the Group may be exposed to any potential risks associated with public liability claims, resulting in losses (including loss of rent and value of properties) which may not be fully compensated for by insurance proceeds, and such events may in turn affect the Group's financial conditions or results of operations. There is also the possibility of other losses for which the Group may not obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, payment of compensation may be required and this may affect the returns on capital invested in that property. The Group would also remain liable for any debt or other financial obligation, such as committed capital expenditures, related to that property. In addition, insurance policies will have to be renewed every year and acceptable terms for coverage will have to be negotiated, thus exposing the Group to the volatility of the insurance markets, including the possibility of rate increases.

Industry Trends and Interest Rates

The trends in the industries in which the Group operates, including the property market sentiment and conditions, the property values in Hong Kong, mark to market value of securities investments, the currency environment and interest rates cycles, may pose significant impact on the Group's results. There can be no assurance that the combination of industry trends and interest rates the Group experiences in the future will not adversely affect its financial conditions or results of operations.

In particular, income from finance and treasury operations is dependent upon the capital market, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial conditions or results of operations. The volatilities in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

Highly Competitive Markets

The Group's principal business operations face significant competition across the markets in which they operate. New market entrants and intensified price competition among existing market players could adversely affect the Group's financial conditions or results of operations. Competition risks faced by the Group include (a) an increasing number of developers undertaking property investment and development in Hong Kong, the Mainland and in other overseas markets, which may affect the market share and returns of the Group; and (b) significant competition and pricing pressure from other developers and may adversely affect the financial performance of the Group's operations.

Infrastructure Market

Some of the investments owned by the Group (for example, water and gas) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities.

The distribution and transmission networks of the Group's utilities investments are also exposed to supply interruptions. If a severe earthquake, storm, flood, fire, sabotage, terrorist attack or other unplanned event interrupts service, the loss of cash flow resulting from the interruption and the cost of recovery from network damage could be considerable and potentially cause poor customer perception and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. Increases in the number or duration of supply interruptions could result in material increases in the costs associated with the operation of the distribution and transmission networks, which could have a material adverse effect on the businesses, financial conditions and results of operations of the Group.

Risk Factors (continued)

Currency Fluctuations

The results of the Group is recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's performance. Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's financial conditions or results of operations.

Strategic Partners

Some of the businesses of the Group are conducted through non wholly-owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will 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, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfill their obligations under the joint ventures, which may affect the Group's financial conditions or results of operations.

Impact of Local, National and International Regulations

The local business risks in different countries and cities in which the Group operates could have a material impact on the financial conditions, results of operations and growth prospects of the businesses in the relevant market. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned capital expenditure, pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit.

Impact of New Accounting Standards

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has from time to time issued new and revised Hong Kong Financial Reporting Standards ("HKFRS"). As accounting standards continue to develop, HKICPA may in the future issue more new and revised HKFRS and the Group may be required to adopt new accounting policies which might or could have a significant impact on the Group's financial position or results of operations.

Outbreak of Highly Contagious Disease

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS") in Hong Kong, the Mainland and other places. The SARS outbreak had a significant adverse impact on the economies of the affected areas. The spread of Influenza A H1N1 in 2009 also affected many areas of the world and there were reported cases of NDM-1 in many countries and regions. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease such as avian influenza or SARS. If such an outbreak were to occur, it may have a material adverse impact on the operations of the Group and its results of operations may suffer.

Connected Transactions

Hutchison Whampoa Limited (“Hutchison”) is also listed on The Stock Exchange of Hong Kong Limited. Although the Group believes that its relationship with Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and accordingly any transactions entered into between the Group and Hutchison, its subsidiaries or associates are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders’ approval at general meetings and disclosure in annual reports and accounts. Independent shareholders’ approval requirements may also lead to unpredictable outcomes causing disruptions to as well as increase the risks of the Group’s business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

The Group’s Financial Conditions or Results of Operations are affected by those of the Hutchison Whampoa Group

The Group owns approximately 49.9% of the Hutchison Whampoa Group which operates in 52 countries around the world and hence its financial conditions and results of operations may be affected by the local market conditions and the economy of the places where business operations are located as well as any litigation against them. The Group’s financial conditions and results of operations are materially affected by the financial conditions and results of operations of the Hutchison Whampoa Group. In addition, the core businesses of the Hutchison Whampoa Group are different from those of the Group, and as a result, the Group is indirectly exposed to the risks the Hutchison Whampoa Group is facing.

Natural Disasters

Some of the Group’s assets and businesses, 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 conditions and results of operations. For example, in recent years, a number of countries including the Mainland, New Zealand and Japan experienced severe earthquakes that caused significant property damage and loss of life.

Although the Group has not experienced any major structural damage to its property development projects or assets or 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 assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group’s financial conditions and results of operations.

Past Performance and Forward Looking Statements

The performance and the results of operations of the Group during the past years as contained in this Annual Report are historical in nature and past performance can be no guarantee of future results of the Group. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Annual Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

Corporate Information and Key Dates

Board of Directors

LI Ka-shing	<i>Chairman</i>
LI Tzar Kuoi, Victor	<i>Managing Director and Deputy Chairman</i>
KAM Hing Lam	<i>Deputy Managing Director</i>
IP Tak Chuen, Edmond	<i>Deputy Managing Director</i>
CHUNG Sun Keung, Davy	<i>Executive Director</i>
PAU Yee Wan, Ezra	<i>Executive Director</i>
WOO Chia Ching, Grace	<i>Executive Director</i>
CHIU Kwok Hung, Justin	<i>Executive Director</i>
LEUNG Siu Hon	<i>Non-executive Director</i>
FOK Kin Ning, Canning	<i>Non-executive Director</i>
Frank John SIXT	<i>Non-executive Director</i>
CHOW Kun Chee, Roland	<i>Non-executive Director</i>
George Colin MAGNUS	<i>Non-executive Director</i>
LEE Yeh Kwong, Charles	<i>Non-executive Director</i>
KWOK Tun-li, Stanley	<i>Independent Non-executive Director</i>
YEH Yuan Chang, Anthony	<i>Independent Non-executive Director</i>
Simon MURRAY	<i>Independent Non-executive Director</i>
CHOW Nin Mow, Albert	<i>Independent Non-executive Director</i>
HUNG Siu-lin, Katherine	<i>Independent Non-executive Director</i>
WONG Yick-ming, Rosanna*	<i>Independent Non-executive Director</i>
CHEONG Ying Chew, Henry	<i>Independent Non-executive Director</i>

* Also alternate director to Simon MURRAY

Audit Committee

CHEONG Ying Chew, Henry (*Chairman*)
KWOK Tun-li, Stanley
HUNG Siu-lin, Katherine

Remuneration Committee

WONG Yick-ming, Rosanna (*Chairman*)
LI Ka-shing
KWOK Tun-li, Stanley

Company Secretary

Eirene YEUNG

Authorised Representatives

IP Tak Chuen, Edmond
Eirene YEUNG

Chief Manager, Accounts Department

MAN Ka Keung, Simon

Principal Bankers

Mizuho Corporate Bank, Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
Oversea-Chinese Banking Corporation Limited
Canadian Imperial Bank of Commerce
Citibank, N.A.
Bank of America, N.A.
Standard Chartered Bank (Hong Kong) Limited

Auditor

PricewaterhouseCoopers

Legal Advisers

Woo, Kwan, Lee & Lo

Registered Office

7th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

Stock Codes

The Stock Exchange of Hong Kong Limited: 0001
Bloomberg: 1 HK
Reuters: 1.HK

Website

www.ckh.com.hk

Key Dates

Annual Results Announcement	26th March, 2013
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	15th to 21st May, 2013 (both days inclusive)
Annual General Meeting	21st May, 2013
Record Date (for determination of shareholders who qualify for the Final Dividend)	27th May, 2013
Payment of Final Dividend	7th June, 2013

