長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1

Solid Foundation Fosters Long-term Development

2017 Annual Report

Corporate Information

CK Hutchison Holdings Limited

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Chairman

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

Group Co-Managing Director and Deputy Chairman

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

Group Co-Managing Director

FOK Kin Ning, Canning, BA, DFM, FCA (ANZ)

Frank John SIXT, MA, LLL
Group Finance Director and Deputy Managing Director

IP Tak Chuen, Edmond, BA, MSc
Deputy Managing Director

KAM Hing Lam, BSc, MBA
Deputy Managing Director

LAI Kai Ming, Dominic, BSc, MBA
Deputy Managing Director

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

NON-EXECUTIVE DIRECTORS

CHOW Kun Chee, Roland, LLM

CHOW WOO Mo Fong, Susan, BSc

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

LEUNG Siu Hon, BA (Law) (Hons), LL.D. (Hon)

George Colin MAGNUS, OBE, BBS, MA

INDEPENDENT NON-EXECUTIVE DIRECTORS

KWOK Tun-li, Stanley, BSc (Arch), AA Dipl, LLD (Hon), ARIBA, MRAIC

CHENG Hoi Chuen, Vincent, GBS, OBE, JP

The Hon Sir Michael David KADOORIE, GBS, LLD (Hon), DSc (Hon)
Commandeur de la Légion d'Honneur
Commandeur de l'Ordre des Arts et des Lettres
Commandeur de l'Ordre de la Couronne
Commandeur de l'Ordre de Leopold II
(William Elkin MOCATTA, FCA as his alternate)

LEE Wai Mun, Rose, JP, BBA

William SHURNIAK, S.O.M., M.S.M., LLD (Hon)

WONG Chung Hin, CBE, JP

WONG Yick-ming, Rosanna, PhD, DBE, JP

AUDIT COMMITTEE

WONG Chung Hin *(Chairman)*

KWOK Tun-li, Stanley

CHENG Hoi Chuen, Vincent

William SHURNIAK

REMUNERATION COMMITTEE

WONG Yick-ming, Rosanna *(Chairman)*

LI Ka-shing

CHENG Hoi Chuen, Vincent

WONG Chung Hin

COMPANY SECRETARY

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

AUDITOR

PricewaterhouseCoopers

BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

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Corporate Profile

CK Hutchison Group (the "Group") is a renowned multinational conglomerate committed to development, innovation and technology in many different sectors. We operate a variety of businesses in over 50 countries across the world with over 300,000 employees. We have a strong commitment to the highest standards of corporate governance, transparency and accountability, as recognised by numerous international awards and commendations. Our operations consist of five core businesses – ports and related services, retail, infrastructure, energy, and telecommunications.

Ports and Related Services

We are the world's leading port investor, developer and operator, holding interests in 52 ports comprising 287 operational berths in 26 countries, including container terminals operating in five of the 10 busiest container ports in the world. In 2017, our ports handled a total throughput of 84.67 million twenty-foot equivalent units ("TEU"). We also engage in mid-stream operations, river trade, cruise terminal operations and ports related logistic services.

Retail

The Group's retail division is the world's largest international health and beauty retailer, with over 14,000 stores in 24 markets worldwide. Its diverse retail portfolio comprises health and beauty products, supermarkets, as well as consumer electronics and electrical appliances. It also manufactures and distributes bottled water and beverage products in Hong Kong and Mainland China.

Infrastructure

The Group's infrastructure business includes its shareholding in CK Infrastructure Holdings Limited ("CKI") and interests in six infrastructure assets that are co-owned with CKI. CKI is a global infrastructure company that aims to make the world a better place through a variety of infrastructure investments and developments in different parts of the world. The company has diversified investments in energy infrastructure, transportation infrastructure, water infrastructure, waste management, waste-to-energy, household infrastructure and infrastructure related businesses. Its investments and operations span across Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States.

Energy

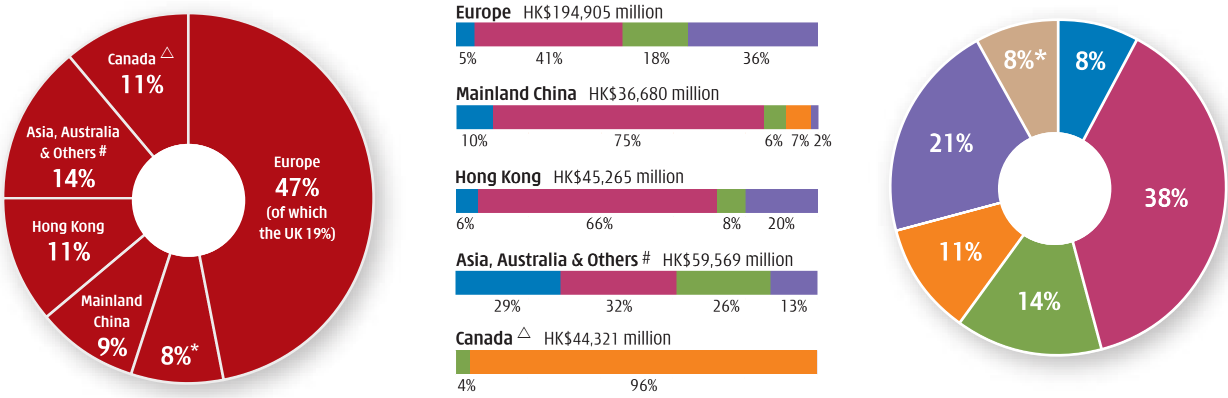
The Group's investments in energy are principally located in Western and Atlantic Canada, the United States and the Asia Pacific Region. Husky Energy Inc. ("Husky") is an integrated energy company listed in Canada.

Telecommunications

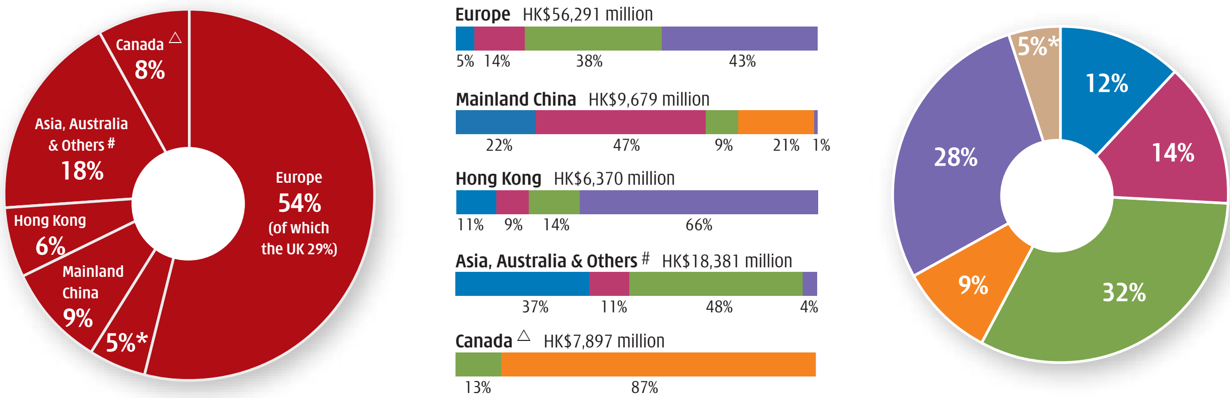
We are a leading global operator of mobile telecommunications and data services, and a pioneer of mobile broadband technology. Our operations offer telecommunications services comprising 4.5G / 4G / 3G mobile telecommunications services and international connectivity services over mobile networks.

Analyses of Core Business Segments by Geographical Location

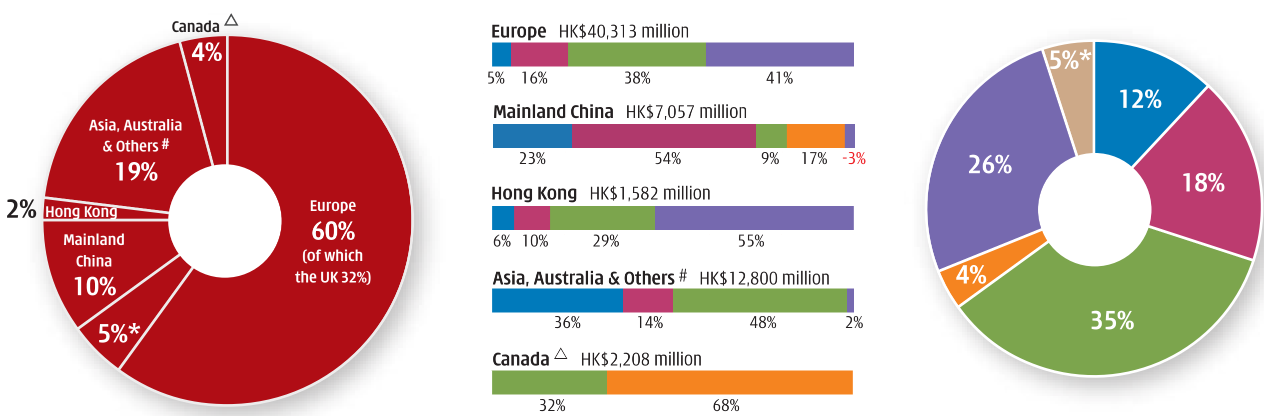
2017 Total Revenue
HK$414,837 million



2017 Total EBITDA
HK$104,354 million



2017 Total EBIT
HK$67,592 million



Ports & Related Services | Retail | Infrastructure | Energy | Telecommunications | Finance & Investments and Others

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

Analyses by Core Business Segments

	2017 HK$ million	%	2016 [2] HK$ million	%	Change %
Revenue [1]					
Ports and Related Services [1]	**34,146**	**8%**	32,184	9%	6%
Retail	**156,163**	**38%**	151,502	40%	3%
Infrastructure	**57,369**	**14%**	53,211	14%	8%
Husky Energy	**44,948**	**11%**	30,467	8%	48%
3 Group Europe	**70,734**	**17%**	62,415	16%	13%
Hutchison Telecommunications Hong Kong Holdings	**9,685**	**2%**	12,133	3%	-20%
Hutchison Asia Telecommunications	**7,695**	**2%**	8,200	2%	-6%
Finance & Investments and Others	**34,097**	**8%**	32,211	8%	6%
Total Revenue	**414,837**	**100%**	382,323	100%	9%
EBITDA [1]					
Ports and Related Services [1]	**12,563**	**12%**	11,639	12%	8%
Retail	**14,798**	**14%**	14,567	16%	2%
Infrastructure	**33,033**	**32%**	31,128	33%	6%
Husky Energy	**8,992**	**9%**	9,284	10%	-3%
3 Group Europe	**24,337**	**23%**	18,944	20%	28%
Hutchison Telecommunications Hong Kong Holdings	**4,337**	**4%**	2,607	3%	66%
Hutchison Asia Telecommunications	**558**	**1%**	2,298	2%	-76%
Finance & Investments and Others	**5,736**	**5%**	4,058	4%	41%
Total EBITDA	**104,354**	**100%**	94,525	100%	10%
EBIT [1]					
Ports and Related Services [1]	**8,219**	**12%**	7,567	12%	9%
Retail	**12,089**	**18%**	12,059	19%	–
Infrastructure	**23,449**	**35%**	22,162	35%	6%
Husky Energy	**2,703**	**4%**	3,429	6%	-21%
3 Group Europe	**16,567**	**25%**	12,838	20%	29%
Hutchison Telecommunications Hong Kong Holdings	**707**	**1%**	1,055	2%	-33%
Hutchison Asia Telecommunications	**226**	**–**	2,130	3%	-89%
Finance & Investments and Others	**3,632**	**5%**	1,879	3%	93%
Total EBIT	**67,592**	**100%**	63,119	100%	7%
Interest expenses and other finance costs [1]	**(18,024)**		(13,278)		-36%
Profit Before Tax	**49,568**		49,841		-1%
Tax [1]					
Current tax	**(7,898)**		(6,247)		-26%
Deferred tax	**1,843**		(1,769)		204%
	(6,055)		(8,016)		24%
Profit after tax	**43,513**		41,825		4%
Non-controlling interests and perpetual capital securities holders' interests	**(8,413)**		(8,817)		5%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**35,100**		33,008		6%

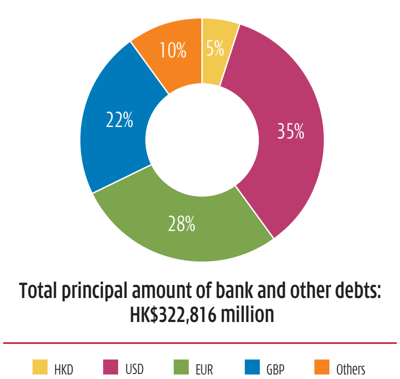
Note 1: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 2: The 2016 comparative has been reclassified to enable a better comparison of performance. The items in "profits on disposal of investments & others" in 2016 have been reclassified to the respective lines under revenue, EBITDA and EBIT to conform with 2017 presentation.

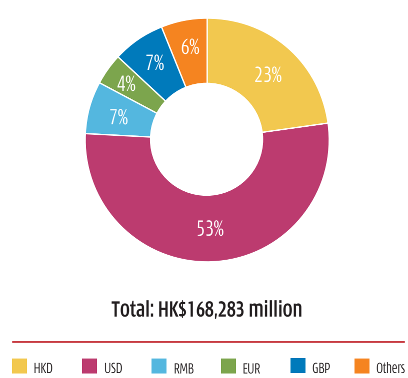
Key Financial Information

	2017 HK$ million	2016 HK$ million
Profit attributable to ordinary shareholders of the Company	**35,100**	33,008
Earnings per share (HK$) [3]	**9.10**	8.55
Full year dividend per share (HK$)	**2.850**	2.680
Total assets	**1,100,255**	1,013,465
Net assets	**591,547**	544,190
Net assets attributable to shareholders of the Company per ordinary share (HK$)	**111.5**	102.2
Total principal amount of bank and other debts	**322,816**	292,047
Total cash, liquid funds and other listed investments ("liquid assets")	**168,283**	162,224
Total principal amount of bank and other debts including unamortised fair value adjustments from acquisitions	**333,155**	304,030
Net debt	**164,872**	141,806
Net debt to net total capital ratio [4]	**21.7%**	20.5%
Credit rating:		
Moody's	**A2**	A3
Standard & Poor's	**A-**	A-
Fitch	**A-**	A-

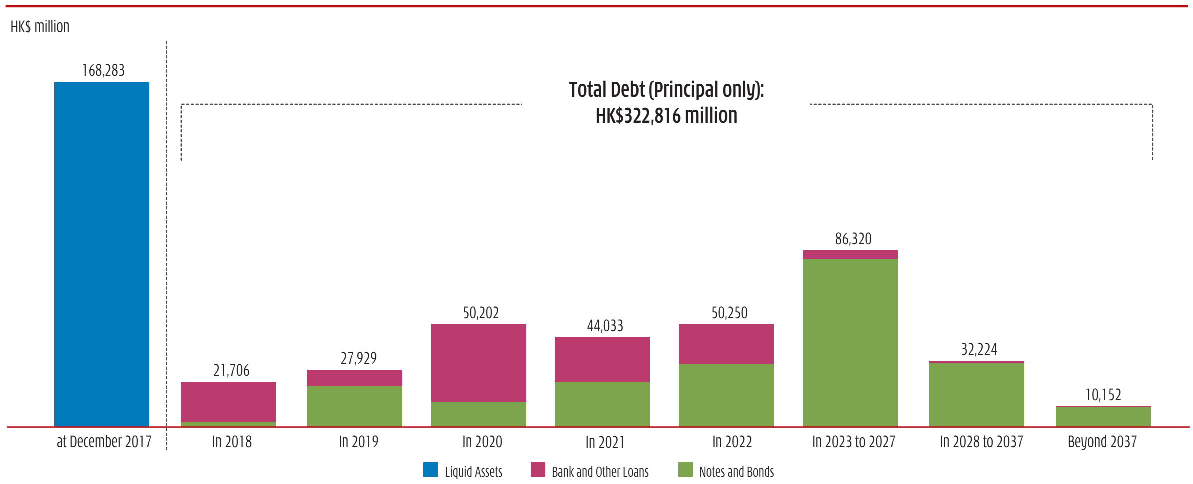
Debt Profile by Currency Denomination at 31 December 2017



Liquid Assets by Currency Denomination at 31 December 2017



Debt Maturity Profile at 31 December 2017 - Principal only



Note 3: Earnings per share is calculated based on profit attributable to ordinary shareholders. For the year ended 31 December 2017, the earnings per share is calculated based on CKHH's number of shares in issue during the year of 3,857,678,500 shares (2016 - CKHH's weighted average number of shares outstanding during 2016 of 3,859,441,388 shares).

Note 4: Net debt is defined on the Consolidated Statement of Cash Flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

Key Business Indicators

Ports and Related Services

"Annual throughput totalled 84.7 million TEU."

Total Container Throughput by Subdivision

million TEU

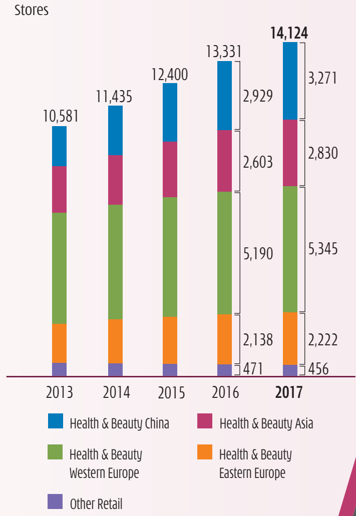
* Asia, Australia and Others includes Panama, Mexico and the Middle East.

Retail

"Over 14,100 retail stores worldwide in 24 markets."

Total Retail Store Numbers by Subdivision

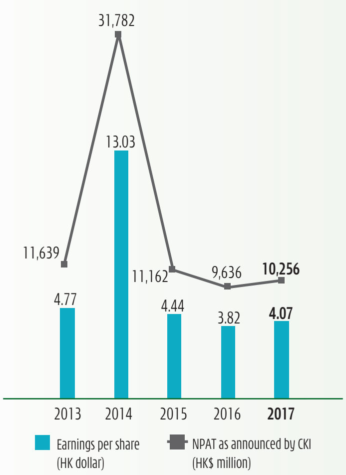
Stores



Infrastructure

"Announced earnings for the year amounted to HK$10,256 million."

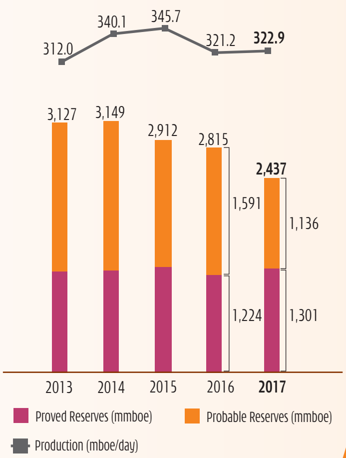
Earnings per Share and NPAT announced by CKI



Energy

"Average production increased 1% to 322.9 mboe/day in 2017."

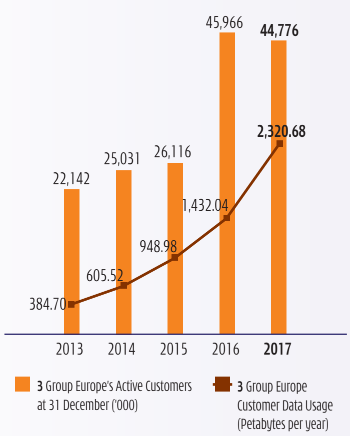
Proved and Probable Reserves & Production



Telecommunications

"Active customer base totals approximately 44.8 million, while data consumption was approximately 2,321 petabytes in 2017."

3 Group Europe's Active Customers and Data Usage



Business Highlights

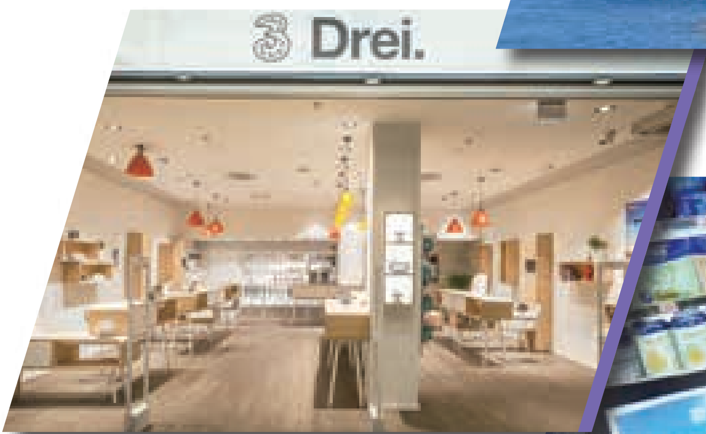
January to June

- Hutchison Ports signs an agreement with Ports of Stockholm to operate the container terminal under construction at Stockholm Norvik Port.
- Hutchison China MediTech Limited announces positive results for a Phase III clinical trial of colorectal cancer drug, Fruquintinib.
- Husky Energy Inc. ("Husky") signs a Production Sharing Contract for a new exploration block offshore China.
- HK Electric enters into a new Scheme of Control Agreement with the Hong Kong SAR Government, effective for 15 years from 1 January 2019.
- A consortium comprising CK Infrastructure Holdings Limited ("CKI"), CK Asset Holdings Limited ("CKA") and Power Assets Holdings Limited ("Power Assets") acquires 100% of DUET Group in Australia for approximately HK$42.4 billion.
- **3** Group enters a strategic partnership with gaming hardware company Razer with **3** Hong Kong opening Hong Kong's first RazerStore.
- Husky approves West White Rose project and announces new discovery.
- **3** UK completes acquisition of UK Broadband and its spectrum holdings for £300 million, better positioning the company for 5G.

July to December

- Hutchison Ports partners with Iraq terminal operator to manage existing and future operations at Port of Basra in southern Iraq.
- Hutchison Ports ICAVE announces an investment of US$450 million in the first stage of the Specialized Container Terminal in the Port of Veracruz.
- **3** Hong Kong completes construction of a Narrowband Internet of Things network.
- CK Hutchison Holdings Limited and Ant Financial form strategic partnership to offer a consumer-oriented digital app under the "AlipayHK" brand, which will further integrate online and offline payments for consumers in Hong Kong.
- CKI and CKA form a joint venture to acquire ista in Germany for approximately HK$41.4 billion.
- Hutchison Telecommunications Hong Kong Holdings Limited completes the sale of its 100% interest in fixed-line business to Asia Cube Global Communications Limited.
- Wind Tre completes €10.7 billion equivalent of debt refinancing, further optimising its capital structure.
- Husky sanctions Liuhua 29-1, the third field at the Liwan Gas Project.
- First production achieved at the liquids-rich BD Project offshore Indonesia.
- Hutchison Ports RAK starts operation at Saqr Port, Ras Al Khaimah in north United Arab Emirates.
- **3** Austria completes acquisition of Tele2 Austria for €100 million.
- Husky closes its acquisition of the Superior Refinery, a 50,000-barrel per day ("bbls/day") refinery in Wisconsin, USA for US$435 million. Total upgrading and refining capacity increases to approximately 400,000 bbls/day.
- Hutchison Ports is awarded a concession to operate Ahmed Bin Rashid Port in Umm Al Quwain.
- A S Watson Group ("ASW") opens its 14,000th store.
- ASW has over 128 million loyalty members globally.


A.S. Watson Group
We have reached 14,000 stores in 24 markets!
14000


Drei.

Chairman's Statement

Growth in the global economy picked up in the second half of 2017 leading to commodity price recoveries as well as moderate interest rate rises. However, uncertainty as to the direction of U.S. Dollar exchange rates, the pace of central bank tightening and the international trading environment have resulted in continued significant currency volatility. Global bond and equity markets were strong through 2017 but have also shown increasing volatility. Overall financial market conditions remain difficult to predict. However, operating conditions including consumer confidence and consumer spending have remained solid in most of the markets in which the Group operates. As a result, the Group continued to deliver steady underlying earnings growth in all core businesses with the only significant exception being telecommunication operations in Asia, which experienced intense market competition and reported reduced contributions to the Group in 2017. The nominal contribution of Husky Energy to the Group's results also declined due to the effect of disposal gains recognised in 2016. Overall, Husky Energy's operating performance made significant progress in 2017.

EBITDA and EBIT of the Group increased by 10% and 7% against last year respectively. Accretive contributions from the Wind Tre joint venture and various acquisitions made by the Infrastructure division during 2016 and 2017 contributed the year on year growth. EBITDA growth was also attributable to the disposal gain of the Hong Kong fixed-line telecommunication business during 2017. This gain was fully offset at the EBIT level by accelerated depreciation charges. EBITDA and EBIT also include a disposal gain of HK$1,922 million relating to a manufacturing plant in Mainland China. These higher year on year contributions were partly offset by lower contribution from telecommunication operations in Asia and Husky Energy as mentioned above. With the recovery of major currencies against Hong Kong dollars in the second half of 2017, foreign currency translation effect in the second half did not have a material impact on the Group's reported results.

Profit attributable to ordinary shareholders for the year ended 31 December 2017 increased 6% to HK$35,100 million from HK$33,008 million in 2016, reflecting EBITDA and EBIT improvements but partly offset by higher financing costs from the Group's share of interest expense and one-time major refinancing costs in the Wind Tre joint venture, as well as interest expense associated with the new acquisitions in the Infrastructure division.

Earnings per share were HK$9.10 for the full year.

Dividend

The Board of Directors ("the Board") recommends the payment of a final dividend of HK$2.07 per share (2016 final dividend – HK$1.945 per share), payable on 31 May 2018, to shareholders whose names appear on the Register of Members of the Company at the close of business on 16 May 2018, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK$0.78 per share, the full year dividend amounts to HK$2.85 per share (2016 full year dividend – HK$2.68 per share).

Ports and Related Services

The ports and related services division handled throughput of 84.7 million twenty-foot equivalent units ("TEU") through 287 operating berths, a 4% increase compared to 2016. There was a steady volume pick up in the Mainland and Hong Kong, Barcelona, Pakistan and Panama partly offset by lower volume in Klang, Jakarta, Dammam and Freeport. Total revenue, EBITDA and EBIT of HK$34,146 million, HK$12,563 million and HK$8,219 million increased 6%, 8% and 9% against last year respectively driven primarily by higher throughput.

This division will continue to pursue cost saving initiatives as well as strengthening strategic alliances with customers in order to maximise profits from an expected modest growth in global trade in 2018.

Retail

The retail division had over 14,100 stores across 24 markets as at 31 December 2017, a net addition of 793 stores in the year, representing 6% increase compared to 2016. Total revenue and EBITDA of HK$156,163 million and HK$14,798 million increased by 3% and 2% respectively, while EBIT of HK$12,089 million was flat compared to last year.

Overall, the Health and Beauty segment reported solid total sales growth of 6% from a 6% increase in store numbers and 1.6% growth in comparable store sales. EBITDA and EBIT growth were 3% and 2% respectively.

Health and Beauty Asia and Europe subdivisions reported higher growth with year on year EBITDA increases of 17% and 5% respectively in 2017.

Although the Health and Beauty China subdivision reported a 4% growth in revenue, EBITDA declined 7% year on year. An increase in store numbers of 12% was more than offset by comparable store sales declines and higher operating costs, resulting in lower but still healthy EBITDA margins. Encouragingly, trading conditions in the Mainland improved over the year. Comparable store sales declines reduced from the negative 10.1% reported in 2016 to negative 4.3% for the full year in 2017 and returned to positive growth in the fourth quarter.

Retail operations in Hong Kong continue to underperform. These businesses faced continuing challenges during the first half of the year from rising operating costs and stagnant visitor consumption. Encouragingly, however Health and Beauty and Fortress operations returned to growth in the second half as visitor arrivals showed an improving trend. These businesses are expected to continue to perform well going forward.

The retail division plans a net opening of over 1,000 stores in 2018, of which 67% will be in the Mainland and Asia. The Group is also investing in e-commerce and digital platforms for future growth, as well as advanced analytics capabilities. Combined with the Group's very large base of loyalty customers, these initiatives look promising.

Infrastructure

The Infrastructure division comprises a 75.67%[(1)] interest in CK Infrastructure Holdings Limited ("CKI"), a company listed on the Stock Exchange of Hong Kong ("SEHK") and the Group's interests in six co-owned infrastructure investments with CKI. An aircraft leasing business previously reported under this division was sold in December 2016.

Total reported revenue, EBITDA and EBIT of this division of HK$57,369 million, HK$33,033 million and HK$23,449 million respectively were 8%, 6% and 6% higher than last year. As a major part of the earnings contribution of this division came from the UK, the growth in reported currency was affected by the depreciation of Sterling in 2017. In local currencies, total revenue, EBITDA and EBIT growth were 9%, 8% and 7% respectively. Growth was mainly attributable to accretive contributions from newly acquired businesses, partly offset by the sale of the aircraft leasing business at the end of 2016.

CKI

CKI announced profit attributable to shareholders of HK$10,256 million, 6% higher than HK$9,636 million reported for last year, which included new contributions from the acquisitions of DUET Group, Reliance and ista during the year.

Husky Energy

Husky Energy ("Husky"), our associated company listed in Canada, announced net earnings of C$786 million in 2017, 15% lower than 2016 due to the after-tax disposal gain[(2)] of C$1,456 million reported in 2016. Underlying operations recovered strongly, particularly in the second half, due to higher commodity prices and increasing contributions from higher margin thermal developments in Western Canada and the Liwan Gas Project in Asia Pacific. Husky also recognised a one-time deferred tax credit of C$436 million associated with the U.S. tax reform announced in December 2017.

Note 1: Based on the Group's profit sharing ratio in CKI.

Note 2: As the Group rebased Husky's assets to their fair values in the 2015 Reorganisation, the Group's share of after-tax gain on disposals in 2016 was approximately HK$3,646 million.

Average production in 2017 was 322,900 barrels of oil equivalent per day, a 1% increase when compared to last year, mainly due to increased production from thermal developments including production ramp up at the Sunrise Energy Project, new production from Edam West, Vawn and Edam East thermal developments and strong production performance from the Tucker Thermal Project, as well as increased natural gas and natural gas liquids production from the Liwan Gas Project in Asia Pacific. Healthy production increases in 2017 were offset by the sale of selected low margin legacy crude oil and natural gas assets during 2016 which together contributed 31,900 barrels of oil equivalent per day production in 2016.

In the second half, Husky acquired Superior Refinery in Wisconsin, U.S. This facility is expected to increase Husky's Downstream processing capacity for its own heavy crudes and will contribute accretive earnings and cashflow. Since 2015, Husky's management has been focused on transforming its resource base to achieve lower operating and sustaining capital costs. This program progressed well in 2017 and will continue. Concurrently, Husky's balance sheet, which was substantially restructured in 2016, has continued to improve with net debt to funds from operations currently below 0.9x compared to 1.8x in 2016. Husky also announced a quarterly dividend of C$0.075 per common share for the three-month period ended 31 December 2017.

3 Group Europe

As at 31 December 2017, **3** Group Europe's active customer base stands at 44.8 million, a 3% drop against last year due to alignment of inactive customer definitions following the merger and intense competition during the year for lower value customers in Wind Tre's base.

The full year contribution of the Wind Tre joint venture was of course highly accretive to the Group. **3** Group Europe's revenue, EBITDA and EBIT of HK$70,734 million, HK$24,337 million and HK$16,567 million were 13%, 28% and 29% higher respectively. **3** Group Europe was the largest growth contributor to the Group's earnings in the year and continued to report healthy growth in EBITDA margin to 41%, primarily through improvements in customer service margins and disciplined spending. **3** Group Europe also continued to improve its networks and service offerings and accelerated investment in advanced digitalisation solutions to achieve a more agile, flexible, sustainable and lower cost operating model going forward. All **3** Group Europe operations continued to deliver positive EBITDA less capital expenditure in 2017.

Hutchison Telecommunications Hong Kong

Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), our Hong Kong listed telecommunications subsidiary operating in Hong Kong and Macau, announced profit attributable to shareholders of HK$4,766 million and earnings per share of 98.90 HK cents. The reported results included a gain on disposal of its fixed-line telecommunication business in October 2017, partly offset by accelerated depreciation charges on its mobile telecommunication fixed assets.

As the Group had rebased HTHKH's assets to their fair values in the 2015 Reorganisation, the EBIT contribution of HTHKH to the Group of HK$707 million in 2017 includes a small loss in relation to the disposal and accelerated depreciation charges referred to above. As of 31 December 2017, HTHKH had approximately 3.3 million active mobile customers in Hong Kong and Macau.

Hutchison Asia Telecommunications

As of 31 December 2017, Hutchison Asia Telecommunications ("HAT") had an active customer base of approximately 75.0 million, with Indonesia representing 85% of the base. Total revenue decreased 6% to HK$7,695 million, as the Indonesian operation was not able to offer competitive LTE price offerings until the launch of its LTE network in May 2017, while other incumbents offered aggressively-priced LTE services from the beginning of 2017. EBITDA and EBIT decreased to HK$558 million and HK$226 million respectively, 76% and 89% below 2016. The decline reflects both reduced service margin contribution and higher operating costs in Indonesia and Vietnam recognised after completion of the major network rollout and expansion initiatives in late 2016 and 2017 respectively.

Finance & Investments and Others

The contribution from this segment mainly represents returns earned on the Group's holdings of cash and liquid investments and the operating results of certain unlisted entities, as well as listed companies, namely listed subsidiary Hutchison China MediTech, listed associate TOM Group, listed associate CK Life Sciences Group and listed subsidiary, Hutchison Telecommunications (Australia), which has a 50% interest in Vodafone Hutchison Australia.

As at 31 December 2017, the Group's consolidated cash and liquid investments totalled HK$168,283 million and consolidated gross debt amounted to HK$333,155 million, resulting in consolidated net debt of HK$164,872 million and a healthy net debt to net total capital ratio of 21.7%, a moderate increase compared to 20.5% as at 31 December 2016, mainly due to the acquisition of DUET Group and ista by the Infrastructure division in 2017.

Outlook

Healthy and synchronised growth in major economies gathered pace in 2017. Provided this trend continues and inflation remains benign, the environment in 2018 should remain supportive for global trade and for our businesses. Volatility in currency and financial markets remains as a key variable to this outlook. Global trade competition is unavoidable but ultimately, the outlook remains optimistic. After the 19th Congress, the Central Government has reiterated that deepening economic and financial reforms is a priority and rolled out the blueprint on "One Belt, One Road" and the "Greater Bay Area." These initiatives should create ample opportunities for Hong Kong and for many of our regional businesses.

The Group is built on strong foundations of business diversification and resilience and will continue to pursue these fundamental objectives and exercise prudent capital management on all investment activities and strict financial discipline in managing its businesses. The Group will also maintain a healthy liquidity and debt profile consistent with its current investment grade ratings.

Barring any further unforeseen material adverse external developments, the Group's businesses in 2018 should be better than 2017.

I have decided to step down as Chairman of the Group and retire from the position of Executive Director at the forthcoming Annual General Meeting of the Company.

Looking back at the past 68 years since the founding of my business in 1950 and the listing of Cheung Kong (Holdings) Limited in 1972, I have led the Group on a steady path of diversification and globalisation through organic growth, mergers and acquisitions, and timely strategic reviews and reorganisations at appropriate junctures to maximise value and returns for shareholders. I would like to express my heart-felt appreciation to our shareholders for their unfailing confidence and support in the past years.

Going forward, the Board has requested and I have agreed to serve as Senior Advisor of the Company, and in that capacity to continue to contribute to the Group on significant matters.

The Board has also proposed and elected Mr Li Tzar Kuoi, Victor, who has worked side-by-side with me at the CK Group for 33 years, to succeed as Chairman of the Company and continue in the present role as Group Co-Managing Director. The senior management will continue to work with Mr Victor Li in leading the Group towards the next new horizon of growth. I sincerely hope that all shareholders would give the same full support to Mr Victor Li as they have always given to me. I am confident in the prospects of the Group.

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

Li Ka-shing
Chairman

Hong Kong, 16 March 2018

Operations Review

Results Highlights for the year ended 31 December 2017

	2017 HK$ million	2016 [1] HK$ million	Change	Local currency change
Total Revenue [2]	**414,837**	382,323	+9%	+8%
Total EBITDA [2]	**104,354**	94,525	+10%	+10%
Total EBIT [2]	**67,592**	63,119	+7%	+7%
Profit attributable to ordinary shareholders	**35,100**	33,008	+6%	+5%
Earnings per share	**HK$9.10**	HK$8.55	+6%	
Final dividend per share	**HK$2.070**	HK$1.945	+6%	
Full year dividend per share	**HK$2.850**	HK$2.680	+6%	

Note 1: The 2016 comparative has been reclassified to enable a better comparison of performance. The items in "profit on disposal of investments & others" in 2016 have been reclassified to the respective lines under revenue, EBITDA and EBIT to conform with 2017 presentation.

Note 2: Total revenue, EBITDA and EBIT include the Group's proportionate share of associated companies and joint ventures' respective items.

The Group's profit attributable to ordinary shareholders for the year ended 31 December 2017 amounted to HK$35,100 million. Earnings per share were HK$9.10.

The Board recommends the payment of a final dividend of HK$2.070 per share, payable on 31 May 2018, to shareholders whose names appear on the Register of Members of the Company at the close of business on 16 May 2018, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK$0.780 per share, the full year dividend amounts to HK$2.850 per share.

Financial Performance Summary

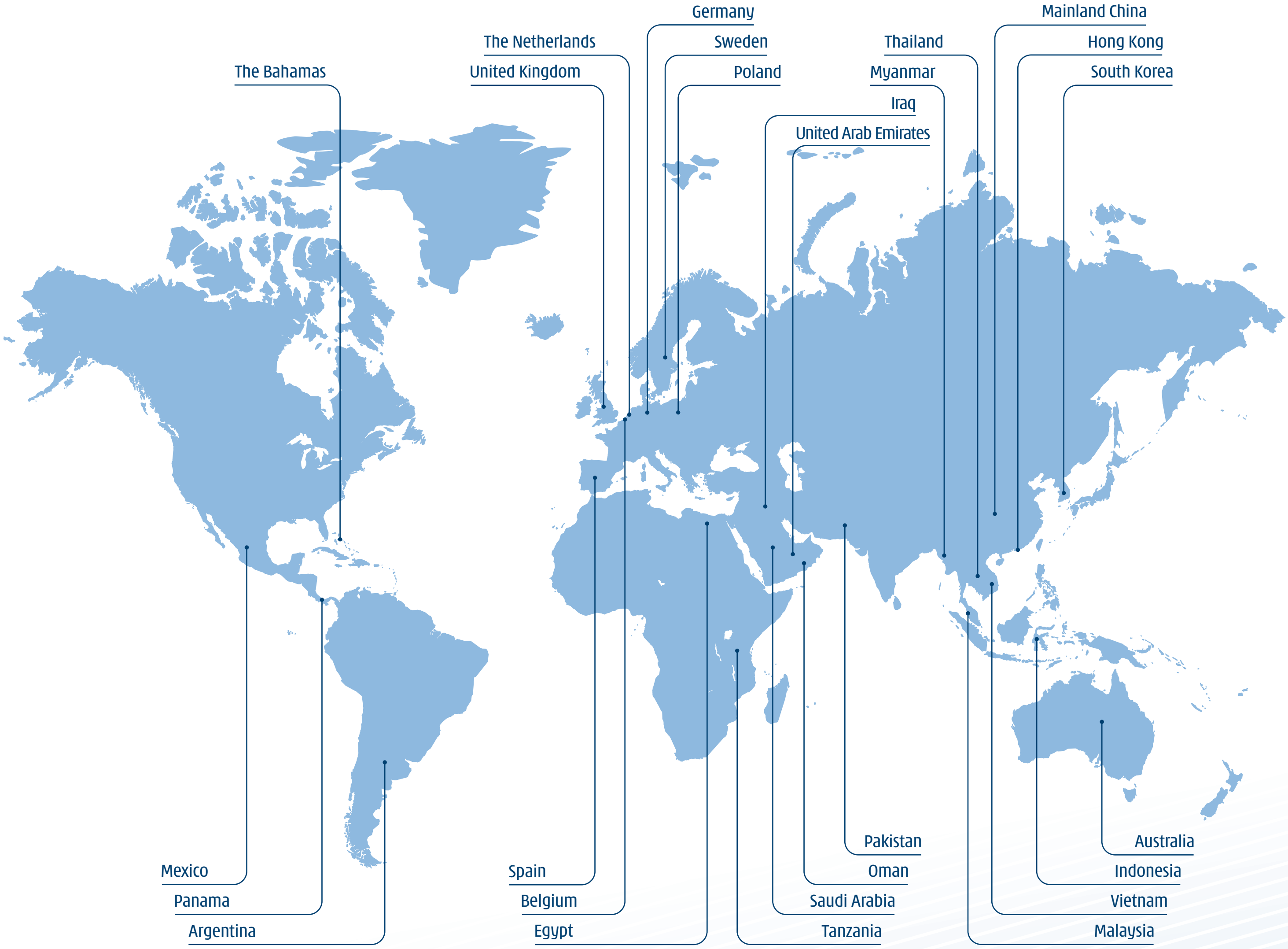
	2017 HK$ million	2017 %	2016 [2] HK$ million	2016 %	Change %
Revenue [1]					
Ports and Related Services [1]	**34,146**	**8%**	32,184	9%	6%
Retail	**156,163**	**38%**	151,502	40%	3%
Infrastructure	**57,369**	**14%**	53,211	14%	8%
Husky Energy	**44,948**	**11%**	30,467	8%	48%
3 Group Europe	**70,734**	**17%**	62,415	16%	13%
Hutchison Telecommunications Hong Kong Holdings	**9,685**	**2%**	12,133	3%	-20%
Hutchison Asia Telecommunications	**7,695**	**2%**	8,200	2%	-6%
Finance & Investments and Others	**34,097**	**8%**	32,211	8%	6%
Total Revenue	**414,837**	**100%**	382,323	100%	9%
EBITDA [1]					
Ports and Related Services [1]	**12,563**	**12%**	11,639	12%	8%
Retail	**14,798**	**14%**	14,567	16%	2%
Infrastructure	**33,033**	**32%**	31,128	33%	6%
Husky Energy	**8,992**	**9%**	9,284	10%	-3%
3 Group Europe	**24,337**	**23%**	18,944	20%	28%
Hutchison Telecommunications Hong Kong Holdings	**4,337**	**4%**	2,607	3%	66%
Hutchison Asia Telecommunications	**558**	**1%**	2,298	2%	-76%
Finance & Investments and Others	**5,736**	**5%**	4,058	4%	41%
Total EBITDA	**104,354**	**100%**	94,525	100%	10%
EBIT [1]					
Ports and Related Services [1]	**8,219**	**12%**	7,567	12%	9%
Retail	**12,089**	**18%**	12,059	19%	–
Infrastructure	**23,449**	**35%**	22,162	35%	6%
Husky Energy	**2,703**	**4%**	3,429	6%	-21%
3 Group Europe	**16,567**	**25%**	12,838	20%	29%
Hutchison Telecommunications Hong Kong Holdings	**707**	**1%**	1,055	2%	-33%
Hutchison Asia Telecommunications	**226**	**–**	2,130	3%	-89%
Finance & Investments and Others	**3,632**	**5%**	1,879	3%	93%
Total EBIT	**67,592**	**100%**	63,119	100%	7%
Interest expenses and other finance costs [1]	**(18,024)**		(13,278)		-36%
Profit Before Tax	**49,568**		49,841		-1%
Tax [1]					
Current tax	**(7,898)**		(6,247)		-26%
Deferred tax	**1,843**		(1,769)		204%
	(6,055)		(8,016)		24%
Profit after tax	**43,513**		41,825		4%
Non-controlling interests and perpetual capital securities holders' interests	**(8,413)**		(8,817)		5%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**35,100**		33,008		6%

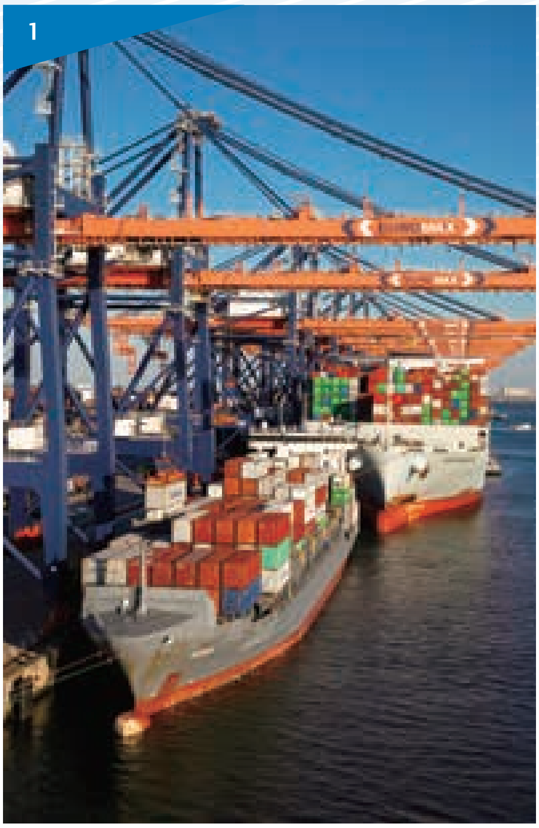
Note 1: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 2: The 2016 comparative has been reclassified to enable a better comparison of performance. The items in "profits on disposal of investments & others" in 2016 have been reclassified to the respective lines under revenue, EBITDA and EBIT to conform with 2017 presentation.

The Port of Felixstowe celebrates its 50 years of operations.

Ports
and Related Services

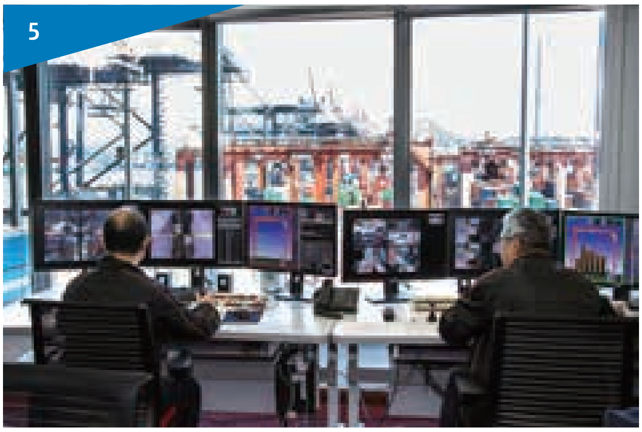




1. Hutchison Ports ECT Euromax is designed for the fast, safe and efficient handling of the ultra-large container vessels.

2. The new Berth 16 in Hutchison Ports Yantian – 886 metres in length with a water depth of 17.6 metres – contains eight cranes, four of which can handle 150,000-ton ultra-large container vessels.

3. Hutchison Ports LCT has excellent intermodal connections to the Mexico's hinterland and cities.



4. The two ports operated by Hutchison Ports in Egypt are located by the Mediterranean Sea and support both local and international trade activities in the region.

5. Container Terminal 9 North is the first container terminal in Hong Kong where all yard cranes are operated remotely and the stacking of containers is fully automated.

This division is one of the world's leading port investors, developers and operators, and has interests in 52 ports comprising 287 operational berths in 26 countries.

Group Performance

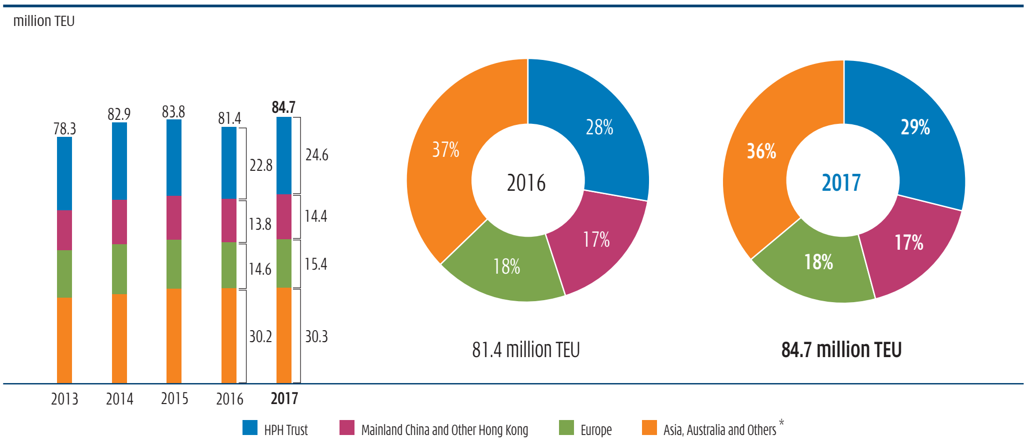
The Group operates container terminals in five of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the HPH Trust, which together handled a total of 84.7 million twenty-foot equivalent units ("TEU") in 2017.

	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue [(1)]	**34,146**	32,184	+6%	+6%
EBITDA [(1)]	**12,563**	11,639	+8%	+8%
EBIT [(1)]	**8,219**	7,567	+9%	+9%
Throughput (million TEU)	**84.7**	81.4	+4%	

Note 1: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Overall throughput increased 4% to 84.7 million TEU in 2017, mainly due to steady volume pick up in Mainland China and Hong Kong, Barcelona in Spain, Panama as well as contribution from the new deep water port in Karachi, Pakistan, partly offset by volume reduction in Klang in Malaysia, Jakarta in Indonesia, Dammam in Saudi Arabia and Freeport in the Bahamas.

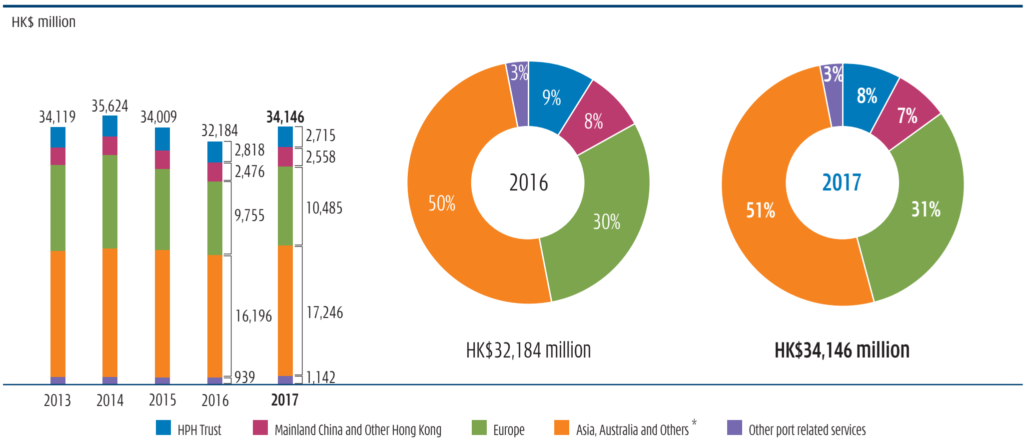
Total Container Throughput (+4%)
by Subdivision



* Asia, Australia and Others includes Panama, Mexico and the Middle East.

Total revenue increased 6% to HK$34,146 million in 2017 driven primarily by higher throughput in the Mainland and the European divisions, Laem Chabang in Thailand, Sohar in Oman and Panama, as well as the commencement of operation of the new Pakistan port, partly offset by lower throughput in Klang, Jakarta, Dammam and Freeport.

Total Revenue (2) (+6%)
by Subdivision

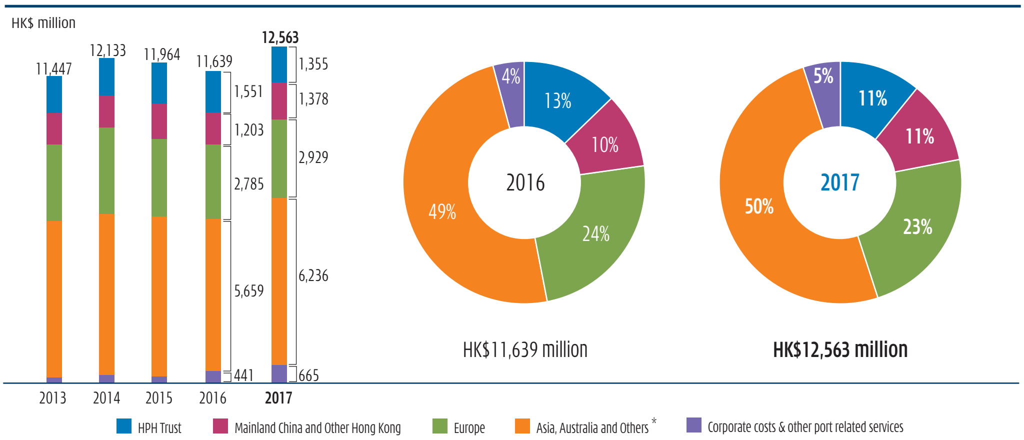


* Asia, Australia and Others includes Panama, Mexico and the Middle East.

Note 2: Total revenue has been adjusted to exclude non-controlling interests' share of revenue of HPH Trust.

EBITDA and EBIT increased 8% and 9% to HK$12,563 million and HK$8,219 million respectively, mainly due to higher revenue mentioned above, as well as continued focus on better cost management through improvements in productivity and efficiency with improved performances primarily in Barcelona, Alexandria in Egypt, Sohar and Panama. The improvements were partly offset by lower profitability of HPH Trust, Jakarta and Dammam.

Total EBITDA (3) (+8%)
by Subdivision



* Asia, Australia and Others includes Panama, Mexico and the Middle East.

Note 3: Total EBITDA has been adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

The division had 287 operating berths [4] as at 31 December 2017, representing an increase of 12 berths during the year in Amsterdam in the Netherlands, Basra in Iraq, Klang, Karachi, Ras Al Khaimah and Umm Al Quwain in United Arab Emirates.

Note 4: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Segment Performance

HPH Trust

	2017 HK$ million	2016 HK$ million	Change
Total Revenue [5]	**2,715**	2,818	-4%
EBITDA [5]	**1,355**	1,551	-13%
EBIT [5]	**648**	873	-26%
Throughput (million TEU)	**24.6**	22.8	+8%

Note 5: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Total revenue of the ports operated by HPH Trust decreased 4%, mainly due to the change in revenue contribution of Hong Kong under the co-management arrangement commencing in 2017 and lower average tariffs. The Group's share of EBITDA and EBIT were 13% and 26% lower respectively due to the decrease in revenue, the inclusion of a rent and rates refund in Hong Kong in 2016 as well as cost inflation, partly offset by cost savings synergies from the co-management arrangement.

Mainland China and Other Hong Kong

	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**2,558**	2,476	+3%	+4%
EBITDA	**1,378**	1,203	+15%	+16%
EBIT	**1,122**	902	+24%	+26%
Throughput (million TEU)	**14.4**	13.8	+4%	

The Mainland China and other Hong Kong segment's revenue, EBITDA and EBIT growth was mainly contributed by the increase in throughput in Shanghai ports as well as business interruption compensation in Ningbo.

Europe

	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**10,485**	9,755	+7%	+6%
EBITDA	**2,929**	2,785	+5%	+5%
EBIT	**1,947**	1,828	+7%	+6%
Throughput (million TEU)	**15.4**	14.6	+5%	

The improvement in performance in the Europe segment during the year was mainly due to higher contributions from the ports in the UK and Barcelona, while ECT Rotterdam partly compensated lower revenue year on year through cost control measures.

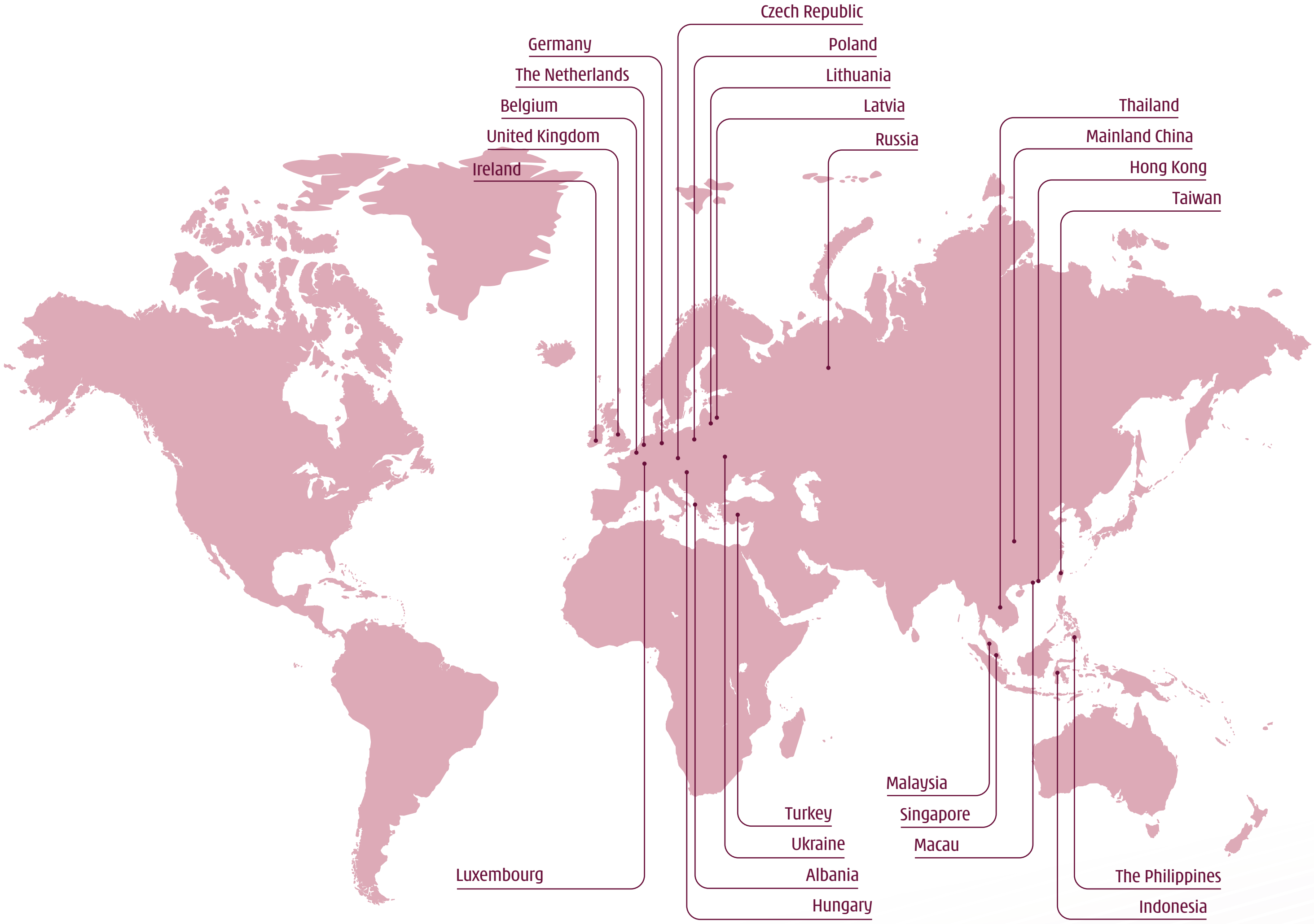
Asia, Australia and Others

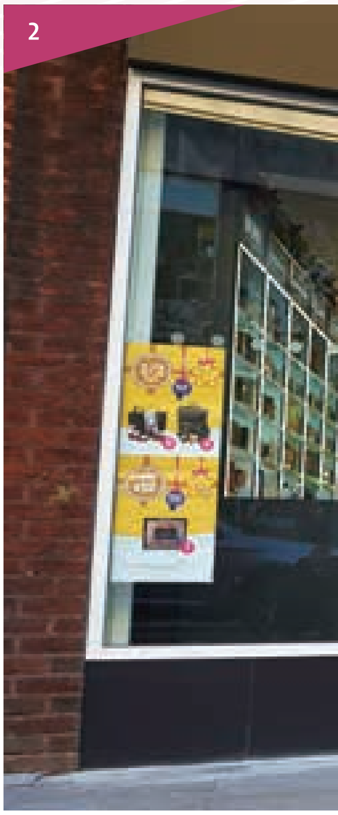
	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**17,246**	16,196	+6%	+6%
EBITDA	**6,236**	5,659	+10%	+10%
EBIT	**4,085**	3,774	+8%	+8%
Throughput (million TEU)	**30.3**	30.2	–	

The growth in total revenue, EBITDA and EBIT was mainly driven by the new port in Karachi and improved performances in Alexandria and Panama, partly offset by the continued intense competition in the Jakarta and Damman ports.

Watsons rolls out the fun and youth-oriented G Next store in Shanghai to bring a new shopping experience to young customers.

Retail


Czech Republic
Germany
Poland
The Netherlands
Lithuania
Belgium
Latvia
Thailand
United Kingdom
Russia
Mainland China
Ireland
Hong Kong
Taiwan
Malaysia
Turkey
Singapore
Ukraine
Macau
Luxembourg
Albania
The Philippines
Hungary
Indonesia



1. The Perfume Shop is the largest fragrance-only retailer in the UK and Ireland.

2. The number of Superdrug's stores exceeds 800 in the UK and Ireland.

3. ICI PARIS XL opens a stylish and luxurious new concept store to give beauty-lovers a refreshing experience.

4. Watsons Malaysia offers a wide range of health and beauty products.

5. Savers offers competitively priced health and beauty products in over 400 stores on the High Street in the UK.

The retail division consists of the A S Watson ("ASW") group of companies, the largest health and beauty retailer in Asia and Europe in terms of store numbers.

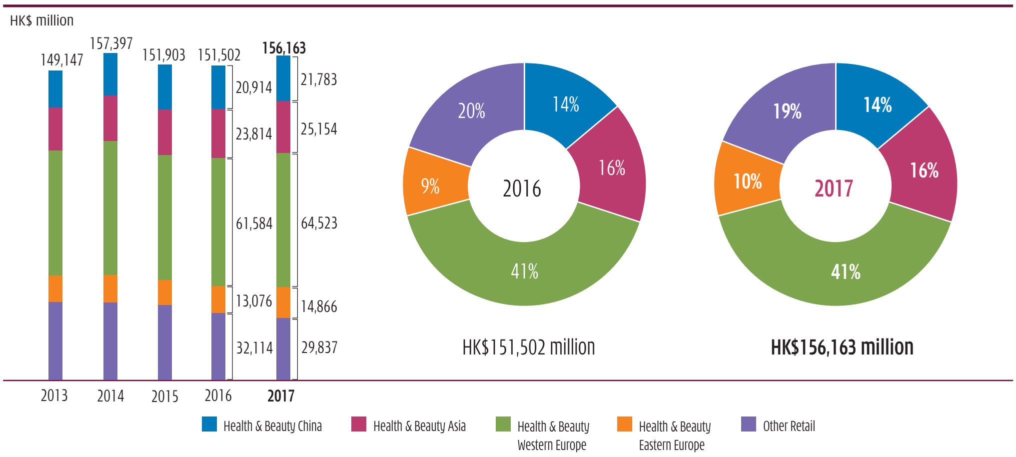
Group Performance

ASW operated 13 retail brands with over 14,000 stores in 24 markets worldwide in 2017, providing high quality personal care, health and beauty products; food and fine wines; as well as consumer electronics and electrical appliances. ASW also manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland.

	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**156,163**	151,502	+3%	+2%
EBITDA	**14,798**	14,567	+2%	–
EBIT	**12,089**	12,059	–	-2%
Total Store Numbers	**14,124**	13,331	+6%	

Total reported revenue was 3% ahead of last year, driven by a 6% increase in store numbers, primarily in Health and Beauty China and Asia, as well as an overall 0.9% comparable stores sales growth.

Total Revenue
by Subdivision



Total Revenue	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Health & Beauty China	**21,783**	20,914	+4%	+5%
Health & Beauty Asia	**25,154**	23,814	+6%	+6%
Health & Beauty China & Asia Subtotal	**46,937**	44,728	+5%	+6%
Health & Beauty Western Europe	**64,523**	61,584	+5%	+3%
Health & Beauty Eastern Europe	**14,866**	13,076	+14%	+7%
Health & Beauty Europe Subtotal	**79,389**	74,660	+6%	+4%
Health & Beauty Subtotal	**126,326**	119,388	+6%	+5%
Other Retail [1]	**29,837**	32,114	-7%	-7%
Total Retail	**156,163**	151,502	+3%	+2%

Comparable Stores Sales Growth (%) [2]	2017	2016
Health & Beauty China	**-4.3%** [3]	-10.1% [3]
Health & Beauty Asia	**+3.8%**	+1.9%
Health & Beauty China & Asia Subtotal	**–**	-4.0%
Health & Beauty Western Europe	**+2.1%**	+3.7%
Health & Beauty Eastern Europe	**+4.4%**	+4.6%
Health & Beauty Europe Subtotal	**+2.5%**	+3.8%
Health & Beauty Subtotal	**+1.6%**	+1.0%
Other Retail [1]	**-2.3%**	-8.2%
Total Retail	**+0.9%**	-0.8%

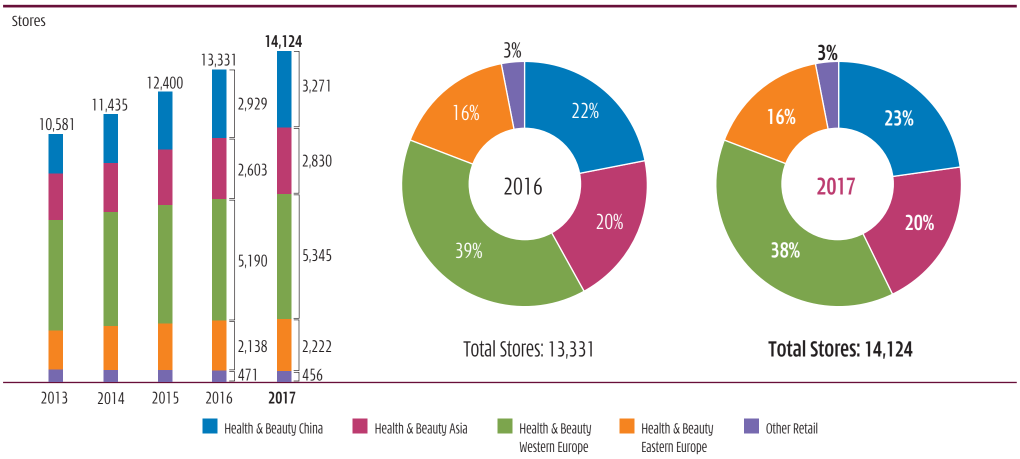
Note 1: Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

Note 2: Comparable stores sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

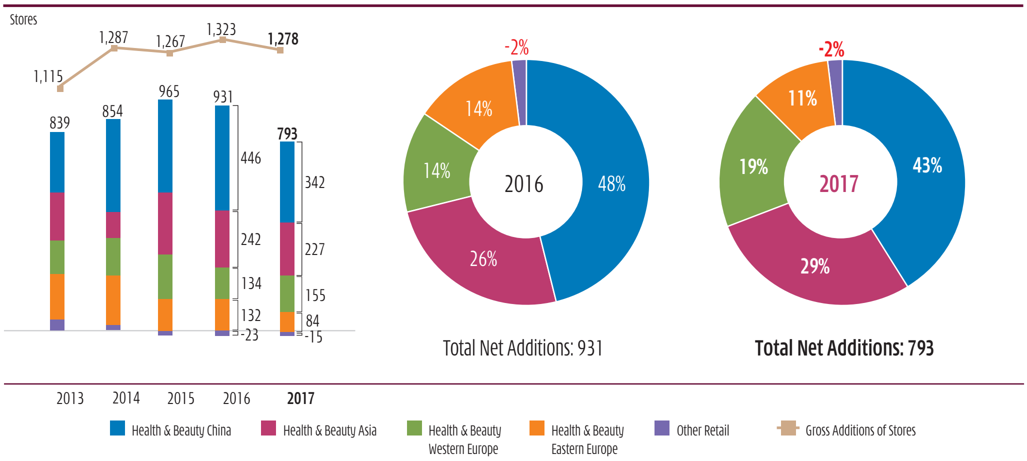
Note 3: Adjusted for the CRM sales recovered in the new stores opened in proximity, comparable stores sales grew by 0.3% instead of a decline of 4.3% in 2017 (2016: comparable stores sales declines reduced from 10.1% to 5.0%).

Group Performance (continued)

Total Retail Store Numbers
by Subdivision



Total Net Additions of Retail Store
by Subdivision

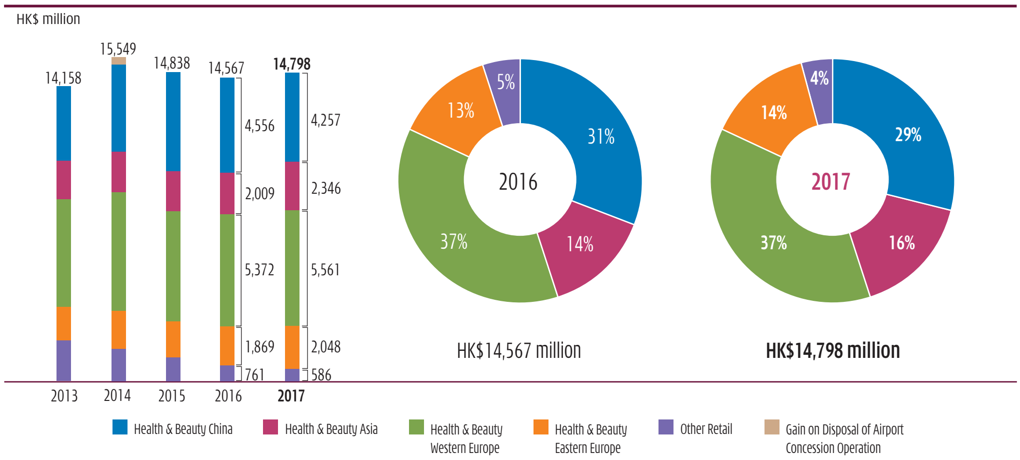


Store Numbers	2017	2016	Change
Health & Beauty China	3,271	2,929	+12%
Health & Beauty Asia	2,830	2,603	+9%
Health & Beauty China & Asia Subtotal	**6,101**	5,532	+10%
Health & Beauty Western Europe	5,345	5,190	+3%
Health & Beauty Eastern Europe	2,222	2,138	+4%
Health & Beauty Europe Subtotal	**7,567**	7,328	+3%
Health & Beauty Subtotal	**13,668**	12,860	+6%
Other Retail [(1)]	456	471	-3%
Total Retail	**14,124**	13,331	+6%

Note 1: Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

The retail division's EBITDA increased by 2% but EBIT remained flat in reported currency against 2016. Revenue growth in the Health and Beauty segment was partly offset by higher operating costs associated with the store portfolio expansion, as well as lower contribution from Other Retail operations. The EBITDA improvements were largely offset by the higher depreciation charge from the expansion of stores and investments in system enhancement and development for data management and e-commerce platforms.

EBITDA by Subdivision



EBITDA	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Health & Beauty China	**4,257**	4,556	-7%	-6%
Health & Beauty Asia	**2,346**	2,009	+17%	+16%
Health & Beauty China & Asia Subtotal	**6,603**	6,565	+1%	+1%
Health & Beauty Western Europe	**5,561**	5,372	+4%	–
Health & Beauty Eastern Europe	**2,048**	1,869	+10%	+3%
Health & Beauty Europe Subtotal	**7,609**	7,241	+5%	+1%
Health & Beauty Subtotal	**14,212**	13,806	+3%	+1%
Other Retail (1)	**586**	761	-23%	-23%
Total Retail	**14,798**	14,567	+2%	–

Note 1: Other Retail includes PARKnSHOP, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

The overall health and beauty subdivision, which represented 96% of the division's EBITDA, continued to deliver healthy performances in 2017 with a reported EBITDA growth by 3%. In particular, Health and Beauty Asia reported a 17% EBITDA growth supported by an improved EBITDA margin. The health and beauty subdivision continued to expand its portfolio with 808 net addition of stores. The quality of new store openings remains high with an average new store cash payback period of 11 months. The average capex per new store for the health and beauty subdivision was HK$0.9 million.

Segment Performance

Health and Beauty China

	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**21,783**	20,914	+4%	+5%
EBITDA	**4,257**	4,556	-7%	-6%
EBITDA Margin %	***20%***	*22%*		
EBIT	**3,674**	4,055	-9%	-8%
EBIT Margin %	***17%***	*19%*		
Total Store Numbers	**3,271**	2,929	+12%	
Comparable Stores Sales Growth (%)	**-4.3%**	-10.1%		

The Watsons business continued to be the leading health and beauty retail chain in the Mainland. Total revenue increased by 4% with a 12% increase in store numbers, partly offset by a negative 4.3% comparable stores sales decline in mature stores. With various initiatives, including store segmentation, refit and re-layout, comparable store sales decline gradually improved from a negative 10.1% for 2016 to negative 4.3% for 2017, and returned to marginal positive 0.1% comparable store sales growth in the last quarter. Through continuous expansion of store portfolio which also follows closely with shifts of trade zones and customer demographics, sales declines in mature stores during 2017 were fully recovered in new stores opened in the proximity of such mature stores. Recovery of sales is measured by tracking the operation's extensive CRM customer base sales performances. Taking into account the CRM sales recovery, the comparable stores sales growth is 0.3 % for 2017.

Despite the revenue growth, both EBITDA and EBIT declined by 6% and 8% in local currency respectively in 2017 mainly due to higher inflation resulting in higher overall store operating cost base. However, EBITDA margin remained strong at 20%.

Health and Beauty China increased its total number of stores by 342 during the year with an average new store cash payback period of 10 months and had more than 3,200 stores operating in 454 cities in the Mainland as at year end.

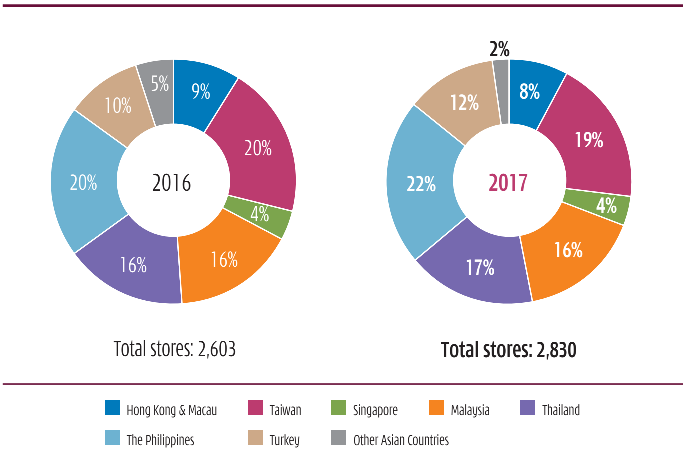
Health and Beauty Asia

	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**25,154**	23,814	+6%	+6%
EBITDA	**2,346**	2,009	+17%	+16%
EBITDA Margin %	***9%***	*8%*		
EBIT	**1,955**	1,643	+19%	+18%
EBIT Margin %	***8%***	*7%*		
Total Store Numbers	**2,830**	2,603	+9%	
Comparable Stores Sales Growth (%)	**+3.8%**	+1.9%		

Watsons is the leading health and beauty retail chain in Asia with strong brand name recognition and extensive geographical coverage. The majority of its businesses in this region reported strong performances, particularly Watsons Thailand, Malaysia and Philippines. Watsons Hong Kong reported a double digit increment in both EBITDA and EBIT despite the pressure from lower tourist arrivals in the first half of the year and higher operating costs in Hong Kong.

Health and Beauty Asia increased its total number of stores by 227 during the year achieving an average new store cash payback period of 13 months. The subdivision had more than 2,800 stores operating in 9 markets in 2017.

Health and Beauty Asia (+9%)
Number of Retail Stores by Market



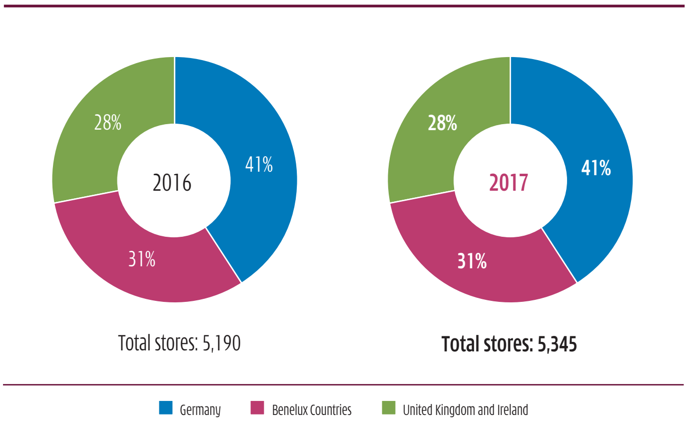
Health and Beauty Western Europe

	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**64,523**	61,584	+5%	+3%
EBITDA	**5,561**	5,372	+4%	–
EBITDA Margin %	***9%***	*9%*		
EBIT	**4,543**	4,428	+3%	-1%
EBIT Margin %	***7%***	*7%*		
Total Store Numbers	**5,345**	5,190	+3%	
Comparable Stores Sales Growth (%)	**+2.1%**	+3.7%		

Health and Beauty Western Europe continued to report good revenue growth in both reported and local currencies during the year. Health and Beauty UK, continued its improved performance with a healthy comparable stores sales growth of 3.2% in 2017, while the Benelux countries experienced intense competition resulting in slightly lower contributions despite sales growth running above market levels in 2017.

Health and Beauty Western Europe added 155 stores and operated more than 5,300 stores in 2017. The average new store cash payback period of this subdivision was 11 months.

Health and Beauty Western Europe (+3%)
Number of Retail Stores by Market



Segment Performance (continued)

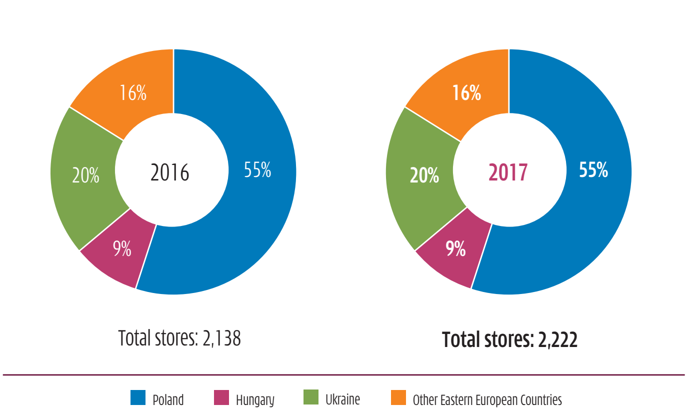
Health and Beauty Eastern Europe

	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**14,866**	13,076	+14%	+7%
EBITDA	**2,048**	1,869	+10%	+3%
EBITDA Margin %	***14%***	*14%*		
EBIT	**1,785**	1,623	+10%	+3%
EBIT Margin %	***12%***	*12%*		
Total Store Numbers	**2,222**	2,138	+4%	
Comparable Stores Sales Growth (%)	**+4.4%**	+4.6%		

Health and Beauty Eastern Europe continued to report healthy growth during the year. The 10% growth in both EBITDA and EBIT was mainly attributable to strong sales of the Rossmann joint venture in Poland.

Health and Beauty Eastern Europe added 84 stores and operated more than 2,200 stores in 7 markets in 2017.

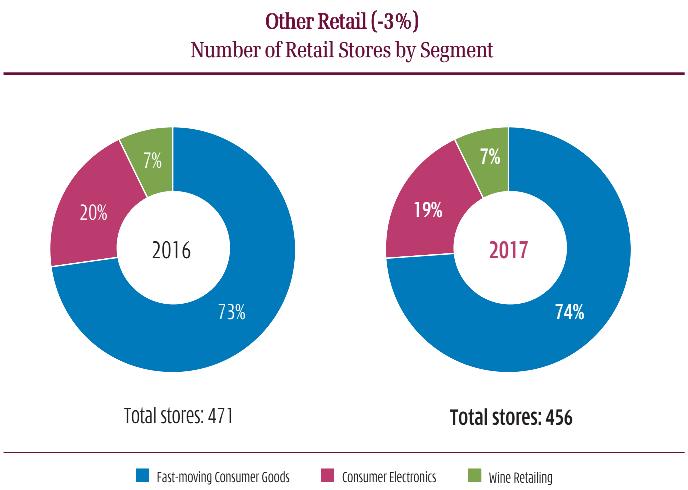
Health and Beauty Eastern Europe (+4%)
Number of Retail Stores by Market



Other Retail

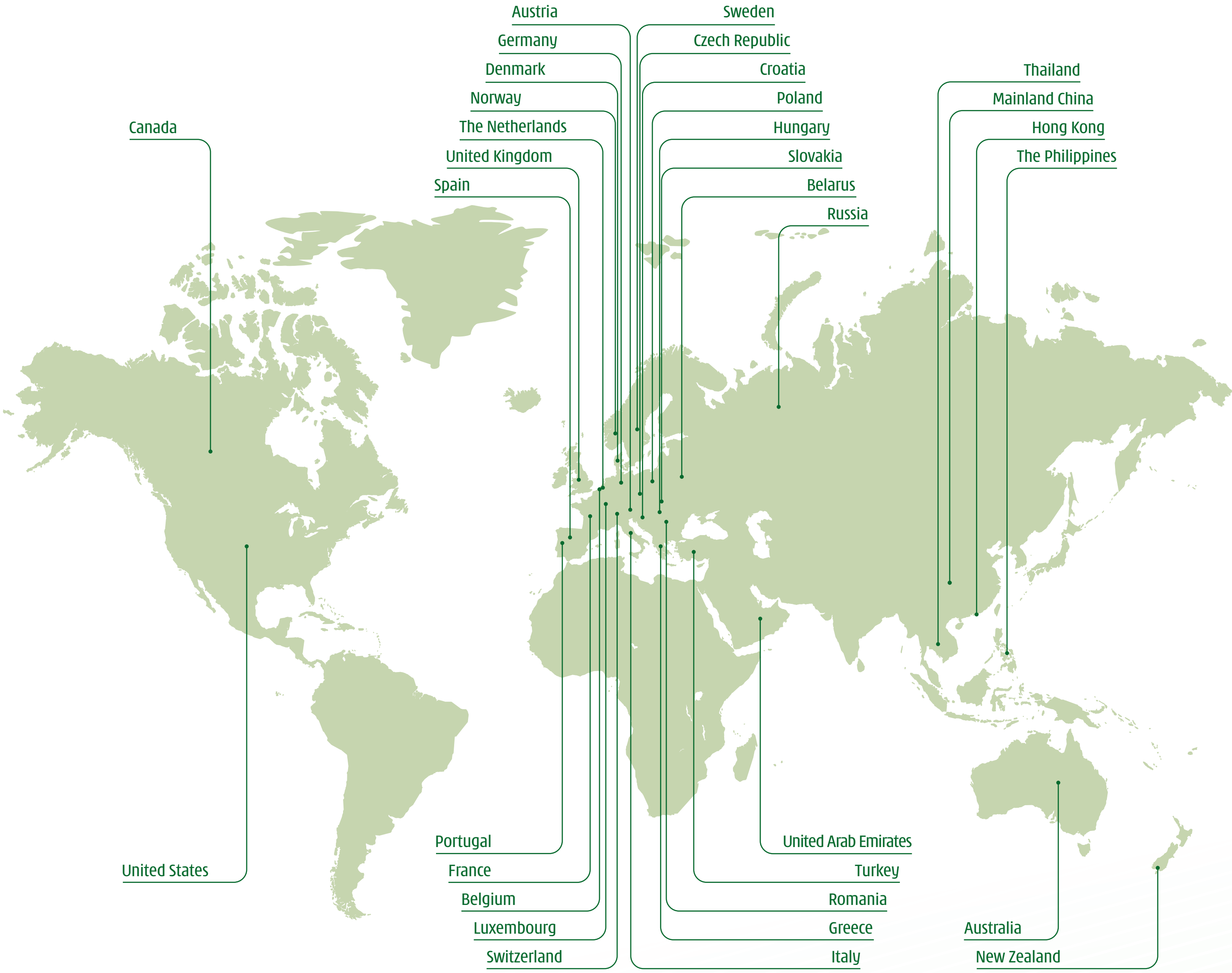
	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**29,837**	32,114	-7%	-7%
EBITDA	**586**	761	-23%	-23%
EBITDA Margin %	***2%***	*2%*		
EBIT	**131**	311	-58%	-58%
EBIT Margin %	***1%***	*1%*		
Total Store Numbers	**456**	471	-3%	
Comparable Stores Sales Growth (%)	**-2.3%**	-8.2%		

Other Retail subdivision, which only represented 4% of the division's EBITDA, reported lower total revenue, EBITDA and EBIT which declined by 7%, 23% and 58% respectively, mainly due to cost inflation and stagnant visitor consumption. Encouragingly, a pickup of tourist arrivals was seen in the second half of the year and positive sales growth momentum was reported by the Hong Kong Operations, particularly Fortress. Other Retail currently operates over 450 retail stores in 3 markets, as well as manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland.



A consortium comprising CKI, CK Asset Holdings Limited ("CKA") and Power Assets acquires 100% of DUET Group in Australia for approximately HK$42.4 billion. DUET owns and operates a gas distribution company, electricity distribution company, gas transmission pipeline, and a clean and remote energy solutions provider.

Infrastructure



1. Reliance Home Comfort, a CKI member company, is principally engaged in the building equipment services sector in Canada and the United States.

2. HK Electric has entered into a new 15-year Scheme of Control Agreement that provides the certainty needed to support the Hong Kong government's energy and environmental policy objectives.

3. UK Rails' first train test run for the Great Western Railway new order is being carried out.

4. CKI and CKA form a joint venture to acquire leading fully integrated energy management services provider ista in Germany for approximately HK$41.4 billion.

5. Australian Gas Networks is developing a system to add hydrogen into their gas network and decarbonise Australia's gas supply.

The infrastructure division comprises the Group's 75.67% [1] interest in CK Infrastructure Holdings Limited ("CKI") and the Group's additional interests in six co-owned infrastructure joint ventures ("JVs").

	2017 HK$ million	2016 [2] HK$ million	Change	Change in Local Currency
Total Revenue	**57,369**	53,211	+8%	+9%
EBITDA	**33,033**	31,128	+6%	+8%
EBIT	**23,449**	22,162	+6%	+7%

Note 1: In January 2015, CKI completed a share placement and share subscription transaction that resulted in the Group's interest in CKI reducing from 78.16% to 75.67%. On 1 March 2016, CKI issued new shares in connection with an issue of perpetual capital securities. Subsequent to this transaction, the Group holds a 71.93% interest. As these new shares are disregarded for the purpose of determining the number of shares held by the public, the Group's profit sharing in CKI continues to be 75.67%.

Note 2: The aircraft leasing business was disposed of in December 2016. During 2016, the operation contributed revenue, EBITDA and EBIT of HK$1,820 million, HK$1,705 million and HK$879 million respectively.

CKI

CKI is the largest publicly listed infrastructure company on the SEHK, with diversified investments in energy, transportation and water infrastructure, waste management, waste-to-energy, household infrastructure and infrastructure-related businesses. CKI operates in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand, Canada and the United States.

CKI announced profit attributable to shareholders of HK$10,256 million, 6% higher than HK$9,636 million reported last year, which includes the accretive contributions from the acquisitions of DUET Group, Reliance and ista during the year. Together with full year contribution from Canadian Midstream Assets, which was acquired in July 2016, and steady performances from the majority of CKI's businesses across the globe, the growth was achieved despite the gain on disposal of Spark Infrastructure Group and a UK deferred tax credit recognised in 2016, as well as the depreciation of Sterling in 2017.

Power Assets, a company listed on the SEHK and in which CKI holds a 38.01% interest, announced profit attributable to shareholders of HK$8,319 million, an increase of 30% compared to last year's profit of HK$6,417 million.

In May 2017, CKI acquired 40% interest in the DUET Group, owner and operator of energy utility assets in Australia, the United States, the UK, Canada and Europe, which was listed on the Australian Securities Exchange, for a consideration of approximately A$3.0 billion.

In September 2017, CKI acquired 25% interest in Reliance, with its subsidiaries principally engaged in building equipment services business in Canada and the United States, for a consideration of approximately C$715 million.

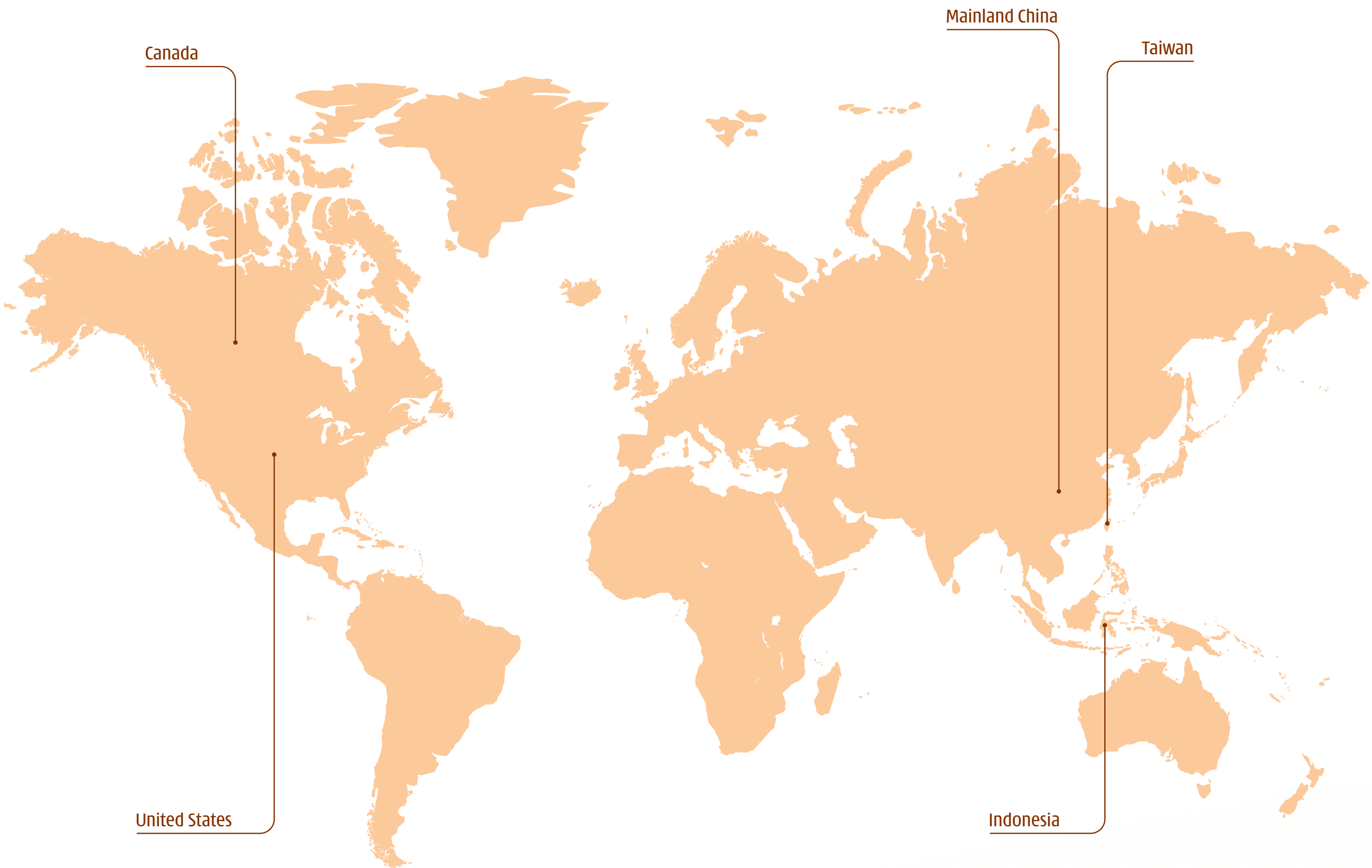
In October 2017, CKI acquired 35% interest in ista, a fully integrated energy management services provider operating mainly in Europe, for a consideration of approximately €1,543 million.

Co-owned joint ventures with CKI

The Group's six co-owned JVs with CKI include Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails. The co-owned operations contributed additional revenue, EBITDA and EBIT of HK$10,772 million, HK$6,617 million and HK$4,613 million respectively in the year.

The liquids-rich BD Project offshore Indonesia achieves first production.

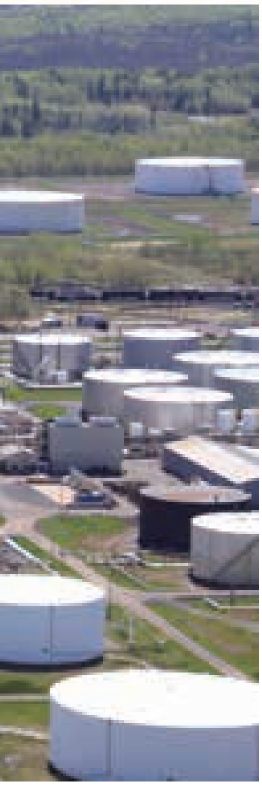
Energy



1. Husky acquires Superior Refinery in Wisconsin, USA for US$435 million.

2. The Sunrise Energy Project in Alberta, Canada continues to ramp up production.

3. Husky implements a second pilot project at its Pikes Peak South thermal project testing carbon capture technology. The captured CO_2 is used for enhanced oil recovery.



4. The West White Rose Project, the largest oil project sanctioned in Canada in 2017, will produce up to 75,000 barrels of oil per day by 2025.

5. Liuhua 29-1, the third deepwater gas field at the Liwan Gas project, is sanctioned; first production anticipated in 2021.

The energy division comprises of the Group's 40.19% interest in Husky Energy, an integrated energy company listed on the Toronto Stock Exchange.

	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**44,948**	30,467	+48%	+44%
EBITDA	**8,992**	9,284	-3%	-6%
EBIT	**2,703**	3,429	-21%	-24%
Production (mboe/day)	**322.9**	321.2	+1%	

Husky Energy ("Husky"), our associated company, announced net earnings of C$786 million in 2017, 15% lower than 2016 net earnings of C$922 million, mainly due to an after-tax gain of C$1,316 million on disposal of 65% ownership interest of the midstream asset in the Lloydminster region of Alberta and Saskatchewan to CKI and Power Assets, and an after-tax gain of C$140 million on disposal of certain legacy crude oil and natural gas properties in Western Canada. Underlying operations recovered strongly, particularly in the second half of 2017, due to higher commodity prices and increasing contributions from higher margin thermal developments in Western Canada and the Liwan Gas Project in Asia Pacific. Adjusted net earnings [1] of C$882 million in 2017, represented a 235% turnaround from the adjusted net loss of C$655 million in 2016. Husky also recognised a one-time deferred tax credit of C$436 million related to the reduction in U.S. Federal corporate tax rate. Husky also announced a quarterly dividend of C$0.075 per common share for the three-month period ended 31 December 2017.

As the Group rebased Husky Energy's assets to their fair values in the 2015 Reorganisation, the Group's share of after-tax gain on the disposals in 2016 were approximately HK$3,646 million.

After translation into Hong Kong dollars and including consolidation adjustments, the Group's share of EBITDA and EBIT decreased 3% and 21% against 2016 respectively, which reflect the aforementioned disposal gains being recognised by the Group in 2016 offset by the strong operational growth from better market prices during 2017.

Average production increased 1% to 322.9 thousand barrels of oil equivalent per day ("mboe/day") in 2017, mainly due to increased production from thermal developments including production ramp up at the Sunrise Energy Project, new production from Edam West, Vawn and Edam East thermal developments and strong production performance from the Tucker Thermal Project, as well as increased natural gas and NGLs production from the Liwan Gas Project in Asia Pacific. Healthy production increases in 2017 were offset by the sale of selected low margin legacy crude oil and natural gas assets which together contributed 31.9 mboe/day production in 2016.

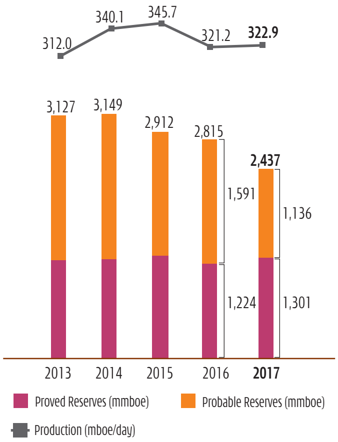
At 31 December 2017, Husky's proved oil and gas reserves were 1,301 million barrels of oil equivalent ("mmboe"), compared to 1,224 mmboe at the end of 2016. Probable reserves were 1,136 mmboe compared to 1,591 mmboe at the end of 2016. Husky's 2017 reserves replacement ratio was 167% excluding economic revisions (165% including economic revisions). The proved reserves additions were mainly related to the sanction of the West White Rose Project, three new Lloyd thermal bitumen projects, and improved performance in heavy oil and bitumen production and Asia Pacific gas production.

Note 1: 2017 adjusted net earnings equals to after-tax net earnings before gain on sale of assets of C$34 million, impairment of C$126 million, exploration & evaluation asset and inventory write-downs of C$4 million. 2016 adjusted net loss equals to after-tax net loss before gain on sale of assets of C$1,456 million, impairment reversal of C$190 million and exploration & evaluation asset and inventory write-downs of C$69 million.

In November 2017, Husky acquired the 50,000 barrels per day Superior Refinery in Wisconsin, U.S.. This facility is expected to increase Husky's Downstream processing capacity for its own heavy crude to approximately 395,000 barrels per day and will contribute accretive earnings and cashflow.

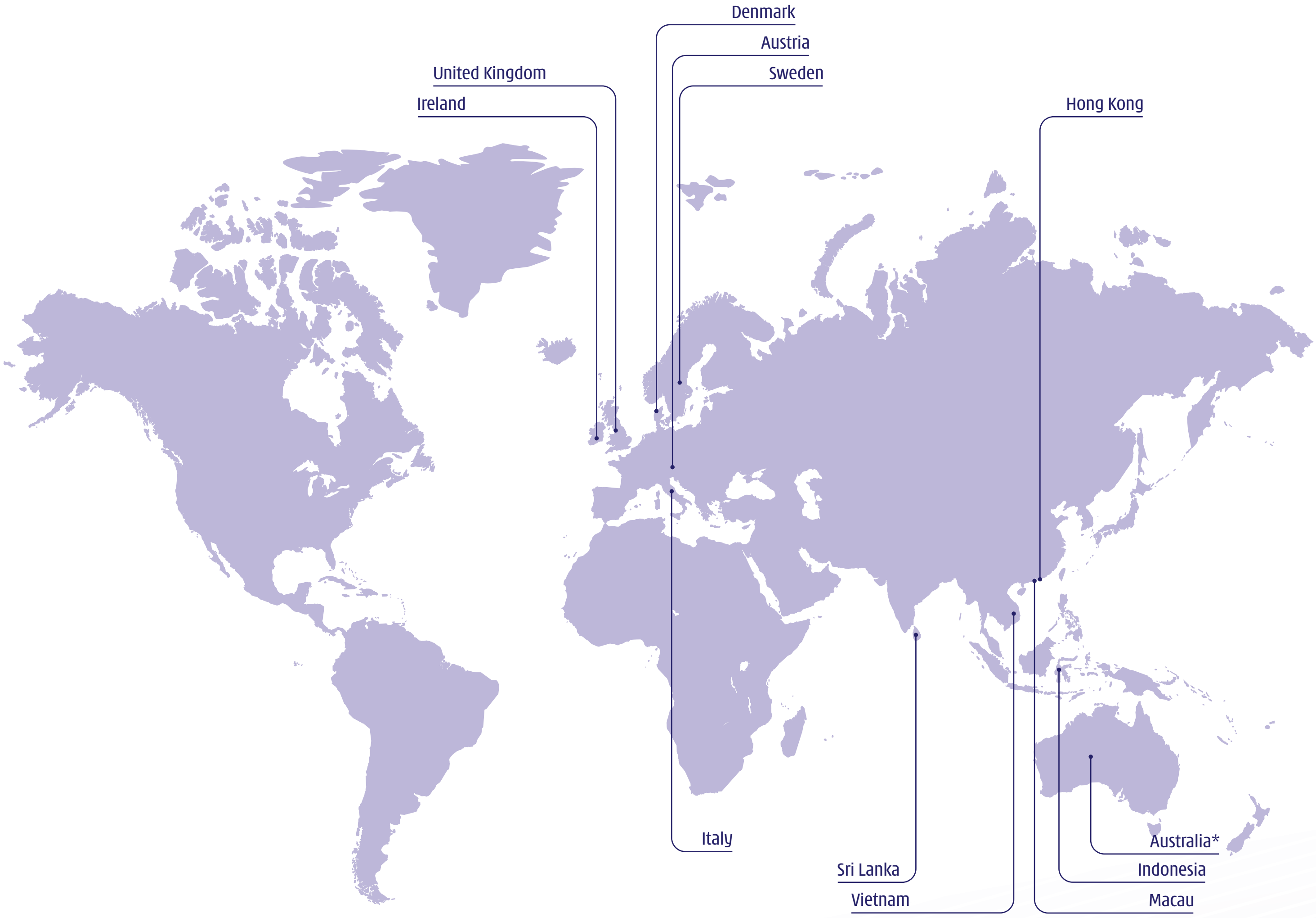
Since 2015, Husky's management has been focused on transforming its resource base to achieve lower operating and sustaining capital costs. This program progressed well in 2017 and will continue. Concurrently, Husky's balance sheet, which was substantially restructured in 2016, has continued to improve with net debt to funds from operations currently below 0.9 times compared to 1.8 times in 2016.

Proved and Probable Reserves & Production



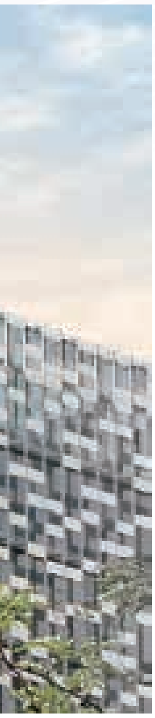
3 UK rolls out concept stores to draw customers.

Telecommunications



* Hutchison Telecommunications (Australia) Limited ("HTAL"), share of results of Vodafone Hutchison Australia Pty Limited ("VHA"), was included in Finance & Investments and Others division.

1. Wind Tre joins a partnership with ZTE and Open Fiber to build Europe's first 5G network.
2. **3** Hong Kong opens its flagship store "3LIVE" in Causeway Bay.
3. **3** Denmark's 3LikeHome roaming plan is extended to 53 countries.



4. **3** Sweden has been ranked one of the best places to work.

5. **3** Ireland is the only operator to secure uniform national 5G spectrum across Ireland.

The Group's telecommunications division consists of the **3** Group businesses in Europe ("**3** Group Europe"), a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the SEHK, and Hutchison Asia Telecommunications ("HAT"). **3** Group Europe is a pioneer of high-speed mobile telecommunications and mobile broadband technologies with businesses in six countries across Europe. HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau, with the fixed operation fully disposed of in October 2017. HAT holds the Group's interests in the mobile operations in Indonesia, Vietnam and Sri Lanka.

Group Performance

3 Group Europe

	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**70,734**	62,415	+13%	+13%
- Net customer service revenue	**56,002**	47,877	+17%	+16%
- Handset revenue	**11,295**	11,446	-1%	
- Other revenue	**3,437**	3,092	+11%	
Net Customer Service Margin [1]	**46,756**	40,121	+17%	+16%
Net customer service margin %	***84%***	*84%*		
Other Margin	**1,646**	1,632	+1%	
Total CACs	**(16,296)**	(17,354)	+6%	
Less: Handset revenue	**11,295**	11,446	-1%	
Total CACs (net of handset revenue)	**(5,001)**	(5,908)	+15%	
Operating Expenses	**(19,064)**	(16,901)	-13%	
Opex as a % of net customer service margin	***41%***	*42%*		
EBITDA	**24,337**	18,944	+28%	+27%
EBITDA Margin % [2]	***41%***	*37%*		
Depreciation & Amortisation	**(7,770)**	(6,106)	-27%	
EBIT	**16,567**	12,838	+29%	+27%

Note 1: Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

Note 2: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

3 Group Europe continued to contribute growth to the Group in 2017 and was the largest growth contributor to the Group's earnings in the year. The division's registered customer base decreased by 1% to 52.3 million, while the active customer base stood at 44.8 million as at 31 December 2017, a 3% drop against last year due to alignment of inactive customer definitions in Italy following the merger and intense competition during the year for lower value customers in Wind Tre's base.

The proportion of contract customers as a percentage of the registered customer base increased from 37% in 2016 to 39% at 31 December 2017. Margin generated by contract customers accounted for approximately 66% of overall net customer service margin, a decrease from 79% in 2016 due to the higher contribution of the non-contract customers in the Wind Tre joint venture. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base was steady at 1.6% for the year.

As a result of the full year accretive contribution of the Wind Tre joint venture, net customer service revenue and net customer service margin in local currencies both increased by 16% compared to last year. However, **3** Group Europe's net ARPU and net AMPU decreased by 7% and 6% to €15.25 and €12.98 respectively compared to 2016, primarily due to the higher proportion of non-contract customers after the Italian merger.

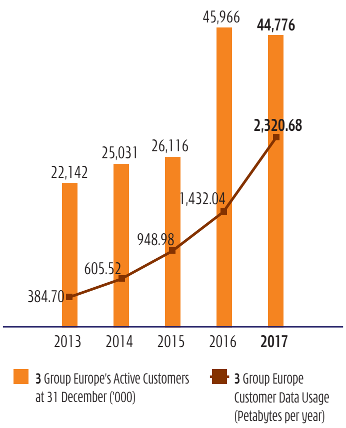
Total data usage increased 62% compared to last year to approximately 2,321 petabytes in 2017. Data usage per active customer was approximately 53.8 gigabytes per user in 2017 compared to 51.0 gigabytes per user in 2016.

Total CACs, net of handset revenue in contract bundled plans, totalled HK$5,001 million in 2017, 15% lower than 2016, while operating expenses increased 13% to HK$19,064 million from increased spending on IT system transformation and digitalisation.

The EBITDA and EBIT growth reflected the accretive contribution from the Wind Tre joint venture, improved net customer service margins, disciplined spending on customer acquisition costs and continued realisation of post-merger cost synergies in **3** Ireland, as well as increased spending on digital transformation to build a more agile, flexible and sustainable operating model to cater for the future.

In May 2017, **3** UK completed the acquisition of UK Broadband ("UKB") for a total consideration of approximately £300 million. UKB provides wireless home and business broadband services in Central London and Swindon, and has spectrum holdings in the 3.4GHz and 3.6 to 3.8GHz bandwidths. In November 2017, **3** Austria completed the acquisition of Tele2, a fixed-network provider in Austria, for a total consideration of approximately €100 million.

3 Group Europe's Active Customers and Data Usage



3 Group Europe - Results by operations

In million	UK GBP		Italy [3] EURO	
	2017	2016	**2017 Wind Tre (50%)**	2016 Wind Tre & **3** Italy
Total Revenue	**2,425**	2,276	**2,734**	2,042
% change	***+7%***		***+34%***	
- Net Customer Service Revenue	**1,636**	1,599	**2,590**	1,742
% change	***+2%***		***+49%***	
- Handset Revenue	**622**	531	**105**	261
- Other Revenue	**167**	146	**39**	39
Net Customer Service Margin [4]	**1,427**	1,399	**2,061**	1,379
% change	***+2%***		***+49%***	
Net Customer Service Margin %	***87%***	*87%*	***80%***	*79%*
Other margin	**52**	35	**32**	33
TOTAL CACs	**(848)**	(751)	**(217)**	(489)
Less: Handset Revenue	**622**	531	**105**	261
Total CACs (net of handset revenue)	**(226)**	(220)	**(112)**	(228)
Operating Expenses	**(551)**	(495)	**(876)**	(696)
Opex as a % of net customer service margin	***39%***	*35%*	***43%***	*51%*
EBITDA	**702**	719	**1,105**	488
% change	***-2%***		***+126%***	
EBITDA margin % [5]	***39%***	*41%*	***42%***	*27%*
Depreciation & Amortisation	**(265)**	(223)	**(298)**	(165)
EBIT	**437**	496	**807**	323
% change	***-12%***		***+150%***	
			Wind Tre (50%)	
Capex (excluding licence) [6]	**(459)**	(352)	**(596)**	
EBITDA less Capex [6]	**243**	367	**509**	
Licence [7]	**(2)**	–	**–**	

Note 3: **3** Group Europe 2017 includes 50% share of Wind Tre's results, of which fixed line business revenue was €542 million and EBITDA was €193 million. 2016 includes approximately ten months results from January to October 2016 of **3** Italy as well as the Group's 50% share of approximately two months results from November to December 2016 of Wind Tre, of which revenue and EBITDA of fixed line business amounted to €94 million and €38 million respectively. **3** Group Europe 2017 Capex and EBITDA less Capex each includes 50% share of Wind Tre's capex for illustrative purpose only.

Note 4: Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

	UK		Italy [8]	
	2017	2016	**2017**	2016
Total registered customer base (million)	**12.6**	11.4	**29.5**	31.3
Total active customer base (million)	**10.1**	9.2	**26.6**	28.6
Contract customers as a % of the total registered customer base	**55%**	56%	**25%**	23%
Contract customers' contribution to the net customer service margin (%) [9]	**87%**	87%	**32%**	65%
Average monthly churn rate of the total contract registered customer base (%)	**1.3%**	1.4%	**2.2%**	2.4%
Active contract customers as a % of the total contract registered customer base	**98%**	98%	**94%**	95%
Active customers as a % of the total registered customer base	**80%**	80%	**90%**	91%
Full year data usage per active customer (Gigabyte)				

Note 8: 2017 key business indicators were calculated based on Wind Tre's figures and 2016 were calculated based on approximately ten months of **3** Italy's standalone figures from January to October 2016 and approximately two months of Wind Tre's figures from November to December 2016.

	Sweden SEK		Denmark DKK		Austria EURO		Ireland EURO		3 Group Europe [3] HK$	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	7,508	7,221	**2,246**	2,127	**812**	772	**603**	655	**70,734**	62,415
	+4%		***+6%***		***+5%***		***-8%***		***+13%***	
							Local currency growth %		***+13%***	
	4,868	4,854	**1,936**	1,913	**655**	624	**465**	504	**56,002**	47,877
	–		***+1%***		***+5%***		***-8%***		***+17%***	
							Local currency growth %		***+16%***	
	2,396	2,047	**126**	86	**120**	125	**74**	81	**11,295**	11,446
	244	320	**184**	128	**37**	23	**64**	70	**3,437**	3,092
	4,149	4,149	**1,613**	1,591	**553**	529	**401**	420	**46,756**	40,121
	–		***+1%***		***+5%***		***-5%***		***+17%***	
							Local currency growth %		***+16%***	
	85%	*85%*	***83%***	*83%*	***84%***	*85%*	***86%***	*83%*	***84%***	*84%*
	124	139	**135**	82	**22**	20	**43**	44	**1,646**	1,632
	(3,187)	(2,790)	**(350)**	(311)	**(159)**	(166)	**(118)**	(122)	**(16,296)**	(17,354)
	2,396	2,047	**126**	86	**120**	125	**74**	81	**11,295**	11,446
	(791)	(743)	**(224)**	(225)	**(39)**	(41)	**(44)**	(41)	**(5,001)**	(5,908)
	(1,332)	(1,429)	**(716)**	(705)	**(194)**	(166)	**(231)**	(235)	**(19,064)**	(16,901)
	32%	*34%*	***44%***	*44%*	***35%***	*31%*	***58%***	*56%*	***41%***	*42%*
	2,150	2,116	**808**	743	**342**	342	**169**	188	**24,337**	18,944
	+2%		***+9%***		**–**		***-10%***		***+28%***	
							Local currency growth %		***+27%***	
	42%	*41%*	***38%***	*36%*	***49%***	*53%*	***32%***	*33%*	***41%***	*37%*
	(595)	(607)	**(289)**	(283)	**(100)**	(97)	**(79)**	(76)	**(7,770)**	(6,106)
	1,555	1,509	**519**	460	**242**	245	**90**	112	**16,567**	12,838
	+3%		***+13%***		***-1%***		***-20%***		***+29%***	
							Local currency growth %		***+27%***	
	(836)	(796)	**(201)**	(209)	**(115)**	(90)	**(109)**	(103)	**(13,211)**	
	1,314	1,320	**607**	534	**227**	252	**60**	85	**11,126**	
	–	(100)	**–**	(292)	**–**	–	**(19)**	–	**(197)**	

Note 5: EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.

Note 6: Excluding **3** UK's acquisition of UKB for £300 million in May 2017 and **3** Austria's acquisition of Tele2 for €100 million in November 2017.

Note 7: 2017 licence cost for UK represents incidental costs to acquire licence whereas the cost for Ireland relates to investment for 3.6 GHz licence. Licence costs for Sweden and Denmark in 2016 represent investment for 2 x 5 MHz and 2 x 30 MHz (both in 1800 MHz band) respectively.

	Sweden		Denmark		Austria		Ireland		3 Group Europe	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	2.0	2.1	**1.3**	1.2	**3.6**	3.8	**3.2**	3.0	**52.3**	52.8
	1.9	2.0	**1.3**	1.2	**2.9**	2.9	**2.1**	2.1	**44.8**	46.0
	82%	86%	**61%**	64%	**69%**	66%	**38%**	40%	**39%**	37%
	93%	94%	**74%**	75%	**91%**	91%	**64%**	67%	**66%**	79%
	2.0%	1.7%	**2.2%**	2.2%	**0.2%**	0.2%	**1.9%**	1.5%	**1.6%**	1.6%
	100%	100%	**100%**	100%	**100%**	100%	**98%**	98%	**97%**	98%
	96%	96%	**97%**	97%	**80%**	78%	**64%**	69%	**86%**	87%
									53.8	51.0

Note 9: **3** Group Europe contract customers' contribution to net customer service margin in 2017 was calculated based on 50% contribution from Wind Tre, whereas the ratio for 2016 was calculated based on approximately ten months of **3** Italy's standalone figures from January to October 2016 and approximately two months of Wind Tre's figures from November to December 2016.

Key Business Indicators

Registered Customer Base

	Registered Customers at 31 December 2017 ('000)			Registered Customer Growth (%) from 31 December 2016 to 31 December 2017		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	5,664	6,946	**12,610**	+14%	+8%	**+11%**
Italy [11]	22,273	7,267	**29,540**	-8%	+3%	**-6%**
Sweden	356	1,630	**1,986**	+22%	-8%	**-4%**
Denmark	512	799	**1,311**	+14%	+2%	**+6%**
Austria	1,123	2,513	**3,636**	-12%	–	**-4%**
Ireland	1,997	1,199	**3,196**	+12%	-1%	**+7%**
3 Group Europe Total	31,925	20,354	**52,279**	-3%	+3%	**-1%**

Active [10] Customer Base

	Active Customers at 31 December 2017 ('000)			Active Customer Growth (%) from 31 December 2016 to 31 December 2017		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	3,247	6,823	**10,070**	+14%	+8%	**+10%**
Italy [11]	19,722	6,848	**26,570**	-10%	+1%	**-7%**
Sweden	274	1,630	**1,904**	+29%	-8%	**-4%**
Denmark	475	799	**1,274**	+15%	+2%	**+6%**
Austria	396	2,507	**2,903**	-9%	–	**-1%**
Ireland	878	1,177	**2,055**	-1%	–	**-1%**
3 Group Europe Total	24,992	19,784	**44,776**	-6%	+2%	**-3%**

Note 10: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 11: Italy's customer base as at 31 December 2017 was calculated based on 100% of Wind Tre.

12-month Trailing Average Revenue per Active User [12] ("ARPU") to 31 December 2017

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2016
United Kingdom	£5.32	£24.61	**£18.07**	-6%
Italy [15]	€11.51	€15.67	**€12.55**	-5%
Sweden	SEK125.30	SEK323.60	**SEK298.50**	+3%
Denmark	DKK93.94	DKK164.84	**DKK139.13**	-4%
Austria	€10.72	€23.48	**€21.68**	+5%
Ireland	€15.60	€26.38	**€21.73**	-7%
3 Group Europe Average [16]	€10.60	€24.92	**€17.87**	-7%

12-month Trailing Net Average Revenue per Active User [13] ("Net ARPU") to 31 December 2017

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2016
United Kingdom	£5.32	£18.15	**£13.80**	-5%
Italy [15]	€11.51	€15.67	**€12.55**	-5%
Sweden	SEK125.30	SEK220.25	**SEK208.24**	+2%
Denmark	DKK93.94	DKK150.61	**DKK130.06**	-4%
Austria	€10.72	€19.70	**€18.43**	+3%
Ireland	€15.60	€21.46	**€18.93**	-8%
3 Group Europe Average [16]	€10.60	€19.75	**€15.25**	-7%

12-month Trailing Net Average Margin per Active User [14] ("Net AMPU") to 31 December 2017

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2016
United Kingdom	£4.64	£15.83	**£12.04**	-6%
Italy [15]	€9.50	€13.30	**€10.45**	-2%
Sweden	SEK105.07	SEK187.89	**SEK177.41**	+2%
Denmark	DKK78.18	DKK125.43	**DKK108.30**	-3%
Austria	€9.45	€16.64	**€15.63**	+3%
Ireland	€13.56	€18.44	**€16.34**	-5%
3 Group Europe Average [16]	€8.88	€16.96	**€12.98**	-6%

Note 12: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 13: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 14: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

Note 15: Italy's ARPU, Net ARPU and Net AMPU for 2017 were calculated based on Wind Tre's figures and for 2016 were calculated based on approximately ten months (January to October 2016) of **3** Italy's standalone figures and approximately two months (November to December 2016) of Wind Tre's figures.

Note 16: **3** Group Europe ARPU, Net ARPU and Net AMPU in 2017 were calculated based on 50% contribution from Wind Tre.

United Kingdom

EBITDA decreased by 2% compared to 2016 mainly due to higher operating expenses due to network and IT infrastructure transformation program. This resulted in implementation and development costs, as well as dual system running costs. The adverse variance was partly offset by higher margin contribution from an enlarged customer base, as well as improvement in wholesale business. The 12% decrease in EBIT was due to additional depreciation on a higher asset base and accelerated depreciation charges on certain network assets.

Italy

In Italy, EBITDA and EBIT grew by 126% and 150% respectively over 2016, reflecting the full year accretive contribution from the merger of Wind Tre as well as synergy realisation during the year.

Wind Tre is the largest mobile operator in Italy with approximately 29.5 million registered mobile customers and approximately 2.7 million fixed-line customers as at 31 December 2017. Wind Tre's mobile active customer base decreased 7% when compared to 2016 mainly due to the alignment of inactive customer definitions following the merger and intense competition during the year for lower value customers. Encouragingly, Wind Tre's customer base was more stable in the fourth quarter of 2017.

Wind Tre announced total revenue and EBITDA decline 5% and 8% to €6,182 million and €1,945 million respectively, and LBIT increased by 20% to €1,414 million for 2017 when compared to the pro forma combined results for the full year 2016 (which assumed the formation of the joint venture was effective on 1 January 2016.)

The results of the telecommunications businesses in Italy included in the Group's consolidated income statement for the year ended 31 December 2017 represented the Group's 50% share of Wind Tre's results, whereas the results for 2016 represented approximately ten months results of **3** Italy and its subsidiaries prior to the formation of the joint venture that was completed on 5 November 2016 and the Group's 50% share of approximately two months results of Wind Tre post completion. In addition, upon formation of the joint venture, the accounting standards require the Group to account for the joint venture's assets and liabilities at fair value. Accordingly, adjustments to the results of the telecommunications businesses in Italy have been made when the Group's 50% interest in the joint venture is incorporated into the Group's consolidated results.

Sweden

Sweden, where the Group has a 60% interest, reported a 2% and 3% growth in EBITDA and EBIT respectively, primarily driven by lower operating cost as certain one-off staff incentive payments in 2016 that did not recur in 2017. Net customer service margin was flat against last year as the 2% increase in both net ARPU and net AMPU were fully offset by 4% decrease in active customer base from deactivating and clean up of multi-SIM customers.

Denmark

The operation in Denmark, where the Group has a 60% interest, reported a 1% increase in net customer service margin, primarily driven by 6% growth in active customer base partly offset by 3% decrease in net AMPU as VAT reclaim was not recognised from August 2017 onwards. The 9% and 13% growth in EBITDA and EBIT respectively reflected higher wholesale contribution and implementation of cost controls measures.

Austria

EBITDA remained stable compared to 2016 at €342 million, mainly due to higher net customer service margin driven by the improved net AMPU, fully offset by increased operating expenses mainly from integration of the newly acquired Tele2 operations. EBIT marginally decreased by 1% to €242 million in 2017 as a result of higher depreciation and amortisation from network expansion.

Ireland

EBITDA and EBIT were 10% and 20% respectively lower than 2016 as a result of increase in voluntary churn in 2017 that follows the implementation of price changes on contract customers. The results reflect loss of revenue from churned customers as well as a write-off of receivables relating to them. **3** Ireland has stabilised its churn rate of contract customers, which lowered from 2.4% in the first half of 2017 to 1.9% for the year end. EBITDA and EBIT for the second half of 2017 improved by 19% and 43% respectively against the first half of 2017. **3** Ireland continues to realise synergies during the year and have fully achieved the target operating expense synergy run rate of €103 million.

Hutchison Telecommunications Hong Kong Holdings

	2017 HK$ million	2016 HK$ million	Change
Total Revenue	**9,685**	12,133	-20%
- Recurring operation	**6,730**	8,299	-19%
- Discontinued Fixed operation	**2,955**	3,834	-23%
EBITDA	**4,337**	2,607	+66%
- Recurring operation	**1,314**	1,346	-2%
- Discontinued Fixed operation	**989**	1,261	-22%
- Disposition gain	**2,034**	–	N/A
EBIT	**707**	1,055	-33%
- Recurring operation	**445**	569	-22%
- Discontinued Fixed operation	**410**	486	-16%
- Disposition gain and accelerated depreciation	**(148)**	–	N/A
Total active customer base ('000)	**3,328**	3,222	+3%

HTHKH announced 2017 profit attributable to shareholders of HK$4,766 million, which includes the gain on disposal of its fixed-line telecommunication business of HK$5,614 million, as well as accelerated depreciation charges, after tax and non-controlling interest, on certain mobile telecommunication fixed assets of HK$1,391 million.

As the Group rebased HTHKH's assets to their fair values in the 2015 Reorganisation, the Group's 2017 reported EBITDA included a lower disposal gain of the fixed-line telecommunication business of HK$2,034 million. Together with accelerated depreciation charges of HK$2,182 million, this resulted in a net loss of HK$148 million reported by the Group at EBIT level.

The lower total recurring revenue of HTHKH's mobile operation was primarily driven by the reduction in low margin handset sales in 2017. The lower recurring EBITDA was driven by a reduction in net customer service margin reflecting the decrease in net AMPU, which together with higher amortisation of licence fees for renewed and new spectrum licences applicable from October 2016, resulted in a 22% lower EBIT against 2016.

Hutchison Asia Telecommunications

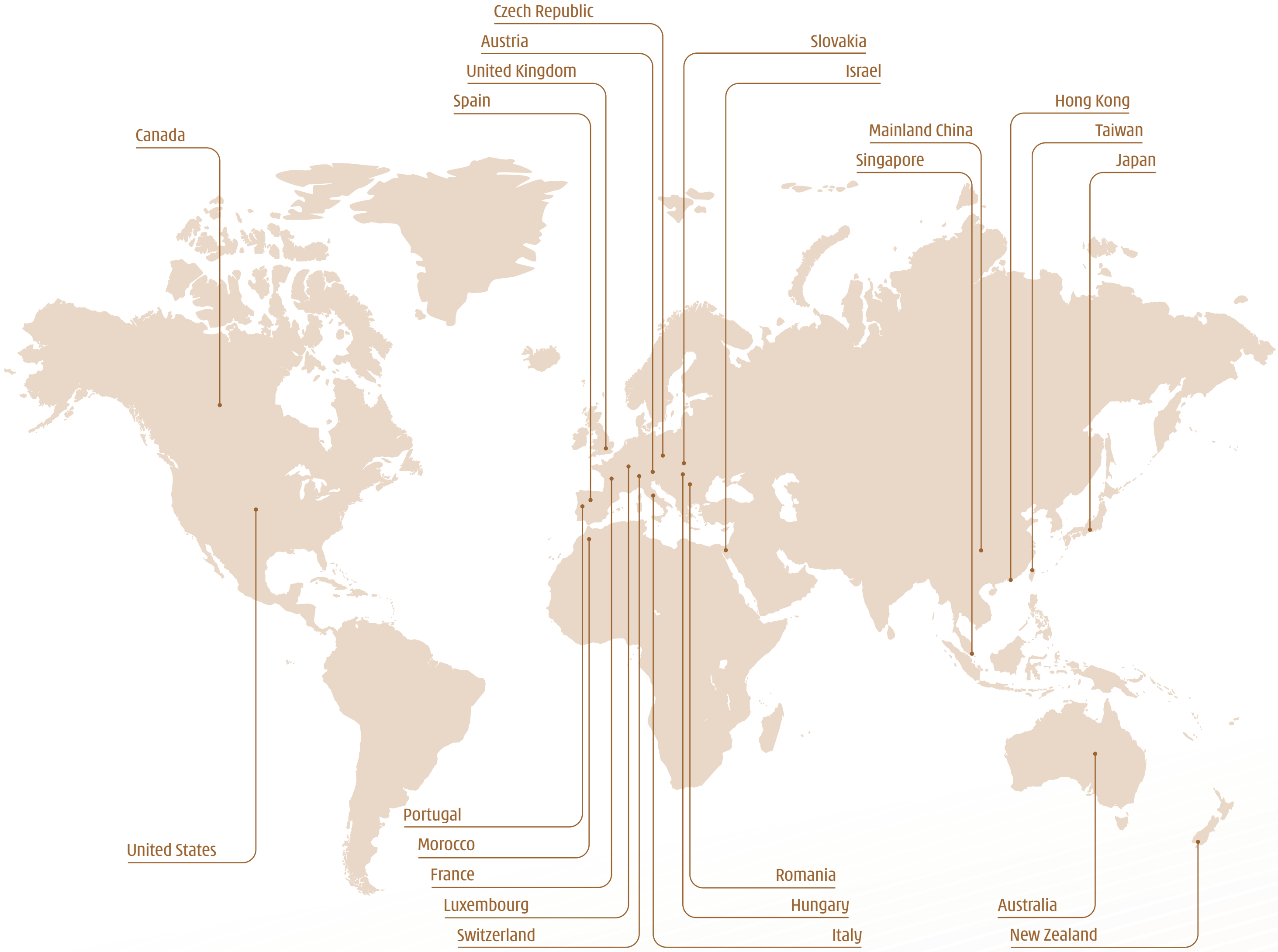
	2017 HK$ million	2016 HK$ million	Change	Change in Local Currency
Total Revenue	**7,695**	8,200	-6%	-6%
EBITDA	**558**	2,298	-76%	-76%
EBIT	**226**	2,130	-89%	-90%
Total active customer base ('000)	**74,959**	77,369	-3%	

HAT had an active customer base of approximately 75.0 million at the end of 2017, with Indonesia representing 85% of the base. Total revenue decreased 6% to HK$7,695 million, as the Indonesian operation was not able to offer competitive LTE price offerings until the launch of its LTE network in May 2017, while other incumbents offered aggressively-priced LTE services from the beginning of 2017. EBITDA and EBIT decreased to HK$558 million and HK$226 million respectively, 76% and 89% below 2016. The decline reflects both reduced service margin contribution and higher operating costs in Indonesia and Vietnam recognised after completion of the major network rollout and expansion initiatives in late 2016 and 2017 respectively.

Network rollout plans in Vietnam and Sri Lanka, as well as LTE network enhancement in Indonesia will continue in 2018. With efficient network utilisation and rollout strategies, the operations are expected to offer services at the most competitive prices in their respective markets.

Guangzhou Aircraft Maintenance Engineering Co completes China's first A380 six-year check, with over 140 engineers servicing on the aircraft at the peak.

Finance & Investments and Others



The finance & investments and others segment includes returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited ("HWCL"), listed associate TOM Group ("TOM"), Hutchison Water [(1)], the Marionnaud businesses, listed associate CK Life Sciences Group ("CKLS") and listed subsidiary, HTAL, which has a 50% interest in VHA.

	2017 HK$ million	2016 HK$ million	Change
Total Revenue	**34,097**	32,211	+6%
EBITDA	**5,736**	4,058	+41%
EBIT	**3,632**	1,879	+93%

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$168,283 million at 31 December 2017. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2017 Annual Report. The EBITDA and EBIT contribution of this segment included a disposal gain relating to a manufacturing plant in the Mainland.

Note 1: Subsequent to December 2017, the Group's investment in the Hutchison Water Group was deconsolidated and is currently an unlisted investment.

Other Operations

Hutchison Whampoa (China) Limited

HWCL operates various manufacturing, service and distribution joint ventures in the Mainland and Hong Kong, and also has an investment in Hutchison China MediTech Limited ("Chi-Med"), a 60.4% owned subsidiary that is dual-listed on the AIM market of the London Stock Exchange in the UK and the Nasdaq Global Select Market ("Nasdaq") in the U.S.. A secondary offering of Chi-Med's shares on Nasdaq was completed in October 2017 and raised gross proceeds of approximately US$300 million. Chi-Med is an innovative biopharmaceutical company which researches, develops, manufactures and sells pharmaceuticals and healthcare products. HWCL has completed the return of a manufacturing plant in the Mainland in December 2017 and recognised an after-tax disposal gain of approximately HK$1.5 billion.

In March 2018, HWCL completed the acquisition of 21.2% interest in Gama Aviation Plc, a global business aviation services provider listed on the AIM Market of the London Stock Exchange in the UK, for a total consideration of £33.0 million and simultaneously completed the disposal of its entire 20% interest in China Aircraft Services Limited and 50% interest in Gama Aviation Hutchison Holdings Limited to a subsidiary of Gama Aviation Plc for an aggregated consideration of £14.2 million.

TOM Group

TOM, a 36.73% associate, is a media and technology company listed on SEHK. In addition to its media businesses in publishing and advertising, TOM also has a technology platform with operations principally in e-commerce as well as investments in fintech and big data analytics sectors.

Marionnaud

Marionnaud currently operates approximately 1,000 stores in 11 European markets, providing luxury perfumery and cosmetic products.

CK Life Sciences Group

The Group has an approximate 45.32% interest in CKLS, a company listed on SEHK. CKLS is engaged in the business of research and development, manufacturing, commercialisation, marketing, sale of, and investment in, products and assets which are nutraceuticals, pharmaceuticals and agriculture-related.

HTAL, share of VHA

HTAL, an 87.87% owned subsidiary listed on the Australian Securities Exchange, has 50% interest of VHA, a mobile telecommunication joint venture with Vodafone Group in Australia. VHA's active customer base increased 4% to approximately 5.8 million (including MVNOs) at 31 December 2017. VHA's EBITDA increased 6.5% to A$971.8 million for the year and its loss attributable to shareholders was reduced from A$241.8 million in 2016 to A$177.8 million in 2017.

Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the year, including its share of associated companies' and joint ventures' interest expenses, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK$18,024 million, an increase of 36% when compared to last year mainly due to higher financing costs from the Group's share of interest expense and one-time major refinancing costs in the Wind Tre joint venture, as well as interest expense associated with the new acquisitions in the Infrastructure division. The Group's weighted average cost of debt for 2017 was 2.3%.

The Group recorded current and deferred tax charges totalling HK$6,055 million for the year, a decrease of 24% mainly due to the share of tax benefits recognised in Husky Energy following the corporate tax rate reduction in the U.S., as well as certain deferred tax benefits upon favourable settlement of prior year tax disputes.

Summary

The Group has continued to deliver good growth in earnings in 2017 through efficient and effective operational activities and well-executed strategic initiatives, while maintaining a healthy level of liquidity and a strong balance sheet.

The Group remains committed to maintain a stable earnings growth through our diversified core businesses and prudent financial strategy. Cautious and selective expansion and stringent capital expenditure and cost controls will continue across all of our businesses. Barring adverse external developments in the sectors and geographies in which we operate, I have full confidence that these objectives will be achieved in 2018.

Fok Kin Ning, Canning
Group Co-Managing Director

Hong Kong, 16 March 2018

Additional Information

Ports and Related Services

The following tables summarise the port operations for the four segments of the division.

HPH Trust

Name	Location	The Group's Effective Interest	2017 Throughput (100% basis)
			(million TEU)
Hongkong International Terminals/ COSCO-HIT Terminals/ Asia Container Terminals	Hong Kong	30.07% / 15.03% / 12.03%	11.7
Yantian International Container Terminals - Phase I and II/ Phase III/ West Port	Mainland China	16.96% / 15.53% / 15.53%	12.7
Huizhou International Container Terminals	Mainland China	12.42%	0.2
Ancillary Services - Asia Port Services/ Hutchison Logistics (HK)/ Shenzhen Hutchison Inland Container Depots	Hong Kong and Mainland China	30.07% / 30.07% / 23.35%	N/A

Mainland China and Other Hong Kong

Name	Location	Hutchison Ports' Effective Interest [1]	2017 Throughput (100% basis)
			(million TEU)
Shanghai Mingdong Container Terminals/ Shanghai Pudong International Container Terminals	Mainland China	50% / 30%	9.3
Ningbo Beilun International Container Terminals	Mainland China	49%	2.1
River Trade Terminal	Hong Kong	50%	1.0
Ports in Southern China - Nanhai International Container Terminals [2]/ Jiangmen International Container Terminals [2]/ Shantou International Container Terminals/ Huizhou Port Industrial Corporation/ Xiamen International Container Terminals/ Xiamen Haicang International Container Terminals	Mainland China	50% / 50% / 70% / 33.59% / 49% / 49%	2.0

Note 1: The Group holds an 80% interest in Hutchison Ports Holdings Group ("Hutchison Ports").

Note 2: Although HPH Trust holds the economic interest in the two River Ports in Nanhai and Jiangmen in Southern China, the legal interests in these operations are retained by this division.

Ports and Related Services (continued)

Europe

Name	Location	Hutchison Ports' Effective Interest [1]	2017 Throughput (100% basis)
			(million TEU)
Europe Container Terminals (ECT)/ Delta Terminal, ECT/Euromax Terminal, ECT Amsterdam Container Terminals/TMA logistics	Belgium, Germany and The Netherlands	93.5% / 89.37% / 60.78% 100% / 50%	8.9
Hutchison Ports (UK) – Port of Felixstowe/ Harwich International Port/ London Thamesport	United Kingdom	100% / 100% / 80%	4.3
Barcelona Europe South Terminal	Spain	100%	1.8
Gdynia Container Terminal	Poland	100%	0.3
Container Terminal Frihamnen [3]	Sweden	100%	0.1

Note 3: The Group holds the right to operate Container Terminal Frihamnen in Sweden.

Asia, Australia and Others

Name	Location	Hutchison Ports' Effective Interest [1]	2017 Throughput (100% basis)
			(million TEU)
Westports Malaysia	Malaysia	23.55%	9.0
Panama Ports Company	Panama	90%	4.2
Hutchison Korea Terminals/Korea International Terminals	South Korea	100% / 88.9%	2.9
Hutchison Laemchabang Terminal/Thai Laemchabang Terminal	Thailand	80% / 87.5%	2.8
Jakarta International Container Terminal/Koja Terminal	Indonesia	49% / 45.09%	2.7
Internacional de Contenedores Asociados de Veracruz/ Lazaro Cardenas Terminal Portuaria de Contenedores/ Lazaro Cardenas Multipurpose Terminal/ Ensenada International Terminal/ Terminal Internacional de Manzanillo	Mexico	100%	2.1
Karachi International Container Terminal/South Asia Pakistan Terminals	Pakistan	100% / 90%	1.5
International Ports Services	Saudi Arabia	51%	1.1
Freeport Container Port	The Bahamas	51%	0.9
Oman International Container Terminal	Oman	65%	0.8
Alexandria International Container Terminals	Egypt	80.33%	0.7
Tanzania International Container Terminal Services	Tanzania	66.5%	0.5
Sydney International Container Terminals	Australia	100%	0.4
Buenos Aires Container Terminal Services	Argentina	100%	0.2
Hutchison Ajman International Terminals	United Arab Emirates	100%	0.2
Myanmar International Terminals Thilawa	Myanmar	100%	0.2
Brisbane Container Terminals	Australia	100%	0.1
Hutchison Ports RAK	United Arab Emirates	60%	–
Hutchison Ports UAQ	United Arab Emirates	60%	–
Hutchison Ports Basra	Iraq	51%	–
Saigon International Terminals Vietnam	Vietnam	70%	–

Retail

Brand list by Market

Market	Brand
Albania	Rossmann
Belgium	ICI PARIS XL, Kruidvat
Czech Republic	Rossmann
Germany	ICI PARIS XL, Rossmann
Hong Kong	Watsons, PARKnSHOP, Fortress, Watson's Wine, Watsons Water, Mr Juicy
Hungary	Rossmann
Indonesia	Watsons
Ireland	The Perfume Shop, Superdrug
Latvia	Drogas
Lithuania	Drogas
Luxembourg	ICI PARIS XL
Macau	Watsons, PARKnSHOP, Fortress, Watson's Wine
Mainland China	Watsons, PARKnSHOP, Watson's Wine, Watsons Water, Mr Juicy
Malaysia	Watsons
The Netherlands	ICI PARIS XL, Kruidvat, Trekpleister
The Philippines	Watsons
Poland	Rossmann
Russia	Spektr
Singapore	Watsons
Taiwan	Watsons
Thailand	Watsons
Turkey	Watsons
United Kingdom	The Perfume Shop, Superdrug, Savers
Ukraine	Watsons

Note: The Group's 50% interest in Watsons Korea has been disposed of in February 2017.

Additional Information

Infrastructure

CKI Project Profile by Geographical Location

Geographical Location	Company/Project	Type of Business	Shareholding Interest within CKHH Group
Australia	SA Power Networks	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	Powercor Australia Limited	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	CitiPower I Pty Ltd.	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	Australian Gas Networks Limited	Gas Distribution	CKHH: 27.51%; CKI: 44.97%; Power Assets: 27.51%
	Transmission Operations (Australia) Pty Ltd	Electricity Transmission	CKI: 50%; Power Assets: 50%
	DUET Group	Electricity distribution, gas transmission and distribution, and provision of electricity generation solutions	CKI: 40%; Power Assets: 20%
Canada	Canadian Power Holdings Inc.	Electricity Generation	CKI: 50%; Power Assets: 50%
	Park'N Fly	Off-airport Parking	CKHH: 50%; CKI: 50%
	Husky Midstream Limited Partnership	Oil pipelines and storage	CKI: 16.25%; Power Assets: 48.75%
	Reliance	Building Equipment Services	CKI: 25%
Germany	ista	Energy Management Services	CKI: 35%
Hong Kong	Power Assets Holdings Limited ("Power Assets")	Holding company of a 33.37% interest in HKEI, a listed electricity generation and transmission business in HK, and power and utility-related businesses overseas	CKI: 38.01%
	Alliance Construction Materials Limited	Infrastructure Materials	CKI: 50%
	Green Island Cement Company, Limited	Infrastructure Materials	CKI: 100%
	Anderson Asphalt Limited	Infrastructure Materials	CKI: 100%
Mainland China	Green Island Cement (Yunfu) Company Limited	Infrastructure Materials	CKI: 100%
	Guangdong Gitic Green Island Cement Co. Ltd.	Infrastructure Materials	CKI: 66.5%
	Shen-Shan Highway (Eastern Section)	Toll Road	CKI: 33.5%
	Shantou Bay Bridge	Toll Bridge	CKI: 30%
	Tangshan Tangle Road	Toll Road	CKI: 51%
	Jiangmen Chaolian Bridge	Toll Bridge	CKI: 50%
	Panyu Beidou Bridge	Toll Bridge	CKI: 40%
The Netherlands	Dutch Enviro Energy Holdings B.V.	Energy-from-Waste	CKHH: 35%; CKI: 35%; Power Assets: 20%
New Zealand	Wellington Electricity Lines Limited	Electricity Distribution	CKI: 50%; Power Assets: 50%
	Enviro (NZ) Limited	Waste Management	CKI: 100%
The Philippines	Siquijor Limestone Quarry	Infrastructure Materials	CKI: 40%
Portugal	Portugal Renewable Energy	Generation and Sale of Wind Energy	CKI: 50%; Power Assets: 50%
United Kingdom	UK Power Networks Holdings Limited	Electricity Distribution	CKI: 40%; Power Assets: 40%
	Northumbrian Water Group Limited	Water Supply, Sewerage and Waste Water businesses	CKHH: 40%; CKI: 40%
	Northern Gas Networks Limited	Gas Distribution	CKI: 47.06%; Power Assets: 41.29%
	Wales & West Utilities Limited	Gas Distribution	CKHH: 30%; CKI: 30%; Power Assets: 30%
	Seabank Power Limited	Electricity Generation	CKI: 25%; Power Assets: 25%
	Southern Water Services Limited	Water and Wastewater Services	CKI: 4.75%
	UK Rails S.à r.l.	Leasing of Rolling Stock	CKHH: 50%; CKI: 50%

Energy

Husky Energy is one of Canada's largest integrated energy companies with a diverse oil and gas portfolio in Canada and Asia Pacific. Western Canada production is connected to upgrading and transportation infrastructure in Western Canada, plus refining operations in the United States. The table below summarises the major projects and activities of the division.

Operations	Project	Status/Production Timeline	Husky Energy's Working Interest
UPSTREAM			
Western Canada			
- Oil Resource Plays	Viking, Alberta and S.W. Saskatchewan	In production	Varies
	N. Cardium, Wapiti, Alberta	In production	Varies
	Muskwa, Rainbow, Northern Alberta	In production	Varies
	Montney, Karr, Alberta	First Oil in October 2017	100%
	Slater River Canol Shale, Northwest Territories	Under evaluation	100%
- Liquids-Rich Gas Resource Plays	Ansell Multi-zone, Alberta	In production	Varies
	Duvernay, Kaybob, Alberta	In production	Varies
	Montney, Wembley, Alberta	First Gas in August 2017	100%
- Heavy Oil Thermal Projects	Pikes Peak	In production	100%
	Bolney/Celtic	In production	100%
	Paradise Hill	In production	100%
	Pikes Peak South	In production	100%
	Sandall	In production	100%
	Rush Lake	In production	100%
	Vawn	In production	100%
	Edam West	In production	100%
	Edam East	In production	100%
	Rush Lake II	Q4 2018	100%
	Dee Valley	Q4 2019	100%
	Spruce Lake Central	2020	100%
	Spruce Lake North	2020	100%
	Westhazel	2021	100%
	Edam Central	2021	100%
- Other	Rainbow Lake Gas Processing Plant	In operation	100%
Atlantic Region	Terra Nova	In production	13%
	South Avalon	In production	72.5%
	North Amethyst	In production	68.875%
	South White Rose Extension	In production	68.875%
	West White Rose	2022	68.875%
	Flemish Pass Basin	Under evaluation	35%
	Northwest White Rose	Under evaluation	93.232%
Oil Sands	Tucker, Alberta	In production	100%
	Sunrise (Phase 1), Alberta	In production	50%
Asia Pacific	Liwan 3-1, Block 29/26, South China Sea	In production	49%
	Liuhua 34-2, Block 29/26, South China Sea	In production	49%
	Liuhua 29-1, Block 29/26, South China Sea	2021	49%
	Block 15/33, South China Sea	Under evaluation	100%
	Block 16/25, South China Sea	Production Sharing Contract signed in 2017	100%
	Madura Strait, BD, Indonesia	First Gas in July 2017	40%
	Madura Strait, MDA, MBH & MDK, Indonesia	2019	40%
	Madura Strait, MAC, MAX & MBJ, Indonesia	Under evaluation	40%
	Madura Strait, MBF, Indonesia	Under evaluation	50%
	Anugerah, Indonesia	Production Sharing Contract signed in 2014	100%
	Offshore Taiwan	Joint Venture Contract signed in 2012	75%
DOWNSTREAM	Lima Refinery, Ohio, USA	In production	100%
	Toledo Refinery, Ohio, USA	In production	50%
	Superior Refinery, Wisconsin, USA	In production	100%
	Lloydminster Upgrader, Saskatchewan	In production	100%
	Lloydminster Asphalt Refinery, Alberta	In production	100%
	Prince George Refinery, British Columbia	In production	100%
	Lloydminster Ethanol Plant, Saskatchewan	In production	100%
	Minnedosa Ethanol Plant, Manitoba	In production	100%
	Cold Lake Pipeline System, Alberta	In operation	35%
	Saskatchewan Gathering System	In operation	35%
	Mainline Pipeline System, Alberta	In operation	35%
	Hardisty Terminal	In operation	35%
	LLB Pipeline	2018	35%

Additional Information

Telecommunications

Summary of licence investments

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
United Kingdom	800 MHz	5 MHz	1	Paired	10 MHz
	1400 MHz	5 MHz	4	Unpaired	20 MHz
	1800 MHz	5 MHz	3	Paired	30 MHz
	1800 MHz	3.5 MHz	1	Paired	7 MHz
	2100 MHz	5 MHz	3	Paired	30 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	3.5 GHz	40 MHz	1	Unpaired	40 MHz
	3.6 GHz	84 MHz	1	Unpaired	84 MHz
	3.9 GHz	84 MHz	1	Unpaired	84 MHz
	28 GHz	224 MHz	1	Unpaired	224 MHz
	40 GHz	2000 MHz	1	Unpaired	2000 MHz
Italy	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	2	Paired	20 MHz
	900 MHz (1)	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	4	Paired	40 MHz
	1800 MHz (1)	5 MHz	2	Paired	20 MHz
	2100 MHz	5 MHz	4	Paired	40 MHz
	2100 MHz (1)	5 MHz	2	Paired	20 MHz
	2100 MHz	5 MHz	2	Unpaired	10 MHz
	2600 MHz	5 MHz	4	Paired	40 MHz
	2600 MHz	15 MHz	2	Unpaired	30 MHz
Austria	900 MHz (from 2016)	5 MHz	1	Paired	10 MHz
	1800 MHz (to 2017)	200 kHz	145	Paired	58 MHz
	1800 MHz (from 2014 to 2017)	3.5 MHz	1	Paired	7 MHz
	1800 MHz (from 2016 to 2017)	3 MHz	1	Paired	6 MHz
	1800 MHz (from 2018)	5 MHz	4	Paired	40 MHz
	2100 MHz	5 MHz	5	Paired	50 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	5 MHz	5	Paired	50 MHz
	2600 MHz	25 MHz	1	Unpaired	25 MHz
Sweden	800 MHz	10 MHz	1	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	1	Paired	10 MHz
	2100 MHz	20 MHz	1	Paired	40 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	50 MHz	1	Unpaired	50 MHz
Denmark	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz	10 MHz	2	Paired	40 MHz
	2100 MHz	15 MHz	1	Paired	30 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	5 MHz	5	Unpaired	25 MHz
Ireland	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	3	Paired	30 MHz
	1800 MHz	5 MHz	7	Paired	70 MHz
	2100 MHz	5 MHz	6	Paired	60 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	3600 MHz	5 MHz	20	Unpaired	100MHz

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
HTHKH - Hong Kong	900 MHz	5 MHz	1	Paired	10 MHz
	900 MHz	8.3 MHz	1	Paired	16.6 MHz
	1800 MHz	11.6 MHz	1	Paired	23.2 MHz
	2100 MHz	14.8 MHz	1	Paired	29.6 MHz
	2300 MHz	30 MHz	1	Unpaired	30 MHz
	2600 MHz (2)	5 MHz	1	Paired	10 MHz
	2600 MHz (2)	15 MHz	1	Paired	30 MHz
HTHKH - Macau	900 MHz	7.8 MHz	1	Paired	15.6 MHz
	1800 MHz	4.4 MHz	1	Paired	8.8 MHz
	1800 MHz (3)	15 MHz	1	Paired	30 MHz
	2100 MHz (3)	10 MHz	1	Paired	20 MHz
HAT - Indonesia	1800 MHz	10 MHz	1	Paired	20 MHz
	2100 MHz	5 MHz	3	Paired	30 MHz
HAT - Sri Lanka	900 MHz	7.5 MHz	1	Paired	15 MHz
	1800 MHz	7.5 MHz	1	Paired	15 MHz
	2100 MHz	5 MHz	2	Paired	20 MHz
HAT - Vietnam	900 MHz	10 MHz	1	Paired	20 MHz
	2100 MHz (4)	15 MHz	1	Paired	30 MHz
Australia (5)	700 MHz	5 MHz	1	Paired	10 MHz
	850 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	8.2 MHz	1	Paired	16.4 MHz
	1800 MHz	5 MHz	6	Paired	60 MHz
	2100 MHz	5 MHz	5	Paired	50 MHz

Note 1: For divestment to Iliad under the remedy taker contract.

Note 2: Spectrum held by 50/50 joint venture with PCCW.

Note 3: Included above are one pair of 5 MHz block in the 1800MHz licence and a pair of 5 MHz block in the 2100 MHz licence have been returned to Macau government with effect from 1 January 2018.

Note 4: Spectrum shared with Viettel Mobile.

Note 5: VHA's spectrum holdings vary across different locations, hence the above reflects spectrum allocated in Sydney and Melbourne only.

Group Capital Resources and Liquidity

Treasury Management

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

Cash Management and Funding

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

Interest Rate Exposure

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

At 31 December 2017, approximately 36% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 64% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$9,600 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$27,950 million principal amount of floating interest rate borrowings that were used to finance long term investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 30% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 70% were at fixed rates at 31 December 2017. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

Foreign Currency Exposure

For overseas subsidiaries, associated companies and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flow and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to its underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in overseas subsidiaries and associated companies, except in relation to certain infrastructure investments.

The Group has operations in over 50 countries and conducts businesses in over 50 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation gains or losses on its foreign currency earnings. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings. At times of significant exchange rate volatility and where appropriate opportunities arise, the Group may prudently enter into forward foreign currency contracts and currency swaps for selective foreign currencies for a portion of its budgeted foreign currency earnings to limit potential downside foreign currency exposure on its earnings. In 2017, the Group entered into hedges by ways of forward contracts against British Pounds, Euro and Renminbi currency risks. These contracts resulted in realised hedging losses of HK$1,173 million during the year which were fully offset by translation gains against the hedged rates on the Group's attributable earnings in those currencies in 2017. All forward contracts for hedging earnings have been fully settled and no foreign currency hedges have been entered into in respect of expected 2018 foreign currency earnings.

At 31 December 2017, the Group's total principal amount of bank and other debts are denominated as follows: 21% in Euro, 42% in US dollars, 5% in HK dollars, 22% in British Pounds and 10% in other currencies. The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$23,010 million to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 28% in Euro, 35% in US dollars, 5% in HK dollars, 22% in British Pounds and 10% in other currencies.

Credit Exposure

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

The Group is also exposed to counterparties credit risk from its operating activities, particularly in its ports businesses. Such risks are continuously monitored by the local operational management.

Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A2 on the Moody's Investor Service scale, A- on the Standard & Poor's Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. During 2017, our long term credit rating from Fitch remained at A- with a stable outlook. Standard & Poor's maintained our rating at A- but revised the outlook from stable to positive in July 2017. In November 2017, Moody's revised our rating from A3 to A2 with a stable outlook.

Market Price Risk

The Group's main market price risk exposures relate to listed/traded debt and equity securities described in "Liquid Assets" below and the interest rate swaps described in "Interest Rate Exposure" above. The Group's holding of listed/traded debt and equity securities represented approximately 5% (31 December 2016 – approximately 4%) of the cash, liquid funds and other listed investments ("liquid assets"). The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

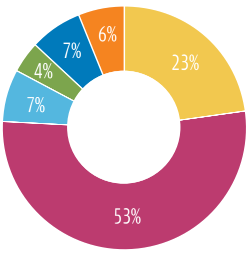
Liquid Assets

The Group continues to maintain a robust financial position. Liquid assets amounted to HK$168,283 million at 31 December 2017, an increase of 4% from the balance of HK$162,224 million at 31 December 2016, mainly reflecting the cash arising from positive funds from operations from the Group's businesses and cash from new borrowings, including floating rate loans of AUD1,550 million (approximately HK$9,207 million), floating rate loans of US$700 million (approximately HK$5,460 million) and guaranteed bonds of EUR600 million (approximately HK$5,516 million) by listed subsidiary CKI and proceeds from HTHKH's disposal of its fixed-line telecommunication business of HK$14,244 million, partly offset by the acquisitions of DUET Group of AUD2,976 million (approximately HK$17,275 million), ista of EUR1,543 million (approximately HK$14,236 million), Reliance of CAD715 million (approximately HK$4,458 million) and UK Broadband Limited of GBP292 million (approximately HK$2,952 million), dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, the repayment and early repayment of certain borrowings and capex and investment spendings. Liquid assets were denominated as to 23% in HK dollars, 53% in US dollars, 7% in Renminbi, 4% in Euro, 7% in British Pounds and 6% in other currencies.

Cash and cash equivalents represented 95% (31 December 2016 – 96%) of the liquid assets, US Treasury notes and listed/traded debt securities 4% (31 December 2016 – 3%) and listed equity securities 1% (31 December 2016 – 1%). The US Treasury notes and listed/traded debt securities, including those held under managed funds, consisted of US Treasury notes of 56%, government and government guaranteed notes of 17%, notes issued by the Group's associated company, Husky Energy of 4%, notes issued by financial institutions of 1%, and others of 22%. Of these US Treasury notes and listed/traded debt securities, 79% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.4 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Liquid Assets (continued)

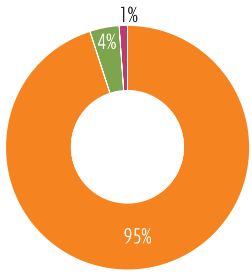
Liquid Assets by Currency Denomination at 31 December 2017



Total: HK$168,283 million

HKD · USD · RMB · EUR · GBP · Others

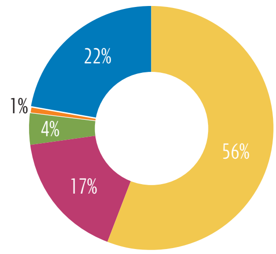
Liquid Assets by Type at 31 December 2017



Total: HK$168,283 million

Cash and cash equivalents · US Treasury notes and listed/traded debt securities · Listed equity securities

US Treasury Notes and Listed/Traded Debt Securities by Type at 31 December 2017



Total: HK$5,865 million

US Treasury notes · Government and Government Guaranteed notes · Husky Energy Inc. notes · Financial Institutions notes · Others

Cash Flow

EBITDA [1] in 2017 was HK$104,354 million, an increase of 10% compared to HK$94,525 million last year. Consolidated funds from operations ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital was HK$53,892 million for the year, a 10% increase compared to 2016.

The Group's capital expenditures (including licences, brand name and other rights) for 2017 amounted to HK$23,915 million (31 December 2016 – HK$24,546 million). Capital expenditures for the ports and related services division amounted to HK$3,703 million (31 December 2016 – HK$2,884 million); for the retail division HK$3,148 million (31 December 2016 – HK$2,403 million); for the infrastructure division HK$5,549 million (31 December 2016 – HK$5,550 million); for **3** Group Europe HK$8,080 million (31 December 2016 – HK$8,252 million); for HTHKH HK$1,027 million (31 December 2016 – HK$2,950 million); for HAT HK$2,122 million (31 December 2016 – HK$2,246 million); and for the finance and investments and others segment HK$286 million (31 December 2016 – HK$261 million).

During 2017, the Group acquired UK Broadband Limited for HK$2,952 million (net of cash acquired of HK$5 million) and Tele2 Austria Holding GmbH for HK$725 million (net of cash acquired of HK$193 million) (31 December 2016 – HK$278 million for acquisition of additional interest in a subsidiary for the ports and relates services division).

Purchases of and advances to associated companies and joint ventures, net of repayments from associated companies and joint ventures, resulted in a net cash outflow of HK$36,994 million (31 December 2016 – HK$42 million). The outflow in 2017 mainly represented the payment for the acquisition of DUET Group, Reliance and ista totalling HK$35,969 million.

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

For further information of the Group's capital expenditures by division and cash flow, please see Note 5(e) and the "Consolidated Statement of Cash Flows" section of this Annual Report.

Note 1: EBITDA excludes the non-controlling interests' share of HPH Trust's EBITDA.

Debt Maturity and Currency Profile

The Group's total bank and other debts, including unamortised fair value adjustments from acquisitions, at 31 December 2017 amounted to HK$333,155 million (31 December 2016 – HK$304,030 million) which comprises principal amount of bank and other debts of HK$322,816 million (31 December 2016 – HK$292,047 million) and unamortised fair value adjustments arising from acquisitions of HK$10,339 million (31 December 2016 – HK$11,983 million). The Group's total principal amount of bank and other debts at 31 December 2017 consist of 65% notes and bonds (31 December 2016 – 70%) and 35% bank and other loans (31 December 2016 – 30%). The Group's weighted average cost of debt for the year ended 31 December 2017 is 2.3% (31 December 2016 – 2.2%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK$3,143 million as at 31 December 2017 (31 December 2016 – HK$4,283 million).

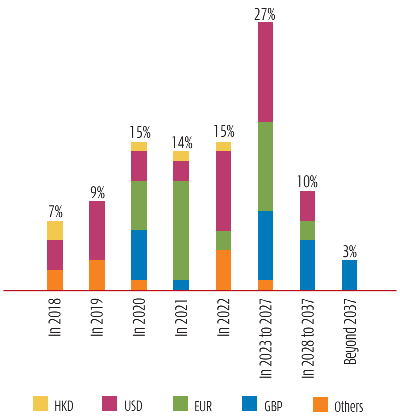
The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2017 is set out below:

	HK$	US$	Euro	GBP	Others	**Total**
In 2018	2%	3%	–	–	2%	**7%**
In 2019	–	6%	–	1%	2%	**9%**
In 2020	1%	3%	5%	5%	1%	**15%**
In 2021	1%	2%	10%	1%	–	**14%**
In 2022	1%	8%	2%	–	4%	**15%**
In 2023 – 2027	–	10%	9%	7%	1%	**27%**
In 2028 – 2037	–	3%	2%	5%	–	**10%**
Beyond 2037	–	–	–	3%	–	**3%**
Total	5%	35%	28%	22%	10%	**100%**

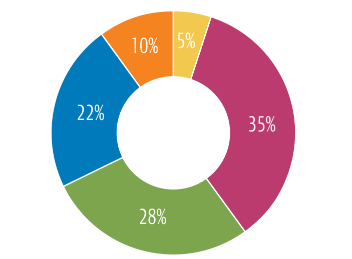
The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's consolidated borrowings have credit rating triggers that would accelerate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

Debt Maturity Profile by Year and Currency Denomination at 31 December 2017

Total principal amount of bank and other debts: HK$322,816 million



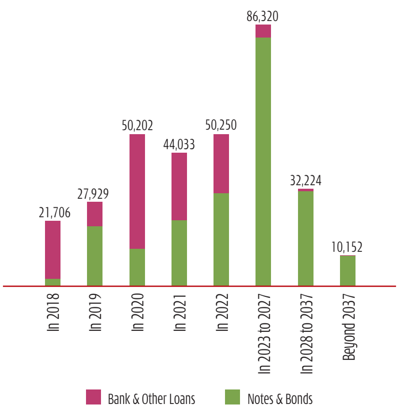
Debt Profile by Currency Denomination at 31 December 2017



Total principal amount of bank and other debts: HK$322,816 million

Debt Maturity Profile by Notes & Bonds and Bank & Other Loans at 31 December 2017

Total principal amount of bank and other debts: HK$322,816 million



Group Capital Resources and Liquidity

Changes in Debt Financing and Perpetual Capital Securities

The significant financing activities for the Group in 2017 were as follows:

- In January, repaid US$1,000 million (approximately HK$7,800 million) principal amount of fixed rate notes on maturity;
- In January, obtained a five-year floating rate loan facility of US$86 million (approximately HK$671 million);
- In February, listed subsidiary CKI obtained a one-year floating rate loan facility of AUD750 million (approximately HK$4,455 million), a five-year floating rate loan facility of AUD500 million (approximately HK$2,970 million) and a five-year floating rate loan facility of AUD300 million (approximately HK$1,782 million);
- In March, made a drawdown of US$1,200 million (approximately HK$9,360 million) loan under a three-year floating rate Hong Kong / US Dollar loan facility of HK$9,500 million that was obtained in the same month, and applied the proceeds of such loan towards prepayment of a floating rate loan of EUR1,113 million (approximately HK$9,335 million) maturing in May 2017;
- In March, obtained a five-year floating rate loan facility of US$200 million (approximately HK$1,560 million);
- In March, issued US$1,000 million (approximately HK$7,800 million) guaranteed notes due 2022 and US$800 million (approximately HK$6,240 million) guaranteed notes due 2027;
- In March, listed subsidiary CKI obtained a three-year floating rate loan facility of GBP300 million (approximately HK$2,907 million);
- In March, listed subsidiary CKI obtained a five-year floating rate loan facility of AUD103 million (approximately HK$612 million);
- In March, listed subsidiary CKI made a drawdown of an AUD550 million (approximately HK$3,275 million) loan under a five-year floating rate loan facility that was obtained in December 2016 to prepay an AUD550 million (approximately HK$3,275 million) floating rate loan maturing in May 2017;
- In March, listed subsidiary CKI obtained and made a drawdown of an JPY12,000 million (approximately HK$847 million) loan under a five-year floating rate loan facility to prepay a JPY12,000 million (approximately HK$847 million) floating rate loan;
- In April, an unlisted subsidiary of the infrastructure division issued twenty-year, GBP100 million (approximately HK$996 million) fixed rate notes;
- In May, obtained two three-year floating rate loan facilities of HK$1,650 million each;
- In May, obtained a five-year floating rate loan facility of SEK4,300 million (approximately HK$3,784 million);
- In May, the US$1,000 million (approximately HK$7,800 million) Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (12) Limited were redeemed in full at first call date;
- In May, issued US$1,000 million (approximately HK$7,800 million) Subordinated Guaranteed Perpetual Capital Securities;
- In May, listed subsidiary CKI repaid a floating rate loan facility of AUD103 million (approximately HK$593 million) on maturity;
- In May, repaid a floating rate loan facility of HK$3,296 million on maturity;
- In June, prepaid US$100 million (approximately HK$780 million) of a US$165 million floating rate loan facility maturing in June 2018;
- In June, repaid EUR1,250 million (approximately HK$10,888 million) principal amount of fixed rate notes on maturity;
- In June, obtained a three-year floating rate loan facility of US$1,000 million (approximately HK$7,800 million);
- In June, listed subsidiary CKI repaid US$300 million (approximately HK$2,340 million) principal amount of floating rate notes on maturity;
- In June, obtained a ten-year fixed rate loan facility of GBP100 million (approximately HK$984 million);
- In July, prepaid a floating rate loan facility of EUR300 million (approximately HK$2,730 million) maturing in September 2018;
- In July, the HK$1,000 million Guaranteed Senior Perpetual Securities issued by Cheung Kong Bond Securities (02) Limited were redeemed in full;
- In August and November, listed subsidiary CKI issued a total of US$650 million (approximately HK$5,070 million) perpetual capital securities;
- In August, prepaid a floating rate loan facility of EUR300 million (approximately HK$2,760 million) maturing in December 2020;
- In August, repaid US$500 million (approximately HK$3,900 million) principal amount of fixed rate notes on maturity;
- In August, an unlisted subsidiary of the infrastructure division issued a twenty five-year, GBP400 million (approximately HK$4,016 million) fixed rate bonds;

- In September, issued US$1,000 million (approximately HK$7,800 million) guaranteed notes due 2020, US$750 million (approximately HK$5,850 million) guaranteed notes due 2023 and US$500 million (approximately HK$3,900 million) guaranteed notes due 2027;
- In October, repaid US$2,000 million (approximately HK$15,600 million) principal amount of fixed rate notes on maturity;
- In October, listed subsidiary CKI obtained two one-year floating rate loan facilities of US$200 million each (approximately HK$3,120 million);
- In October, listed subsidiary CKI obtained a nine-month floating rate loan facility of US$300 million (approximately HK$2,340 million);
- In November, repaid US$1,000 million (approximately HK$7,800 million) principal amount of fixed rate notes on maturity; and
- In December, listed subsidiary CKI issued EUR600 million (approximately HK$5,516 million) guaranteed bonds due 2024;

Furthermore, the significant debt financing activities undertaken by the Group subsequent to the year ended 31 December 2017 were as follows:

- In January, prepaid a floating rate term and revolving loan facility of HK$2,900 million maturing in November 2019;
- In January, prepaid a floating rate term and revolving loan facility of HK$1,000 million maturing in October 2019; and
- In January, listed subsidiary CKI prepaid two floating rate loan facilities of US$200 million each (approximately HK$3,120 million) maturing in October 2018.

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities increased to HK$459,537 million as at 31 December 2017, compared to HK$424,679 million as at 31 December 2016, reflecting the Group's profit for 2017 and other items recognised directly in reserves, partly offset by the 2016 final and 2017 interim dividend and distributions paid.

As at 31 December 2017, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK$164,872 million (31 December 2016 – HK$141,806 million), a 16% increase compared to the net debt at the beginning of the year, resulting in an increase of the Group's net debt to net total capital ratio to 21.7% as at 31 December 2017 (31 December 2016 – 20.5%). The Group's consolidated cash and liquid investments as at 31 December 2017 were sufficient to repay all outstanding consolidated Group's principal amount of debt maturing before 2022.

The Group's consolidated gross interest expenses and other finance costs of subsidiaries, before capitalisation in 2017 was HK$8,644 million (31 December 2016 – HK$ 7,444 million). EBITDA of HK$104,354 million (31 December 2016 – HK$94,525 million) and FFO of HK$53,892 million (31 December 2016 – HK$49,188 million) for the year covered consolidated net interest expenses and other finance costs 22.2 times (31 December 2016 – 20.5 times) and 13.1 times (31 December 2016 – 12.5 times) respectively.

Secured Financing

At 31 December 2017, assets of the Group totalling HK$27,990 million (31 December 2016 – HK$24,994 million) were pledged as security for bank and other debts.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 31 December 2017 amounted to the equivalent of HK$13,168 million (31 December 2016 – HK$15,335 million).

Contingent Liabilities

At 31 December 2017, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK$3,911 million (31 December 2016 – HK$3,797 million), of which HK$3,310 million (31 December 2016 – HK$3,063 million) has been drawn down as at 31 December 2017 and also provided performance and other guarantees of HK$3,307 million (31 December 2016 – HK$3,950 million).

Risk Factors

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

Global Economy

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

Industry Trends, Interest Rates and Currency Markets

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

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

Cashflow and Liquidity

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

Currency Fluctuations

The Group reports its results in Hong Kong dollars but its subsidiaries, associated companies and joint ventures around the world receive revenue and incur expenses in over 50 different local currencies. The Group's subsidiaries, associated companies and joint ventures may also incur debt in these local currencies. Consequently, the Group is exposed to potential adverse impact of currency fluctuations on translation of the accounts and debts of these subsidiaries, associated companies and joint ventures and also on repatriation of earnings, equity investments and loans. Although the Group actively manages its currency exposures, depreciation or fluctuation of the currencies in which the Group conducts its operations relative to the Hong Kong dollar could have a material adverse effect on the Group's financial condition and results of operations.

Crude Oil and Natural Gas Markets

Husky Energy's results of operations and financial condition are dependent on the prices received for its refined products, crude oil, natural gas liquids ("NGL") and natural gas production. Lower prices over a prolonged period of time for crude oil, NGL and natural gas could adversely affect the value and quantity of Husky Energy's oil and gas reserves. Prices for refined products, crude oil, NGL and natural gas are based on local and global supply and demand as well as availability and costs of transportation. Supply and demand can be affected by a number of factors including, but not limited to, actions taken by the Organisation of the Petroleum Exporting Countries (OPEC), non-OPEC crude oil supply, social conditions in oil producing countries, the occurrence of natural disasters, general and specific economic conditions, technological developments, prevailing weather patterns, government regulations and policies and the availability of alternate sources of energy. Volatility in refined products, crude oil and natural gas prices could adversely affect the Group's financial condition and results of operations.

Highly Competitive Markets

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

- The vertical integration of international shipping lines, who are major clients of the Group's port operations. Shipping lines are increasingly investing in seaports and in their own dedicated terminal facilities and, going forward, may not require the use of the Group's terminal facilities;

- The expected continuous significant competition and pricing pressure from online and brick and mortar retail competitors, which may adversely affect the financial performance of the Group's retail operations;

- The new market entrants and intensified price competition among existing market players of the Group's waste management and off-airport car park businesses, which could adversely affect the financial performance of the Group's waste management and off-airport car park operations;

- The risk of competition with respect to gaining access to the resources required to increase oil and gas reserves and production and gain access to markets. The Group's ability to successfully complete development projects could be adversely affected if it is unable to acquire economic supplies and services due to competition;

- The aggressive tariff plans and customer acquisition strategies by telecommunications competitors may impact the Group's pricing plans, customer acquisition and retention costs, rate of customer growth and retention prospects and hence the revenue it receives as a major provider of telecommunications services; and

- The risk of competition from disruptive alternate telecommunications or energy technologies and potential competition in the future from substitute telecommunications or energy technologies being developed or to be developed or if the Group fails to develop, or obtain timely access to new technologies and equipment.

Retail Product Liability

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

Strategic Partners

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

Future Growth

The Group continues to cautiously expand the scale and geographical spread of its businesses through investment in organic growth, as well as undertaking selective mergers, acquisitions and disposal activities if appropriate opportunities in the market arise. Success of the Group's mergers and acquisitions will depend, among other things, on the ability of the Group to realise the expected synergies, cost savings and growth opportunities upon integration of the merged or acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the merged or acquired businesses successfully or a longer than projected period to realise the expected synergies will not have a material adverse effect on the Group's financial condition, results of operations and prospects.

The Group has made substantial investments in acquiring telecommunications licences and developing its mobile networks and growing its customer bases in Europe, Hong Kong and Macau, Asia, and Australia. The Group may need to incur more capital expenditure to expand, improve or upgrade its mobile networks, acquire additional spectrum licences, and incur more customer acquisition and retention costs to retain and build its customer bases. There can be no assurance that any additional investments will further increase customer levels and operating margins, and consequently, additional investments may materially and adversely impact the Group's financial condition and results of operations.

As at 31 December 2017, the Group had a total deferred tax asset balance of HK$20,195 million, of which HK$18,015 million were attributable to the Group's mobile telecommunications operations in the UK, Ireland, Austria, Sweden and Denmark. The ultimate realisation of these deferred tax assets depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In the UK, Ireland, Austria, Sweden and Denmark, taxation losses can be carried forward indefinitely. In addition, in the UK, the Group enjoys the availability of group relief in relation to taxation losses generated by its mobile telecommunications operations to offset taxable profits from its other businesses in the same period. If there is a significant adverse change in taxation rates and legislations, or in the projected performance and resulting cashflow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have an adverse effect on the Group's financial condition and results of operations.

Impact of National, European Union and International Law and Regulatory Requirements

As a global business, the Group is exposed to local business risks in several different countries, which could have a material adverse effect on its financial condition and results of operations. The Group operates in many countries around the world and may increasingly become exposed to different and changing government policies, political, social, legal and regulatory requirements at the national or international level, including but not limited to those required by the European Union ("EU") or the World Trade Organisation ("WTO"). These include:

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

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

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

Certain infrastructure investments of the Group (for example, water, gas and electricity distribution) are subject to regulatory pricing and strict 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. Furthermore, certain regulated operations of the Group's investments are subject to price control by government regulatory authorities. The relevant government regulatory authorities will periodically review and reset the price control terms for certain projects in accordance with a predetermined timetable. There can be no assurance that such events or price resets will not have a material adverse effect on the Group's financial conditions and results of operations.

Husky Energy's businesses are subject to inherent operational risks with respect to safety and the environment that require continuous vigilance. Husky Energy seeks to minimize these operational risks by carefully designing and building its facilities and conducting its operations in a safe and reliable manner. However, failure to manage these operational risks effectively could result in potential fatalities, serious injury, interruptions to activities or use of assets, damage to assets, environmental impact, or loss of license to operate. Enterprise risk management, emergency preparedness, business continuity and security policies and programs are in place for all operating areas and are adhered to on an ongoing basis. Husky Energy, in accordance with industry practice, maintains insurance coverage against losses from certain of these risks. Nonetheless, insurance proceeds may not be sufficient to cover all losses and insurance coverage may not be available for all types of operational risks.

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

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

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

Accounting

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

Impact of Regulatory Reviews

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

Outbreak of Highly Contagious Disease

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS") in the Mainland, Singapore, Hong Kong, other Asian countries and Canada. The SARS outbreak had a significant adverse impact on the economies of the affected countries. Since then, there have been media reports regarding the spread of the H5N1 virus or "Avian Influenza A" among birds, poultry and in some cases, transmission of Avian Influenza A virus from animals to human beings, and also the spread of H1N1 virus or "Swine Flu" among humans in 2009 and the outbreak of H7N9 virus in the Mainland. More recently, since December 2013, an epidemic of the Ebola virus disease has impacted parts of West Africa and since 2015, the Zika virus has been linked to abnormal brain development in foetuses and miscarriages. These diseases have led to travel warnings by health organisations for people to certain locations. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if the Ebola virus, Zika virus or other highly contagious diseases spread to the countries in which the Group operates, or are not satisfactorily contained, the Group's operations could be interrupted, which could have a material adverse effect on the Group's financial condition and results of operations.

Natural Disasters

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods, typhoons and other major natural disasters and the occurrence of any of these events could disrupt the Group's business materially and adversely affect the Group's financial condition and results of operations.

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

Political Unrest and Terrorist Attacks

The Group has presence in over 50 countries around the world. There is no assurance that there will not be any political unrest or immunity from terrorist attacks in the countries in which the Group operates, and if these events occur, it may have an adverse impact on the Group's financial condition and results of operations.

Cyber Security Risks

Cyber attacks, including through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means for obtaining unauthorized access to or disrupting the operation of the networks, systems and data base of the Group or its suppliers, vendors and other service providers, could have an adverse effect on the Group's business, operations and reputation. Cyber attacks may cause equipment failures, loss or leakage of data, including personal data of customers or employees and technical and trade information, as well as disruptions to the Group's or its customers' operations. Corporate cyber attacks have increased in frequency, scale and severity in recent years. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external actors operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. The measures deployed by the Group may not be able to prevent, eliminate or minimise the risks associated with cyber attacks.

Any operational impacts caused by cyber attacks to the networks, systems and data base of the Group or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and/or loss of business. The costs required to remedy a major cyber attack on the Group could include expensive incentives to retain existing customers and business partners, increased expenditures on cyber security measures and the use of alternate resources, lost revenues from business interruption and claims. The potential costs associated with these attacks could exceed the insurance coverage the Group maintains. In addition, a compromise of security or leakage of data, such as personal data and technical and trade information, could result in third party claims and/or regulatory claims or investigations. Any of these occurrences could damage the Group's reputation, adversely impact customer and investor confidence, and materially and adversely affect the Group's financial condition and results of operations.

UK's Exit from the EU

In June 2016, a majority of voters in the UK elected to withdraw from the EU in a national referendum. The power to notify withdrawal has since been granted by the UK Parliament. The terms of any withdrawal are subject to a negotiation, as set out in Article 50 of the Treaty of Lisbon, which envisages a negotiating period of up to two years. On 29 March 2017, the UK Prime Minister formally notified withdrawal, triggering the two-year negotiating period. The referendum and ongoing negotiations have created significant uncertainty about the future relationship between the UK and the EU, including with respect to the laws and regulations that will apply as the UK determines which EU-derived laws to replace or replicate in the event of a withdrawal. The referendum has also resulted in increased debate among the populations of other EU member states to consider withdrawal. These developments, or the perception that any of them could occur, have had a material adverse effect on global economic conditions and the stability of global financial markets. The long-term impact of the UK's decision to leave the EU is not known and there is considerable uncertainty as to the impact of the vote on the general economic conditions in the UK or its wider impact in the EU. As such, no assurance can be given as to the UK's decision to leave the EU and, in particular no assurance can be given that such matters would not adversely affect the Group's financial condition and results of operations.

Past Performance and Forward Looking Statements

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

Environmental, Social and Governance Report


1


2
Let's Go Green
Computer Recycling Programme


5
HUTCHISON PORTS BUSAN DOCK SCHOOL PROGRAMME
2017.11.21


6


9


10

1. Hundreds of shareholders gather at the CK Hutchison Annual General Meeting in May.
2. Hutchison Telecommunications Hong Kong Holdings ("HTHKH") collects reusable electronic devices for the Computer Recycling Programme run by the government's Environmental Protection Department.
3. A S Watson Group ("ASW") hosts its seventh Global Volunteer Day with over 23,000 volunteers participating.
4. Husky Energy's loyalty customer programme reaches 1,600,000 members in 2017.
5. Hutchison Ports Busan welcomes its dock school students for a port visit to the terminal.
6. The top three "Happy Green Community Ambassadors" shadow HK Electric's environmental engineers and work at the Lamma Power Station.
7. Park'N Fly employees prepare healthy snack bags to over 650 families supported by the Ronald McDonald House Charities.
8. Staff and families of Port of Felixstowe clean up a stretch of beach adjacent to the terminal.
9. CKHH Volunteers accompany the elderly to visit Tsz Shan Monastery.
10. PARKnSHOP Hong Kong's volunteer team serves meals to the elders at charity partner Food Angel's Community Centre.

About This Report

This Environmental, Social and Governance ("ESG") Report provides an annual update on sustainability performance of CK Hutchison Holdings Limited ("CK Hutchison", and together with its subsidiaries, the "Group") for the year ended 31 December 2017.

This report aims to provide a balanced presentation on the Group's ESG key issues and initiatives covering its five core businesses, namely Ports and Related Services, Retail, Infrastructure, Energy and Telecommunications.

The report incorporates the interest of various stakeholders as reflected to the Company during the year. Additional material quantitative data, detailed ESG requirements, as well as policies and programmes across the Group have been included to illustrate some of the many initiatives that are being implemented by Group companies making positive impact to the community and environment.

This report is prepared in accordance with the Appendix 27 of the Main Board Listing Rules, ESG Reporting Guide, issued by the Stock Exchange of Hong Kong Limited in 2015.

Approach to ESG Strategy and Reporting

The Company's ESG philosophy is in alignment with the strategic development of the Group to create long-term value for our stakeholders.

As a multinational conglomerate operating in over 50 countries and a workforce of over 300,000 employees, CK Hutchison is committed to integrating ESG considerations in its daily operations, both at the Group and business levels. The ESG Committee, chaired by an executive director, sets an overtone from a corporate perspective and upholds the Group's ESG philosophy when key business decisions are made. ESG initiatives are driven by the Group's businesses which are best in tune with their unique stakeholders. The businesses will regularly review their practices to identify opportunities for improving their performance and creating greater value for stakeholders.

Stakeholder Engagement and Materiality Assessment

CK Hutchison maintains ongoing dialogues with its key stakeholders, including employees, shareholders, customers, suppliers, local communities, professional institutions, non-government organisations and authorities. We regularly collect views from our stakeholders through a variety of channels, such as meetings, liaison groups, panel discussions, workshops, surveys and feedback programmes.

ESG compliance and how it is leveraged with the Company's businesses to benefit the community are among the key interests of the Company's stakeholders. Given the diversity of the Group's business operations, the ESG aspects that are considered important and relevant by stakeholder groups vary. Key ESG issues range from sourcing practices to environmental emissions to employment and operating practices, as well as community involvement. The material aspects identified are reviewed annually by the Group's ESG Committee and Board and updated as appropriate.

The six sections set out in this report summarise the Group's commitments to People, Customer, Supply Chain, Anti-corruption, Environment and Community. In each section, key initiatives and activities conducted by representative businesses have been included to demonstrate and highlight our efforts in creating long-term value for the Group's stakeholders.

Commitment to Our People

With over 300,000 employees in over 50 countries, the Group has continued to grow during 2017. Our people is key to delivering quality and reliable products and services to our customers consistently. Good talent management is integral to sustaining the long-term success of the Group. CK Hutchison aspires to be an employer of choice through effective talent acquisition, systematic training and provision of an inclusive working environment.

Recruiting, Engaging and Retaining Talent

The Group's success depends heavily on the ability to attract, retain and motivate suitable talent in the competitive labour markets. The Group works closely with educational institutions to recruit young talent that can support the Group's growth.

Where possible, different businesses across the Group conduct workshops, site visits, and internships to introduce their industries or professions to the younger generation. At the Head Office, we periodically promote short term internships to legal, chartered secretary and accounting students. This year, the CKHH Volunteer Team initiated a career development programme in conjunction with the Hong Kong Education Bureau for high schoolers in the northern districts of Hong Kong. Hundreds of students were given interview training and evaluations as well as introductions to different industries to broaden their skillsets and perspective before they enter the workforce.

The power companies of CK Infrastructure, CitiPower and Powercor under the Victoria Power Networks in Australia, have trained hundreds of apprentices and trainees. They have also developed a three-month summer programme for university students to gain work experience as part of their university courses and make valuable contacts for their career development following graduation.

In the UK, Superdrug and Savers offer 12-month apprenticeship programmes in areas ranging from retail, healthcare and pharmacy to warehousing and distribution. Superdrug was recognised by *The Sunday Telegraph* as "Top 10 Employers" in the Retail sector for apprenticeships.

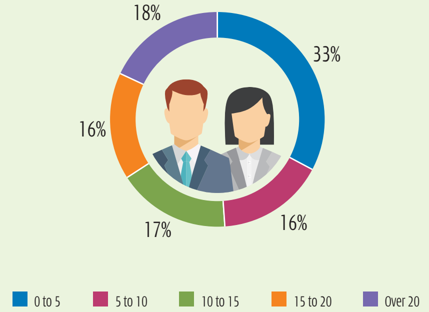
In Canada, Husky Energy offers Summer, Co-Op/Internships and New Graduate opportunities throughout the year. These programmes last from four to 16 months and give students and new graduates the opportunity to gain career-related experience, supported with mentorship programmes and guidance from experienced professionals.

Diverse Culture

Respecting and being inclusive of colleagues of different cultures has been crucial to the sustained growth of the Company over the past several decades. Husky not only actively promotes the importance of an inclusive culture but also built the message into the design of its Newfoundland and Labrador offices. Accessibility was a priority when its 100,000 sq ft office space in downtown St John's was designed. Its space is accessible to everyone, regardless of ability, with attention paid to various needs, including colour coded floors for people with visual difficulties, adjustable workstations, automatic door openers, and angled panels undersinks to accommodate wheelchairs.

CK Hutchison hires and rewards staff for their performance and follows a stringent anti-discrimination employment policy by which staff is employed regardless of race, gender, physical ability or faith. The Group reviews the remuneration package annually to ensure that it stays competitive with the market and that employees are rewarded equitably. CK Hutchison values diversity and talent is hired solely based on the merits of employees. The Group has adopted policies that provide equal employment opportunities to recruit, promote and assign employees based on their skills, abilities and how these fit with the job requirements.

Years of Service of Head Office Employees



Valuing Our Employees

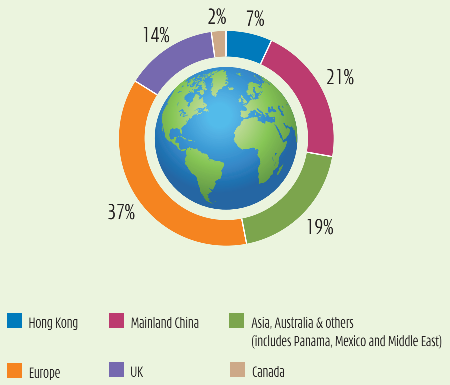
The Group respects the rights of employees in expressing their views and has established various channels to facilitate communication with them. Businesses conduct regular seminars and forums to share views and collect ideas from their colleagues. Feedback from employees through the many channels help improve and enhance talent management practices.

Recognising the benefits of healthy industrial relations, the Port division has continued to promote the sharing of good practices across the division. Staff and management from a wide range of business functions channel key learning to business unit management to proactively address issues, concerns, or process improvement recommendation.

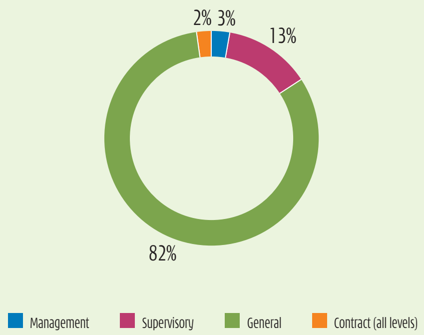
Many of the Group's businesses are lauded for their employee programmes. For example, ASW was recognised as a "Distinguished Family-friendly Employer" in Hong Kong for the seventh consecutive year since 2011 as well as the "Top Employer" in the Netherlands and Belgium. Northumbrian Water was recognised by media agency Bloomberg as "one of the Best Employers to work for in the UK". In Australia, SA Power Networks was recognised for its apprenticeship programmes while Reliance in Canada was recognised as one of the "Best Places to work". In Sweden, **3** Sweden was ranked one of the "Top 5 Great Places to Work". These recognitions have demonstrated the commitment to talent retention and motivation to have employees build their careers with the Group.

The Group upholds labour standards throughout its businesses. The Group's policies strictly prohibit the use of child labour and forced labour and rigorous measures and audits are taken to prevent such practices in the Group's operations.

Headcount by Geographic Region as of 31 December 2017



Headcount by Grade as of 31 December 2017



Investing in Training and Development

It is a top priority of the Group to ensure that employees at all levels are developed and motivated to deliver our commitments to our stakeholders. Each division develops its training programmes to meet specific business needs. Trainings include orientation, sharing sessions, workshops and internal-external courses. Employees are also entitled to various subsidies and sponsorships for job-related training courses to encourage lifelong learning. For example, **3** Ireland launched the 2018 Graduate Programme, creating paid learning opportunities in various areas including IT and networks, finance, marketing, business, human resources and customer relations.

Promoting Well-being, Health and Safety

The Group cares about the well-being of its employees. The Company promotes work-life balance and provides a range of paid leave entitlements to employees. Where operation needs allow, many businesses are exploring and offering staff greater flexibility in managing their work and free time.

The Group strives to create a safe workplace for all employees. Many businesses have implemented safety management systems in accordance with national or international standards, such as OHSAS 18001, to protect our employees from occupational hazards. Safety training programmes are provided to our employees based on work nature and safety standards are also applied consistently in the workplace.

A safe workplace relies on the establishment of safety culture, policies and procedures and employee behaviour. In addition to implementing industry best practices for safety, businesses are tasked with providing employees with periodic refresher courses to ensure the importance of following the guidelines are truly engrained into the operations' culture.

All of the Group's businesses strive to minimise accidents and continuously work to improve workplace safety and educate employees on proper procedures. In 2016, Hutchison Ports instituted a policy in which workplace safety incidents were to be reviewed and investigated by external trained personnel. The aim is to go as far as practicable in order to take effective measures to strengthen workplace safety and share the lessons learned across the business units of the Ports division. This system has helped several ports improve their processes over the course of the year.

To protect its workers, Husky changed its business practice to help prevent "gas-and-dash" incidents that put gas station staff and the public at risk. Husky introduced a pre-pay policy at its Alberta locations in September, to enhance the safety of attendants. By the end of December, all Husky fuel stations across Canada were only selling fuel by pre-payment.

In addition to work place safety, many businesses play a role in promoting health and well-being in their local communities. In the Middle East, Hutchison Ports Ajman donated medical devices to help children suffering from diabetes. In the UK, UK Power Networks provided emergency power packs for the vulnerable population who may be the most at risk in the event of a power emergency. In Denmark, **3** Denmark was awarded the "Health award 2017" for its "EasyMove" health initiative where employees work out during breaks at the office.

Regulatory Compliance

During the reporting period, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to employment, occupational health and safety, or labour standards.

Commitment to Our Customer

CK Hutchison's diverse products and services support the day-to-day lives of millions of people globally. The Group focuses on providing quality products and services to create an excellent customer experience.

Building Trust through Reliability and Quality

By placing reliability, safety and quality at the heart of our businesses, we aim to create value for our customers that better their lives and provide sustainable solutions.

Delivering Reliable and Quality Services

Service reliability and public safety are critical to the Group's businesses. Individual and corporate customers depend upon the Group's services in telecommunications, ports services, power, energy, water and waste management operations. These businesses have dedicated significant efforts and resources in improving their practices, infrastructure and technologies to prevent interruptions from occurring in the first place. Operational conditions and practices are monitored around the clock and asset maintenance and replacements are instituted to uphold the highest safety and reliability commitments. In addition, professional teams are committed to identifying, testing and introducing new products and procedures that implement good practices to maintain and improve service reliability. Should incidents occur, the best measures are taken to minimise interruption, investigate the cause and quickly resume service. HK Electric of our infrastructure division achieved over 99.999% supply reliability for 21 consecutive years since 1997.

The Telecommunications division embraces a service-oriented culture and is committed to delivering the highest possible levels of service quality and customer satisfaction. For example, to encourage continuous improvement, **3** Ireland published its first Connected Ireland Report, a four-part research project to identify how the Irish public wants mobile services to develop in the future.

In Israel, Star Pumped Storage will develop a 344MW pumped storage power plant that will pump water up to a reservoir when energy demand is low and produce electricity when demand is high.

Enabling Sustainable Options

To deliver sustainable value to stakeholders, the Group continues to invest strategically in research and development on technology. This allows the Group to provide innovative solutions and enable customers to make environmentally responsible choices in how they live and work. Many billing companies such as HK Electric have included e-billing options to reduce paper waste.

In the area of sustainable sourcing, PARKnSHOP, ASW's supermarket arm has increased the number of sustainable options for its consumers such as cage free and free range chicken and eggs, organic beef and pork selections and a range of organic vegetables.

Improving Customer Experience

To continuously improve customer experience, the Group's companies implemented policies and procedures to regularly solicit customer feedback and make the effort to follow up and act on their advice.

At the Retail division, guidelines have been established to handle customer enquiries and complaints at the stores and staff are trained to professionally address customer concerns. Complaints received are acknowledged, investigated and duly followed up. Reviews and analysis of complaints received are conducted periodically. The lessons learned from these sessions are shared with quality assurance and procurement teams for continual improvement.

The Telecommunications division fosters a culture of continuous improvement by benchmarking and publishing its service performance statistics regularly. They have also received numerous awards and third party assessment that attest to their exemplary network performance and service excellence.

Protecting Our Customers

CK Hutchison believes accurate and factual product information provides transparency and help customers make informed purchasing decisions. Products are labelled and advertised in compliance with the requirements of the destination countries.

The Group's commitment to protecting the personal information of customers is well supported by its corporate strategies and policies. A robust system is in place to control the collection, access, update, security and retention of data received. Sensitive customer information such as credit card payment details are not stored in ASW's own database where feasible and the processes are audited regularly. Additionally, awareness campaigns with periodic internal communications, workshops for customer-facing employees, dedicated education website for colleagues are used to reinforce the importance of customer data protection.

Regulatory Compliance

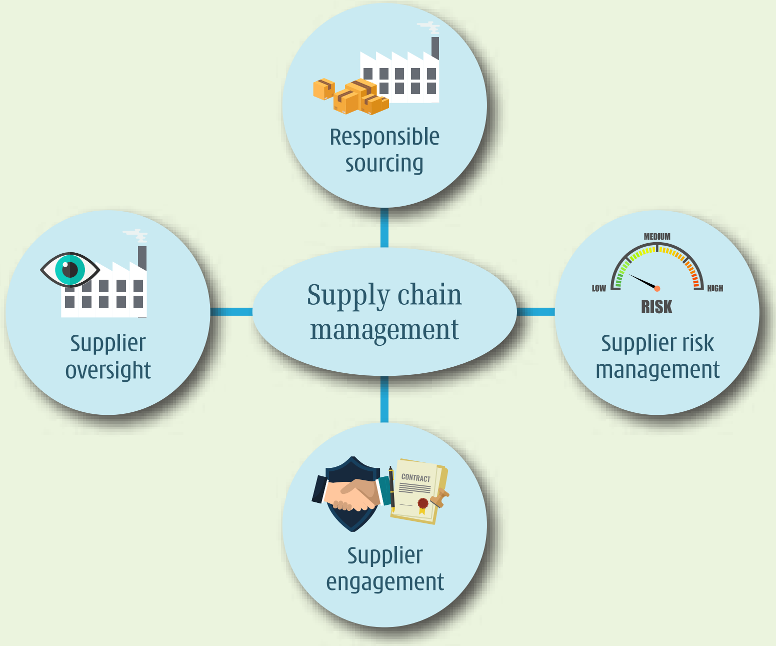
The Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group concerning product responsibility during the year.

Supply Chain Management

The Group's diversified businesses are supported by a wide range of suppliers and contractors. Many of the aforementioned policies are implemented in close collaboration with the Group's business partners. Through regular dialogue and cooperation, the Group and its partners are able to deliver sustainable value to all our stakeholders.

Sourcing Responsibly and Engaging Suppliers

The Group addresses supply chain challenges through risk management, responsible sourcing, supplier engagement and oversight.



Approach to supply chain management

The Group's procurement activities follow a set of fair and transparent tendering process. Tenderers are required to declare any conflict of interest and take a firm stance against fraud and misconduct. Supplier relationships will be suspended or terminated if contravention is found.

The Group strives to bring a positive influence in the business community by setting expectations in environmental, social and governance related matters with key suppliers.

For example, ASW, the world's largest international health and beauty retailer, has been upholding the Business Social Compliance Initiative ("BSCI") Code of Conduct since 2008. With a goal to drive compliance, fair business practices and environmental performance, suppliers have been invited to acknowledge and endorse the BSCI Code of Conduct.

Delivering Safe and Quality Products and Services

ASW builds trust with our customers from the get-go, starting with managing the reputation of own-brand ("OB") products. The five-step process guides the OB development cycle at the business unit level:

By providing guidance to suppliers of non-OB retail products and helping them meet the ASW's expectations on product safety and quality requirements, suppliers are steered towards developing more sustainable and responsible products.

Anti-corruption

The Group values and upholds integrity, fairness, transparency and accountability. The Group has zero-tolerance for corruption and fraud. Anti-bribery and anti-corruption standards are important parts of the Group's policies and operating practices which are reinforced by our employees and communicated to relevant stakeholders with dealings with the Group. Whistle-blowing policies apply to all stakeholders including employees, shareholders, customers and suppliers. The whistle-blowing mechanisms allow stakeholders to report suspected misconduct, malpractices or fraudulent activities with confidence. Cases reported are followed up independently; all cases will be reported by the Group's Internal Audit function to the Audit Committee and executive management.

Regulatory Compliance

During the year, the Group was not aware of any breach of laws and regulations that have a significant impact on the Group relating to anti-corruption.

Commitment to Our Environment

CK Hutchison believes it is crucial for businesses to thrive in a sustainable environment. Without it, no business will survive in the long term. Therefore, the Group understands that without determination, any environmental protection plans would be futile. The message is not only sent across the boardroom, but it is also spread to employees across 50 countries. By engaging business units in minimising carbon emissions and planning creative strategies most efficient to their industries, they make sustainable development a reality.

Managing Emissions

Below are some of the initiatives to reduce and control emissions of greenhouse gas and waste. The business units monitor the progress of existing environmental initiatives as well as explore new projects to further the initiatives.

Air and Greenhouse Gas ("GHG") Emissions

Managing air and GHG emissions remains one of the top priorities.

It is challenging for a power utility to continue reducing carbon emissions, but environmental protection is a crucial long-term process with no shortcut. The Group's Infrastructure division is taking steps to integrate this priority in as many units as possible. Incorporating advanced technologies to cut pollutants, HK Electric's two gas-fired combined cycle generating units L10 and L11, being constructed at Lamma Power Station, will reduce carbon emissions by 50% compared with the existing coal-fired generating units. With commissioning of the two units targeted for 2020 and 2022, the electricity produced through gas-fired generation will increase to about 50% and 55% respectively. They will also be a key initiative to meet the government's tightened emission allowance.

The infrastructure division continues to have a number of emission control measures to mitigate the impact of our operations on the environment. Outram's Jinwan Power plant outperformed the tightened regulatory requirements in its enforcement of emission control. It is among the first few coal-fired generation units in mainland China to achieve 'Close to Zero' emission levels for air pollutants including sulphur dioxide ("SO_2"), nitrogen oxide ("NO_x") and particulates. Its power plant's Unit 3 was listed as a national and provincial 'Environmental Demonstration Project'.

UK Power Networks also reduced its carbon emissions through a combination of measures including fleet refurbishment, site consolidation and the introduction of energy efficiency initiatives such as installation of LED lighting at some sites.

Husky has a Fugitive Emission Management Program to detect fugitive emissions and ensure the timely repair of leaking equipment. As part of its GHG emissions risk management approach, the company researches new ways to capture carbon dioxide. For instance, it has implemented a second pilot project at its Pikes Peak South thermal project testing carbon capture technology. The captured carbon dioxide ("CO_2") is then used for enhanced oil recovery in nearby CHOPS wells.

Renewable Energy

The Group's wind power systems are gaining traction locally and globally as well. HK Electric commissioned the first commercial-scale wind turbine, Lamma Winds in Tai Ling on Lamma Island to support the development and application of renewable energy in Hong Kong. It also harnesses renewable energy generated by its solar power system at Lamma Power Station. As in 2017, the Lamma Winds and solar power system generated 1,884 units of green electricity, offsetting 1,570 tonnes of CO_2 emissions.

Globally, the Group is also able to harvest wind electricity from its wind farms generated with a know-how to best ulitilise technology maximising green electricity generation. One example is the Energy division in Portugal, wind farms operator Iberwind who optimises the control of wind farms by using the SCADA and CMS systems, an extensive and comprehensive wind database. As a result, Iberwind was able to achieve 98% availability in 2017, offsetting one million tonnes of CO_2 emissions.

Waste and Pollutants

Cutting down waste and facilitating ways to encourage more reuse and recycling is in our agenda. For example, Superdrug, under ASW, has adopted a "zero waste to landfill" programme, where all waste generated in store is transported back to the distribution centres for recycling. The commitment to waste management was demonstrated by including waste and recycling compliance in their store audit programmes. Superdrug has successfully achieved zero waste to landfill since 2010.

ASW and its suppliers play active and critical roles in making the products consumers buy sustainable. Microplastics, commonly found in rinse-off products, pose a threat to the marine ecosystem and the food chain. In addition to implementing a ban on the use of microplastics in its own brand cosmetics/personal care rinse-off products in 2014, ASW is the first global retailer to extend this ban to all rinse-off cosmetics and personal care products. It has notified its suppliers in 2017 and is working with them so that the concerned products will be off-shelved by 2020.

Innovation on energy-from-waste management was taken further by our Infrastructure division, when last November, AVR of the Netherlands started building a separation plant that separates plastics and drinks cartons from residual waste. The plant is expected to be ready by mid-2018, which means its ambition to make residual waste 100% valuable can be further fulfilled, generating steam via the incineration of residual waste and this enormous quantity of heat, enough to warm 150,000 households and supplies electricity for 190,000 houses. Each year, our heating projects in the Netherlands alone prevent more than 324,000 tonnes of CO_2 emissions. Another example to show CK Hutchison is at the forefront of recycling, generating energy from waste, Northumbrian Water in the UK, for instance, is an expert in generating energy from sewage sludge. During the wastewater treatment process, sludge is produced and was originally dealt with as a waste but now it is processed through an Advanced Anerobic Digestion process where bacteria feed on the solids and generate biogas. The biogas is collected and is used to either power up Combined Heat and Power engines to generate electricity or the gas is cleaned up and the carbon dioxide is removed prior to injection direct to the gas network.

But the pioneer to champion the landfill-gas-to-power initiative falls to EnviroNZ. By applying advanced technology, EnviroNZ is the first operator in New Zealand to generate electricity from methane produced by waste decomposition in landfills. The amount of electricity generated is sufficient to power 5,000 households.

Optimising Resource Use

As a responsible global citizen, CK Hutchison is calling businesses to use resources cautiously. From energy, water to packaging materials, it is acknowledged that only an integrated and technological approach could make responsible consumption possible.

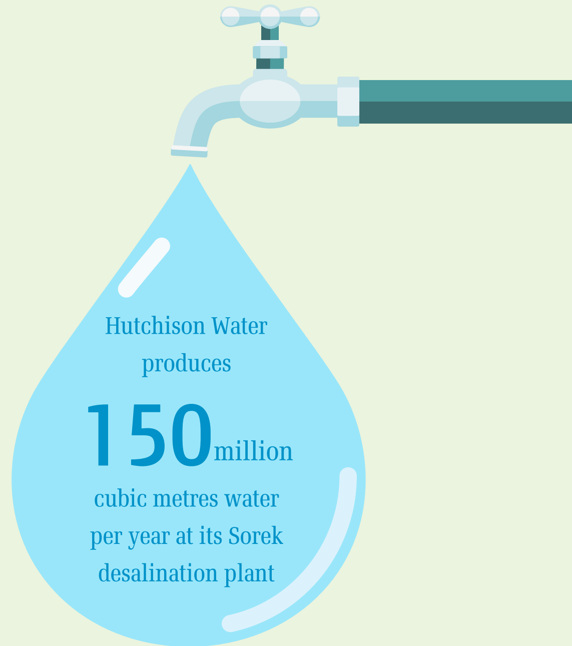
Energy

With sprawling presence in 52 ports globally, CK Hutchison works on practical ways in the shipping industry to cut wastes. For instance, Port of Felixstowe in the UK, in the last 12 months, has converted 32 RTGs (Rubber Tyred Gantry) cranes from diesel to electricity as part of a three-year programme to convert 54 machines. In addition, the electricity that was generated from 2,000 solar panels on the port offset CO_2 that is equivalent to planting around 5,000 trees. Consequently, the port's carbon footprint has fallen significantly as part of a long-term programme resulting in a 34% reduction since 2009. In 2017, 70% of all waste generated or received was recycled and no port-generated waste was sent to landfill.

Water

Husky recycles produced water at its Sunrise Energy Project and Tucker Thermal Project for use in steam generation. At Sunrise, Husky brings in process-affected water, which is industrial wastewater, from a neighbouring operator for use as a make-up water source, reducing the amount drawn from groundwater sources. At Tucker, Husky uses saline groundwater as a make-up water source.

Hutchison Water's Sorek desalination plant in Israel, is a 150 million cubic metres per year reverse osmosis sea water desalination plant, and is one of the world's largest plants of its kind. It continues minimising marine, shoreline and land impacts, thanks to pipe jacking of long and large diameter pipelines, smart structural design, and the removal of suspended solids from the brine before it is returned to the sea. Its sludge treatment also reduces energy and chemical consumption. At HK Electric, rainwater and plant water at Lamma Power Station is collected and reused, significantly reducing both the consumption of fresh water and the quantity of effluent. The water collected for reuse in 2017 was about 112,000 cubic metres.



EnviroNZ in New Zealand recovers water and removes impurities and contaminates using the reverse osmosis leachate treatment, a type of purification technology which makes treated water fit for reuse or direct discharge to the environment.

Green Island Cement Hong Kong collects, stores and recycles rainwater for evaporation cooling at the conditioning tower to improve the performance of electrostatic precipitators. To date, its water consumption has been reduced from 1,800 to 800 tonnes per day.

Packaging Materials

To meet UN Sustainable Development Goal No.12, which advocates sustainable consumption and production patterns, CK Hutchison has a set of sustainable guidelines established for employees and suppliers of the Retail division. The guidelines are set out to minimise material use, from greener packaging design in terms of size, thickness, and use of space to the application of recycled materials.

Electronic Products

Exponential digital growth comes with leftover old digital products, the Group's telecommunications business, **3** UK, however, focused on a new way of recycling old mobiles that were long forgotten in drawers. Last year, **3** UK invited customers to 'Give their phone to a new home' through donating their old smartphones. HTHKH also collected over 2,000 reusable electronic equipment for the Computer Recycling Programme run by the Environmental Protection Department.

Safeguarding Environmental and Natural Resources

As a multinational corporation, CK Hutchison aspires to take the lead and be a positive role model for our stakeholders in protecting the environment and the ecosystems. Group policies ensure caution is applied and discipline in actions that may impact natural resources.

Northumbrian Water in the UK, for example, has been managing its land holdings for water storage responsibly. Its Abberton Reservoir is designated as a wetland site of international importance, both as a Site of Special Scientific Interest ("SSSI") [1] and a Ramsar site [2].

With timely and effective management, the Group's various divisions mitigate the environmental impacts from across operations to protect the values we create for our stakeholders. Northern Gas Networks in the UK takes ownership of the quality of land on which it operates. Under its land contamination management programme, the company assesses and controls quality of the land and evaluates risks from land conditions both caused by its own operations and from historical, pre-existing conditions. Land quality is measured and reported annually to the UK regulator.

Taking Timely Actions to Manage Environmental Impacts

After a pipeline release in July 2016 in Saskatchewan, Canada, Husky conducted robust assessment, monitoring and cleanup programmes, including working with a number of First Nations communities to mitigate the impact to the environment. A full and thorough investigation determined that the pipeline buckled because of ground movement. The company is applying lessons learned from this incident to further improve its operations and ability to respond. For example, it is using fibre optic monitoring on the repaired pipeline, which will provide acoustic, thermal and strain monitoring and assist in detecting leaks, ground movement and other events in real time. Fibre optic sensing technology, with increased capacity and capability for long distance distributed monitoring for pipelines, will be used in all new large diameter and high consequence area projects owned by Husky Midstream and operated by Husky.

Regulatory Compliance

The Group was not aware of any non-compliance of laws and regulations that has a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the reporting period.

Note 1: A Site of Special Scientific Interest in Great Britain is a conservation designation denoting a protected area in the United Kingdom.

Note 2: A Ramsar site is a wetland site designated of international importance under the Ramsar Convention. The Convention on Wetlands (i.e. the Ramsar Convention) is an intergovernmental environmental treaty established in 1971 by UNESCO, which came into force in 1975.

Commitment to Our Community

With dedication and commitment, CK Hutchison has the responsibility to make the community a better place for everyone which will also provide long-lasting benefits to our stakeholders. In 2017 the Group's approach in community activities focus in youth empowerment, relief for the needy and environmental conservation. The Group is proud to report that the community activities arranged by the CK Hutchison Volunteer Team has contributed 11,800 service hours and positively impacted over 99,200 service recipients.

Empowering the Youth

Hutchison Ports of the Ports business supports education through its "Hutchison Ports Dock School Programme". This programme aims to provide more opportunities for younger generations by supporting the improvement of education facilities.

In May, **3** Ireland employees fully funded a six-week online community development programme for young adults who are interested in gaining skills in digital literary, social action and youth leadership. Being aware of how many young people feel marginalised, **3** Demark lent its support to Turning Tables, an NGO that works to empower marginalised youth by providing them with the means to express their grievances, hopes and dreams in music and film. Turning Tables built a creative environment for the youth to learn new skills and share experience, and hoping to give them an opportunity to pursue a better future.

ASW contributes to the growth and development of young athletes in Hong Kong. It organises annual challenges for junior athletes at the Watsons Athletic Club ("WAC"). The WAC Annual Challenge had over 2,300 outstanding junior athletes participating.

Supporting those in Need

Disaster Relief

The U.S. and the Caribbean have been hit by large scale storms and hurricane in 2017, CK Hutchison strives to provide timely relief for those who were embroiled in disasters. For superstorm Hurricane Irma in particular, in just a few hours, **3** Group had updated all our channels, opened more networks to provide better coverage and sent SMS to customers roaming in the Caribbean assuring that all the costs associated with contacting loved ones would be reimbursed. **3** UK has also been exploring the support it could offer to communities in the UK during similar large scale disasters, including providing donated handsets, chargers and loaning charging stations to key community groups and emergency services.

Serving the Community

About one in three senior citizens in Hong Kong is living in poverty and one in four deprived children does not have three meals a day. To help alleviate hunger among the needy, and as part of the Retail division's efforts to achieve UN Sustainable Development Goal No. 12, PARKnSHOP donates edible surplus food to the local social enterprise Food Angel. In addition, PARKnSHOP Hong Kong has been organising the City Food Drive prorgamme which helps Food Angel collect grocery food items and funds from the public. Its partnership with Food Angel was awarded the Certificate of Merit in the "Outstanding Partnership Project Award 2016/17" organised by the Hong Kong Council of Social Service.

As of 2017, the programme helped raise more than 182,000 food items for Food Angel. When food items and cash donations combined, it has, to date, raised more than HK$4.7 million to help Food Angel prepare hundreds of thousands of hot meal boxes for needy Hong Kong residents.

PARKnSHOP's food donation programme

And such empathy was echoed by CK Hutchison's employees in Korea. For two days in May, 20 employees from Hutchison Ports Busan volunteered as canteen staff at Dong-gu Elderly Welfare Center and Jaseong-dae Elderly Welfare Center to offer meals for the 830 residents there, as part of "2017 Hutchison Ports Busan Volunteering Days Programme" organised by the company's Community Caring Group.

The volunteer group has been supporting the needy citizens with rice donations and house maintenance service for more than 13 years on a monthly basis. The Volunteering Days Programme was initiated in 2014 to carry out more community activities.

Park'N Fly of CK Infrastructure visited and gave away snack bags to 650 families with children suffering from serious illness.

Globally, the Retail division ASW has multiplied its CSR activities up to 400 in 2017, counting 27,000 volunteers serving over 180,000 people in more than 97,000 hours. In 2017 alone, the Retail group donated 278 tonnes of edible surplus food which helped produce 832,000 meals to the needy.

Bridging the Digital Divide

Continuing the mission to narrow the digital divide not just for the crisis-affected refugees or displaced people, last year, CK Hutchison extended efforts to the underprivileged and those who feel they have been left out by the society.

The Telecommunications division thought of many creative ways to bridge this gap and serve the community. Following an internal pilot at **3** UK in 2016, at the beginning of 2017, the campaign, Reconnected, was launched externally as part of its #makeitright campaign. The initiative works with a number of charities to donate the old handsets from customers to the less advantaged people all over the UK, and offering them three months of free network use.

CK Hutchison Family

CK Hutchison takes pride in serving the community through its businesses and other initiatives. Providing the local communities with products and services they trust and can rely on is part of building sustainable businesses. In addition to ESG teams within individual Group companies and business units, the Group has different avenues to share these developments amongst the businesses. The Group's magazine, *Sphere*, periodically shares stories, trends and ESG activities by businesses with other group companies and staff. The latest issue of the magazine can be viewed on the CK Hutchison website at http://www.ckh.com.hk/en/about/journal.php.

Environmental KPIs	Unit	Ports and Related Services	Retail
NO_x emissions	tonne	2,023	–
SO_x emissions	tonne	269	–
Particulate matter emissions	tonne	88	–
Total greenhouse gas ("GHG") emissions	tonne CO_2e	492,790	751,843
Total GHG emissions intensity	tonne CO_2e/ revenue HK$'000	0.019	0.006
GHG Scope 1 emissions	tonne CO_2e	286,456	329,402
GHG Scope 1 emissions and intensities	tonne CO_2e/ revenue HK$'000	0.011	0.003
GHG Scope 2 emissions	tonne CO_2e	206,334	422,441
GHG Scope 2 emissions and intensities	tonne CO_2e/ revenue HK$'000	0.008	0.003
Total hazardous waste produced	tonne	10,391	–
Total non-hazardous waste produced	tonne	57,916	46,794
Total energy consumption	kWh	1,529,197,199	1,690,310,638
Total energy consumption intensity	kWh/ revenue HK$'000	59.807	13.661
Total direct energy consumption	kWh	1,112,680,501	869,477,565
Total direct energy consumption intensity	kWh/ revenue HK$'000	43.517	7.027
Gasoline/ Petrol	kWh	7,659,571	8,957,551
Diesel	kWh	1,072,927,881	274,494,210
Gas (exclude towngas/gas works gas and natural gas)	kWh	3,076,702	506,724,636
Natural gas	kWh	8,084,016	79,301,168
Other fuels	kWh	20,932,331	–
Total indirect energy consumption	kWh	416,516,698	820,833,073
Total indirect energy consumption intensity	kWh/ revenue HK$'000	16.290	6.634
Electricity	kWh	397,904,098	814,088,101
Towngas/Gas works gas consumption	kWh	18,612,600	6,744,972
Water consumption	m^3	2,603,889	2,605,878
Water consumption intensity	m^3/ revenue HK$'000	0.102	0.021
Total packaging material used for finished products	tonne	1	42,749
Plastic	tonne	–	21,339
Paper	tonne	1	15,851
Metal	tonne	–	2,694
Glass	tonne	–	2,361
Other packaging material	tonne	–	504

Note 1: Environmental KPIs in this data table reflect the data of the Company and its subsidiaries for the year ended 31 December 2017, excluding those from acquisitions and disposals, unless otherwise specified.

Note 2: Husky Energy is a material associated company of the Group and we have included in this data table the Group's proportionate share of its environmental KPIs for the year ended 31 December 2016. The environmental data for the year ended 31 December 2017 will be published at Husky Energy's corporate website at www.huskyenergy.ca in a later date.

2017			2016
Infrastructure	Telecommunications	Total	Husky Energy
2,118	1	4,142	3,927
146	–	415	3,555
332	–	420	–
1,753,074	571,814	3,569,521	5,372,066
0.105	0.009	0.016	0.176
1,378,727	74,516	2,069,101	4,517,036
0.083	0.001	0.009	0.148
374,347	497,298	1,500,420	855,030
0.022	0.008	0.007	0.028
18,556	1,294	30,241	–
40,670	110,556	255,936	–
4,646,480,001	1,134,761,701	9,000,749,539	16,889,439,778
278.613	17.746	39.147	554.356
3,924,554,749	171,409,356	6,078,122,171	15,940,410,500
235.325	2.681	26.436	523.206
12,843,859	1,404,984	30,865,965	–
255,208,542	63,329,107	1,665,959,740	–
10,335,936	–	520,137,274	–
19,593,234	–	106,978,418	15,164,824,889
3,626,573,178	106,675,265	3,754,180,774	775,585,611
721,925,252	963,352,345	2,922,627,368	949,029,278
43.288	15.066	12.712	31.150
721,925,252	958,929,769	2,892,847,220	949,029,278
0	4,422,576	29,780,148	–
78,487,767	100,516	83,798,050	13,018,320
4.706	0.002	0.364	0.427
4,480	688	47,918	–
–	425	21,764	–
4,480	263	20,595	–
–	–	2,694	–
–	–	2,361	–
–	–	504	–

Li Ka Shing Foundation – Changing Times, Unchanging Promise

Mr Li Ka-shing, the Chairman of the Group, recognises the importance of education and healthcare to societal development. Established in 1980, the Li Ka Shing Foundation ("LKSF") has invested over HK$20 billion to develop education, medical services and research initiatives in 27 countries and regions, with over 80% of the projects located within the Greater China region. Mr Li describes his philanthropic effort as akin to having another son in the family. He called for a paradigm shift in our Asian culture of giving, assigning equal importance to societal development and the continuation of future generations, and apportioning more of our wealth and means towards social capital so that we could bring forth great hope and promises for generations to come.

Below are some of LKSF's major and special projects in 2017:

Love Ideas, Love HK

Funded with contributions of over HK$300 million, Love HK Your Way! continues to create a positive social impact:

Compassionate Guardians

For ten years, the "Heart of Gold" Hong Kong Hospice Care Service Programme, a collaboration with the Hong Kong Hospital Authority, has been supporting hospice centres in ten public hospitals. This innovative programme has served 38,000 terminally ill cancer patients and their family members with a host of integrated palliative care services. LKSF's contributions to this programme now total HK$126 million.

Community Care

"Decide Well, Spend Wisely"

In its second year, "Decide Well, Spend Wisely" issued HK$5,000 gift cheques with no conditions attached to each of the 9,320 students in Yuen Long (including Tin Shui Wai), Islands, and Tuen Mun Districts sitting for the 2018 Hong Kong Diploma of Secondary Education Examination. Through two phases, the programme has distributed over HK$75 million to more than 15,000 students to encourage wise financial decisions and to help alleviate exam pressures.

The second phase of "Decide Well, Spend Wisely" is expanded beyond Islands, Tin Shui Wai and Yuen Long Districts to include DSE students in Tuen Mun. A survey among teachers and parents revealed positive consensus.

Listening Angels

As at the end of December 2017, the Caritas Family Crisis Hotline and Education Centre has received over HK$45.2 million from LKSF and handled more than 440,000 cases. The Centre supports individuals and families in distress with a 24-hour hotline, and also hosts crisis prevention workshops to promote greater social harmony.

Innovative Education

In June 2017, LKSF invited 300 young people to participate in HKXP, an e-sports event aimed at piquing their interest in advanced technology. In July, LKSF made a donation of HK$10 million to set up scholarships and develop "Cornerstone Maths" at the Education University of Hong Kong.

Paradigm Shift in Human Capital Development and Leadership Training

Shantou University

Founded in 1981 with the approval of the State Council, Shantou University ("STU") is co-developed by the Ministry of Education, the Guangdong Provincial Government and LKSF. As the only privately funded public university in Mainland China, STU strives to become a top-tier university with a firm commitment to internationalisation. LKSF has earmarked over HK$10 billion to support the University, which has cultivated over 120,000 graduates to date.

STU continued to enhance its competitiveness across the board in 2017. Newly approved PhD programmes in biological sciences and mathematics have been added to its curriculum. Not only has the University made the "Times Higher Education World University Rankings" for the third consecutive year, for the first time STU was also included in THE's "Young University Rankings 2017", and placed on three other globally recognised world university rankings — the Center for World University Rankings 2017, the QS University Rankings Asia 2018, and the US News Best Global Universities Ranking 2018. STU has developed an Advanced Undergraduate Education model, adopting the integrated, Outcome-Based Education model that combines ability, knowledge and skills learning. LKSF also contributed US$3 million to the University of Michigan to foster a joint venture by STU and SUMC that would create the first-ever programme in biomedical engineering in the eastern Guangdong region.

Student quality has continued to improve for a fifth consecutive year. The 2017 admission scores for incoming freshmen from 13 provinces/regions and the number of undergraduates who selected STU as their first choice set new highs. The first-time employment rate also hit a record high of 98.04%, topping all tertiary institutions in Guangdong Province. The employment rate stood firmly above 99% for the sixth year running. The average salary for graduates after five years in the workforce exceeds that of 88% of graduates from all universities nationwide. STU continued to build on its record of outstanding performance in research and innovation. According to the "Best University Ranking" website, STU ranks No. 49 in the nation for research quality.

Kung Fu Cha Cha, the rowing team of four young women from Shantou University, conqueres the Talisker Whisky Atlantic Challenge and sets four world records.

In December 2017, four female rowers in their early 20's formed Kung Fu Cha Cha to participate in the annual Talisker Whisky Atlantic Challenge, the "world's toughest ocean rowing race". Embodying the school spirit, the team departed from Canary Islands on 14 December, and arrived at their destination in Antigua on 17 January 2018. In conquering the Atlantic, they set four world records: First team from Asia to row across the Atlantic Ocean; first team from China to row across the Atlantic Ocean; youngest team ever to row across the Atlantic; and fastest time in the Challenge for a four-woman crew.

Shantou University Medical College

Shantou University Medical College ("SUMC") is pioneering reforms in medical education in Mainland China based on student-centred education and internationalisation initiatives. For 20 consecutive years, all incoming students selected SUMC as their first choice. The passing rate of SUMC graduates in the National Medical Licensing Examinations has been ranked in the top eight out of 170+ medical schools in China for the 11th consecutive year. SUMC also adopted the United States Medical Licensing Examination ("USMLE") to evaluate students in the English-stream medical programme. Over the past six years, the average passing rate of 93.04% for SUMC students in the USMLE Step 1 is similar to those of accredited medical schools in the U.S. In 2017, the employment rate of new graduates reached 97.20%, first among universities in Guangdong Province for 17 consecutive years. An STU team comprising three nursing and medical students beat 207 teams from universities across China to win a Nursing-related Innovation Challenge organised by Enactus China.

Shantou University Medical College students hone their surgical skills in the clinical simulation and learning centre.

The research team from the Joint Influenza Research centre of SUMC and Hong Kong University led by Prof Guan Yi, was nominated as a key participant in "*Critical Innovation and Technological Breakthroughs in the Systematic Prevention and Treatment of Emerging Infectious Diseases - H7N9 Avian Influenza*". This research won the Grand Prize of the 2017 National Science and Technology Progress Award, and has significantly enhanced China's international impact in the field of infectious disease prevention. Cancer researchers at SUMC published their findings in two prestigious journals *Gastroenterology* and *Gut*, detailing the mutational events and corresponding alterations of tissues and cells in esophageal cancers and contrasting systematically the genomic and epigenomic differences between squamous cell carcinomas and adenocarcinomas of the esophagus. These studies allow further understanding of esophageal cancer progression and better diagnostic designs for early detection. The 16 members of the East-West Alliance, including STU, Oxford, Cambridge and UC Berkeley, continue to build research synergies across borders.

SUMC has five affiliated hospitals with a total of 4,500 beds serving 70% of the population in Shantou city. After the newly completed medical education centre, an international research centre under construction will provide an additional 55,000 sq m of research space, setting a firm foundation for advancements in knowledge discovery and transfer.

Cheung Kong Graduate School of Business

Since its founding on 23 November 2002, the Cheung Kong Graduate School of Business ("CKGSB") has strived to cultivate business leaders with a global vision, a humanistic spirit, a strong sense of social responsibility and an innovative mind-set. Over the past 15 years, CKGSB has continuously innovated to pioneer new efforts in business management education and become a leading business school from China with global influence. Today, more than half of CKGSB's 10,000+ alumni are at the CEO or Chairman level and collectively, they lead one-fifth of China's most valuable brands.

Guangdong Technion-Israel Institute of Technology ("GTIIT")

LKSF donated US$130 million to establish GTIIT, a joint venture between Technion and Shantou University. GTIIT aims to become a cutting-edge international education and research institute, dedicated to innovative research, environmental protection, and societal advancement. The Institute will promote an environment for entrepreneurial innovation and knowledge-based competitiveness in Guangdong, contributing to the betterment of China, Israel and all humankind. Officially approved by the Chinese Ministry of Education in December 2016, GTIIT enrolled the first cohort of 216 students last year, and held its inauguration ceremony on 18 December 2017.

Mr Li Ka-shing and guests at the inauguration ceremony of the Guangdong Technion Israel Institute of Technology.

Healthcare Projects in Mainland China

Free Healthcare Services

Over the years, LKSF has contributed over RMB1 billion to support free medical services in Mainland China, including programmes such as "Heart of Gold" Nationwide Hospice Care Services, China Disabled Persons Federation's "Cheung Kong New Milestone" (three phases) to install prosthetics and provide rehabilitation support and training, Nationwide Medical Welfare for the Poor, and the Kumbum Tibetan Medical Hospital Aid Programme, with the total number of beneficiaries exceeding 17 million.

Sports Education

A donation of RMB10 million was made to support Yao Foundation's sports education programmes in Guangdong and Guangxi provinces.

Sustainable Development

LKSF supports technology-assisted agricultural development and has made a contribution of RMB12 million to initiate the Xinjiang Castor Seed Project. Results of plantation trials since 2015 have been very positive, and the programme will be expanded in 2018 to cover 40,000 mu.
LKSF has also contributed RMB3.5 million to support 100 social development programmes in Guangdong. The training provided for 1,500 women cadets and social workers indirectly benefits 500,000 elderly, women, children, and disabled persons.

Overseas Medical Education and Research

Developed with the support of a £20 million gift from LKSF, the Centre for Health Information and Discovery at Oxford University incorporates two related research institutes, the Target Discovery Institute ("TDI") and the Big Data Institute ("BDI"), the latter of which opened in May 2017. Together the institutes will host 600 interdisciplinary scientists and researchers.

LKSF's new commitments to overseas projects reached nearly HK$100 million in 2017. Initiatives supported include a biomedical engineering venture between Shantou University and the University of Michigan; a scholarship established in honour of the late Lord Michael Sandberg to support local students pursuing undergraduate education in the UK; a research programme at the Melbourne University Victorian Comprehensive Cancer Centre; and programmes that support Stanford University's research into the body's healing mechanism and the development of young surgeons.

Mr Li Ka-shing attends the opening of the Big Data Institute, phase two of the Centre for Health Information and Discovery at Oxford University.

Boundless Compassion

To date, LKSF has made grants of over HK$2.6 billion to cover the development cost and daily operating expenses of Tsz Shan Monastery, which received 259,242 visitors in 2017, and over 700,000 visitors since its opening in 2015. The monastery strives to nurture positive energy and cultivate "Boundless Compassion" through development in three key areas including education, care and art for the harmony of society. "Sala Loving-Care Project" is initiated to enhance public awareness on life and death education and hospice care while nurturing positive energy. Tsz Shan Institute collaborates with internationally recognised institutes of higher learning and universities to offer comprehensive experience in education and research on Buddhist teaching. The integration of art and the Dharma facilitates the expression of self or awareness of life and enhances the well-being of others.

Tsz Shan Monastery's bell ringing ceremony on New Year's Day denotes peace and harmony to all.

Since its establishment in 2015, the Buddhist Spiritual Counselling Centre of Tsz Shan Monastery has provided counselling services for over 4,000 residents, and over 32,000 people have participated in spiritual wellness activities.
In collaboration with social welfare agencies, the Centre has newly established a "Buddhist Counselling Professional Training Centre" for social workers to award continuing professional development approved by the Social Workers Registration Board.

LKSF will continue to cultivate a culture of giving as its unchanging promise.

Information on Directors

Biographical Details of Directors

LI Ka-shing

GBM, KBE, Commandeur de la Légion d'Honneur, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, aged 89, is the founder of the CK Group. He has been the Chairman and Executive Director of the Company since January 2015 and a member of the Remuneration Committee of the Company since March 2015. Mr Li is also the Chairman and Executive Director of CK Asset Holdings Limited ("CKA", formerly known as Cheung Kong Property Holdings Limited) and a member of its Remuneration Committee. He was the Chairman of Cheung Kong (Holdings) Limited ("Cheung Kong (Holdings)") from 1971 to 2015 and Managing Director from 1971 to 1998. The listing status of Cheung Kong (Holdings) on The Stock Exchange of Hong Kong Limited (the "SEHK") was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. Mr Li has also been the Chairman of Hutchison Whampoa Limited ("HWL") since 1981 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is also the Chairman of Li Ka Shing Foundation Limited ("LKSF"), Li Ka Shing (Overseas) Foundation ("LKSOF") and Li Ka Shing (Canada) Foundation ("LKSCF"). Mr Li has been engaged in many major commercial developments in Hong Kong for more than 60 years. He 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 Group Co-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 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 (Chapter 571 of the Laws of Hong Kong) (the "SFO").

LI Tzar Kuoi, Victor

aged 53, has been a Director of the Company since December 2014. Mr Victor Li was designated as Executive Director, Managing Director and Deputy Chairman of the Company in January 2015 and re-designated as Executive Director, Group Co-Managing Director and Deputy Chairman of the Company in June 2015. He joined Cheung Kong (Holdings) in 1985 and acted as Deputy Managing Director from 1993 to 1998. He has been Deputy Chairman of Cheung Kong (Holdings) since 1994, Managing Director since 1999 and Chairman of the Executive Committee since 2013. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) and ceased to act as Chairman of the Executive Committee of Cheung Kong (Holdings) in June 2015. He is Managing Director, Deputy Chairman and Executive Director of CKA as well as Chairman of its Executive Committee. He has been an Executive Director of HWL since 1995 and Deputy Chairman since 1999 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. Mr Victor Li is the Chairman of CK Infrastructure Holdings Limited ("CKI", formerly known as Cheung Kong Infrastructure Holdings Limited) and CK Life Sciences Int'l., (Holdings) Inc. ("CKLS"), a Non-executive Director of Power Assets Holdings Limited ("Power Assets") and HK Electric Investments Manager Limited ("HKEIML") as the trustee-manager of HK Electric Investments ("HKEI"), a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited ("HKEIL") and Co-Chairman of Husky Energy Inc. ("Husky Energy"). Save and except CKA, the aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Victor Li acts as Chairman, Co-Chairman, Deputy Chairman or Director for the purpose of overseeing the management of such businesses. Mr Victor Li is also the Deputy Chairman of LKSF, LKSOF and LKSCF, and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr Victor Li serves as a member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference ("CPPCC") of the People's Republic of China. He is also a member of the Chief Executive's Council of Advisers on Innovation and Strategic 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 was previously a member of the Commission on Strategic Development of the Hong Kong Special Administrative Region. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil 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 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.

FOK Kin Ning, Canning

aged 66, has been a Non-executive Director of the Company since January 2015 and was re-designated as an Executive Director and Group Co-Managing Director of the Company in June 2015. Mr Fok has been a Director of Cheung Kong (Holdings) since 1985 and became a Non-executive Director in 1993. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. Mr Fok has been an Executive Director of HWL since 1984, Group Managing Director since 1993 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is also the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL"), Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"), Power Assets, HKEIML as the trustee-manager of HKEI, and HKEIL, Co-Chairman of Husky Energy and Deputy Chairman of CKI. The aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Fok acts as Chairman, Co-Chairman, Deputy Chairman or Director for the purpose of overseeing the management of such businesses. Mr Fok is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr Fok holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of Chartered Accountants Australia and New Zealand.

Frank John SIXT

aged 66, has been a Non-executive Director of the Company since January 2015 and was re-designated as an Executive Director, Group Finance Director and Deputy Managing Director of the Company in June 2015. Mr Sixt has been an Executive Director of Cheung Kong (Holdings) since 1991 and became a Non-executive Director in 1998. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. He has been an Executive Director of HWL since 1991, Group Finance Director since 1998 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is also the Non-executive Chairman of TOM Group Limited ("TOM"), an Executive Director of CKI, a Director of HTAL and Husky Energy, and an Alternate Director to Directors of HTAL, HKEIML as the trustee-manager of HKEI, and HKEIL. The aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Sixt acts as Chairman or Director for the purpose of overseeing the management of such businesses. Mr Sixt is 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. Mr Sixt 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.

IP Tak Chuen, Edmond

aged 65, has been a Director of the Company since December 2014 and was designated as an Executive Director and Deputy Managing Director of the Company in January 2015. He is an Executive Director and a Deputy Managing Director of CKA and a member of its Executive Committee. He has been an Executive Director of Cheung Kong (Holdings) since 1993 and Deputy Managing Director since 2005. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. Mr Ip is also an Executive Director and Deputy Chairman of CKI, the Senior Vice President and Chief Investment Officer of CKLS, and a Non-executive Director of ARA Asset Management Limited and Hui Xian Asset Management Limited as the manager of Hui Xian Real Estate Investment Trust ("Hui Xian REIT"). Save and except CKA and its associated companies, the aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Ip acts as Director or senior executive for the purpose of overseeing the management of such businesses. Mr Ip is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

Information on Directors

KAM Hing Lam

aged 71, has been an Executive Director and Deputy Managing Director of the Company since January 2015. He is also an Executive Director and a Deputy Managing Director of CKA and a member of its Executive Committee. Mr Kam has been Deputy Managing Director of Cheung Kong (Holdings) since 1993. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. He is also the Group Managing Director of CKI and the President and Chief Executive Officer of CKLS. Mr Kam has been an Executive Director of HWL since 1993 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is also Chairman of Hui Xian Asset Management Limited as the manager of Hui Xian REIT. Save and except CKA and its associated companies, the aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Kam acts as Director or senior executive for the purpose of overseeing the management of such businesses. Mr Kam is an Advisor of the 12th Beijing Municipal Committee of the CPPCC 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 SFO, and an uncle of Mr Li Tzar Kuoi, Victor, the Group Co-Managing Director and Deputy Chairman of the Company.

LAI Kai Ming, Dominic

aged 64, has been an Executive Director and Deputy Managing Director of the Company since June 2015. Mr Lai has been an Executive Director of HWL since 2000 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is a Non-executive Director of HTHKH and a Director of HTAL. He is also an Alternate Director to Directors of HTHKH, HTAL and TOM. The aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Lai acts as Director for the purpose of overseeing the management of such businesses. Mr Lai has over 30 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

Edith SHIH

aged 66, has been an Executive Director of the Company since January 2017. She is also the Company Secretary of the Company and was the Head Group General Counsel of the Company from June 2015 to March 2017. She was previously the Head Group General Counsel of HWL from 1993 to June 2015 and has been the Company Secretary of HWL since 1997. HWL was privatised by way of a scheme of arrangement in June 2015 and is currently a wholly owned subsidiary of the Company. She is a Non-executive Director of HTHKH, Hutchison China MediTech Limited ("Chi-Med") and HPHM as the trustee-manager of HPH Trust. The aforementioned companies are either subsidiaries or associated companies of the Group in which Ms Shih acts as Director for the purpose of overseeing the management of such businesses. She has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. Ms Shih is at present the Senior Vice President and Executive Committee member of the Institute of Chartered Secretaries and Administrators in the United Kingdom ("ICSA") and a past President, past council member and current chairperson of various committees and panels of The Hong Kong Institute of Chartered Secretaries ("HKICS"). She is also the Chairman of the Governance Committee and the Remuneration Committee of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Ms Shih is a panel member of the Securities and Futures Appeals Tribunal and a member of the Process Review Panel for the Financial Reporting Council. She was a member of the Listing Committee and Corporate Governance Sub-Committee of the SEHK, the Standing Committee on Companies Law Reform as well as the Hong Kong Institute of Certified Public Accountants Council. Ms Shih is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both the ICSA and HKICS. She holds a Bachelor of Science degree in Education and a Master of Arts degree from the University of the Philippines and a Master of Arts degree and a Master of Education degree from Columbia University, New York.

CHOW Kun Chee, Roland

aged 80, has been a Non-executive Director of the Company since January 2015. He has been a Director of Cheung Kong (Holdings) since 1993 until his resignation in June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015. He was an Independent Non-executive Director of Cheung Kong (Holdings) prior to his re-designation as a Non-executive Director of Cheung Kong (Holdings) 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. He holds a Master of Laws degree from the University of London. 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 SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

CHOW WOO Mo Fong, Susan

aged 64, has been a Non-executive Director of the Company since January 2017. She was an Executive Director and Group Deputy Managing Director of the Company from June 2015 to July 2016, Senior Advisor of the Company from August 2016 to December 2016, Executive Director of HWL from October 1993 to June 2015, Deputy Group Managing Director of HWL from January 1998 to June 2015 and Director of HWL from June 2015 to July 2016. Prior to joining HWL, Mrs Chow was a partner of Woo, Kwan, Lee & Lo, a major law firm in Hong Kong. Mrs Chow is an Alternate Director to Directors of CKI, HKEIML as the trustee-manager of HKEI, and HKEIL. She previously served as a member of the Listing Committee of the SEHK, the Joint Liaison Committee on Taxation of the Law Society of Hong Kong, the Committee on Real Estate Investment Trusts of the Securities and Futures Commission, the Trade and Industry Advisory Board, the Court of the Hong Kong University of Science and Technology and the Appeal Boards Panel (Education). Mrs Chow is a qualified solicitor and holds a Bachelor's degree in Business Administration.

LEE Yeh Kwong, Charles

GBM, GBS, OBE, JP, aged 81, has been a Non-executive Director of the Company since January 2015. Mr Charles Lee has been a Non-executive Director of Cheung Kong (Holdings) since 2013 until his resignation in June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015. He was a Director of Cheung Kong (Holdings) during the period from August 1972 to March 1997. Mr Charles Lee has also been a Non-executive Director of HWL since 2013 until his resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is the President, Chairman of the Board and a Vice Patron of The Community Chest of Hong Kong as well as a member of the Board of Governors of Our Hong Kong Foundation. 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. Mr Charles Lee is also a qualified accountant and a chartered secretary.

LEUNG Siu Hon

aged 86, has been a Non-executive Director of the Company since January 2015. He has been a Director of Cheung Kong (Holdings) since 1984 until his resignation in June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015. He was an Independent Non-executive Director of Cheung Kong (Holdings) prior to his re-designation as a Non-executive Director of Cheung Kong (Holdings) in September 2004. Mr Leung holds a B.A. Law (Honours) (Southampton) degree, and has been awarded the Honorary degree of Doctor of Laws by the University of Southampton in July 2001 and appointed by the Northwest University of Politics & Law, China to the post of Adjunct Professor in May 2014. Mr Leung is a solicitor of the High Court of the Hong Kong Special Administrative Region and an attesting officer appointed by the People's Republic of China. 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.

George Colin MAGNUS

OBE, BBS, aged 82, has been a Non-executive Director of the Company since January 2015. He acted as an Executive Director of Cheung Kong (Holdings) since 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015. He has been a Non-executive Director of Cheung Kong (Holdings) since November 2005 until his resignation in June 2015. Mr Magnus has been an Executive Director of HWL since 1980 and was re-designated as a Non-executive Director since November 2005 until his resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He served as Deputy Chairman of HWL from 1984 to 1993. He is also a Non-executive Director of CKI, an Independent Non-executive Director of HKEIML as the trustee-manager of HKEI, and HKEIL, and a Director (independent) of Husky Energy. Mr Magnus holds a Master's degree in Economics.

Information on Directors

KWOK Tun-li, Stanley

aged 91, has been an Independent Non-executive Director of the Company since January 2015 and a member of the Audit Committee of the Company since March 2015. He was a member of the Remuneration Committee of the Company from March 2015 to June 2015. He has been a Director of Cheung Kong (Holdings) since 1989 until his resignation in June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015. 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. Mr Kwok is a Director (independent) of Husky Energy. He is also presently a Director of Amara Holdings Inc., Element Lifestyle Retirement Inc. and Stanley Kwok Consultants Inc.

CHENG Hoi Chuen, Vincent

GBS, OBE, JP, aged 69, has been an Independent Non-executive Director and a member of both the Audit Committee and the Remuneration Committee of the Company since June 2015. He has been an Independent Non-executive Director of HWL since 2014 until his resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is an Independent Non-executive Director of MTR Corporation Limited, Great Eagle Holdings Limited, CLP Holdings Limited, Hui Xian Asset Management Limited as manager of Hui Xian REIT, China Minsheng Banking Corp., Ltd., Shanghai Industrial Holdings Limited and Wing Tai Properties Limited. Mr Cheng joined The Hongkong and Shanghai Banking Corporation Limited in 1978 of which he became Chief Financial Officer in 1994, General Manager and an Executive Director in 1995 and Chairman from 2005 to 2010. He was also the Chairman of HSBC Bank (China) Limited from 2007 to 2011, an Executive Director of HSBC Holdings plc from 2008 to 2011 and an adviser to the Group Chief Executive of HSBC Holdings plc from 2011 to 2012. In 2008, Mr Cheng was appointed as a member of the 11th National Committee of the CPPCC of the People's Republic of China and a senior adviser to the 11th Beijing Municipal Committee of the CPPCC of the People's Republic of China. Mr Cheng's previous government advisory roles include being a member of the Executive Council (the Hong Kong government's highest policy-making body) from 1995 to 1997, Hong Kong Affairs Adviser to the People's Republic of China from 1994 to 1997 as well as a member of the Legislative Council of the Hong Kong Government from 1991 to 1995. In 2005, Honorary Doctorates of Social Science and of Business Administration were conferred on Mr Cheng by The Chinese University of Hong Kong and The Open University of Hong Kong respectively. Mr Cheng holds a Bachelor of Social Science degree in Economics and a Master of Philosophy degree in Economics.

The Hon Sir Michael David KADOORIE

GBS, Commandeur de la Légion d'Honneur, Commandeur de l'Ordre des Arts et des Lettres, Commandeur de l'Ordre de la Couronne, Commandeur de l'Ordre de Leopold II, aged 76, has been an Independent Non-executive Director of the Company since June 2015. He has been a Director of HWL since 1995 until his resignation in July 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is the Chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels, Limited, as well as Heliservices (Hong Kong) Limited.

LEE Wai Mun, Rose

JP, aged 65, has been an Independent Non-executive Director of the Company since June 2015. She has been an Independent Non-executive Director of HWL since 2012 until her resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. She is also an Independent Non-executive Director and a member of the Remuneration Committee of Swire Pacific Limited, Chairman of the Board of Governors and of Nomination Committee for appointment of Council Members as well as Chairman of the Nomination Committee for appointment of Governors and Board Committee Chairmen/Members of Hang Seng Management College, Chairman of the Board of Directors of Hang Seng School of Commerce, Board Member of The Community Chest of Hong Kong as well as Deputy Chairman and a member of its Executive Committee and Nominating Committee respectively, Executive Vice-chairman of the Finance Professional Committee of Guangdong's Association for Promotion of Cooperation between Guangdong, Hongkong & Macao, Vice President of The Hong Kong Institute of Bankers, Vice-chairman of the Inaugural Financial Consulting Committee for Authority of Qianhai Shenzhen – Hong Kong Modern Service Industry Cooperation Zone of Shenzhen, a member of the Consulting Committee of Qianhai & Shekou Area of Shenzhen, China (Guangdong) Pilot Free Trade Zone, and Qianhai Shenzhen – Hong Kong Modern Service Industry Cooperation Zone of Shenzhen, a member of the Advisory Committee of the New College of Jockey Club Student Village III of the University of Hong Kong and a member of the Court of The Hong Kong University of Science and Technology. Ms Lee was previously an Executive Director, Vice-chairman and Chief Executive of Hang Seng Bank Limited and Group General Manager of HSBC Holdings plc. Ms Lee is a Fellow of The Hong Kong Institute of Bankers. She holds a Bachelor's degree in Business Administration.

William Elkin MOCATTA

aged 65, has been an Alternate Director to The Hon Sir Michael David Kadoorie, an Independent Non-executive Director of the Company, since June 2015. He has been an Alternate Director to The Hon Sir Michael David Kadoorie, former Independent Non-executive Director of HWL, since 1997 until he ceased to be an Alternate Director in July 2015 upon the privatisation of HWL by way of a scheme of arrangement. He is the Chairman of CLP Power Hong Kong Limited, CLP Properties Limited and Castle Peak Power Company Limited. He is also the Vice Chairman of CLP Holdings Limited and a Director of The Hongkong and Shanghai Hotels, Limited. He is a Fellow of The Institute of Chartered Accountants in England and Wales.

William SHURNIAK

S.O.M., M.S.M., LLD (Hon), aged 86, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since June 2015. He has been a Director of HWL since 1984 until his resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. In addition, Mr Shurniak is a Director (independent) and Deputy Chairman of Husky Energy. He has broad banking experience and he holds Honorary Doctor of Laws degrees from the University of Saskatchewan, The University of Western Ontario and the University of Regina in Canada. He was awarded the Saskatchewan Order of Merit by the Government of Saskatchewan in 2009, the Queen Elizabeth II Diamond Jubilee Medal by the Lieutenant Governor of Saskatchewan in 2012 and the Meritorious Service Medal by Governor General of Canada in 2016.

WONG Chung Hin

CBE, JP, aged 84, has been an Independent Non-executive Director, Chairman of the Audit Committee and a member of the Remuneration Committee of the Company since June 2015. He has been a Director of HWL since 1984 until his resignation in June 2015 upon the privatisation of HWL by way of a scheme of arrangement. Mr Wong is an Independent Non-executive Director of Power Assets. He is a solicitor.

WONG Yick-ming, Rosanna

DBE, JP, aged 65, has been an Independent Non-executive Director of the Company since January 2015 and the Chairman of the Remuneration Committee of the Company since March 2015. She has been an Independent Non-executive Director of Cheung Kong (Holdings) since 2001 until her resignation in June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015. She was previously an Alternate Director of the Company and Cheung Kong (Holdings). She is currently a member of the 13th National Committee of the CPPCC of the People's Republic of China. She is also a member of The Hong Kong University of Science and Technology Business School Advisory Council and the Advisory Committee of The Jockey Club CPS Limited, and serves as a Global Advisor to Mars, Incorporated. She is an Independent Non-executive Director of HTHKH and The Hongkong and Shanghai Hotels, Limited, the Senior Advisor of The Hong Kong Federation of Youth Groups ("HKFYG") and a Director of RJJ Ideas Limited. She was previously the Executive Director of HKFYG, Non-executive Chairman of the Advisory Committee of The Hongkong Bank Foundation and the Independent Non-executive Director of The Hongkong and Shanghai Banking Corporation Limited. 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.

Information on Directors

Changes in Information of Directors

Pursuant to Rule 13.51(B)(1) of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"), the changes in information of Directors of the Company subsequent to the date of the 2017 Interim Report of the Company are set out below:

Directors	Details of Changes
Li Tzar Kuoi, Victor	Appointed as - member of the Standing Committee of the 13th National Committee of the CPPCC of the People's Republic of China effective from March 2018 following the expiration of membership in the 12th National Committee - member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region on 21 March 2018
Edith Shih	Appointed as - panel member of the Securities and Futures Appeals Tribunal on 1 April 2017 - member of the Process Review Panel for the Financial Reporting Council on 1 January 2018 - Chairman of the HKICPA on 1 February 2018 Ceased to act as Vice Chairman of the Governance Committee of the HKICPA on 1 February 2018
Chow Woo Mo Fong, Susan	Ceased to act as - member of the Court of the Hong Kong University of Science and Technology on 31 July 2017 - member of the Appeal Boards Panel (Education) on 1 January 2018
Lee Yeh Kwong, Charles	Ceased to act as - Campaign Committee Co-Chairman of The Community Chest of Hong Kong on 31 March 2017 - member of the Former Directors Committee of The Community Chest of Hong Kong on 19 June 2017
Kwok Tun-li, Stanley	Resigned as Director of CTBC Bank Corp. (Canada) on 15 May 2017
Wong Yick-ming, Rosanna	Retired from the position as Executive Director of HKFYG on 14 August 2017 Appointed as - Senior Advisor of HKFYG on 15 August 2017 - Director of RJJ Ideas Limited on 22 November 2017 - member of the 13th National Committee of the CPPCC of the People's Republic of China effective from March 2018 following the expiration of membership in the 12th National Committee

In respect of the change in emoluments of Directors, please refer to note 6 to the financial statements on pages 200 to 201.

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

As at 31 December 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "CKHH Securities Code") were as follows:

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

Long positions in the shares of the Company

Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding
Li Ka-shing	Founder of discretionary trusts	Other interest	1,094,244,254 [(1)]		
	Interest of controlled corporations	Corporate interest	66,659,256 [(2)(3)]	1,160,903,510	30.0933%
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	1,094,244,254 [(1)]		
	Beneficial owner	Personal interest	220,000		
	Interest of controlled corporations	Corporate interest	2,572,350 [(2)(4)]		
	Interest of spouse	Family interest	200,000		
	Interest of child	Family interest	205,200 [(5)]	1,097,441,804	28.4482%
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	5,111,438 [(6)]	5,111,438	0.1325%
Frank John Sixt	Beneficial owner	Personal interest	136,800	136,800	0.0035%
Kam Hing Lam	Beneficial owner	Personal interest	51,040		
	Interest of child	Family interest	57,360	108,400	0.0028%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	34,200	34,200	0.0008%
Edith Shih	Beneficial owner	Personal interest	52,125		
	Interest of spouse	Family interest	5,062	57,187	0.0014%
Chow Kun Chee, Roland	Beneficial owner	Personal interest	99,752	99,752	0.0025%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	129,960	129,960	0.0033%
Lee Yeh Kwong, Charles	Beneficial owner	Personal interest	762,124		
	Interest of spouse	Family interest	37,620		
	Interest of a controlled corporation	Corporate interest	6,840 [(7)]	806,584	0.0209%

Directors	Capacity	Nature of Interests	Number of Shares Held		Total	Approximate % of Shareholding
Leung Siu Hon	Beneficial owner	Personal interest	663,968	)		
				)		
	Interest of spouse	Family interest	84,062	)	748,030	0.0193%
George Colin Magnus	Founder and/or beneficiary of a discretionary trust	Other interest	833,868 (8)	)		
	Beneficial owner	Personal interest	85,361	)		
	Interest of spouse	Family interest	16,771	)	936,000	0.0242%
Cheng Hoi Chuen, Vincent	Beneficial owner	Personal interest	10,000		10,000	0.0002%
Michael David Kadoorie	Founder, a beneficiary and/or a discretionary object of discretionary trust(s)	Other interest	11,752,120 (9)		11,752,120	0.3046%
William Shurniak	Beneficial owner	Personal interest	265,000		265,000	0.0068%

Notes:

(1) The 1,094,244,254 shares of the Company comprise:

(a) 1,001,953,744 shares held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1") and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). 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 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.

The entire issued share capital of TUT1, TDT1 and TDT2 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-thirds 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.

(b) 7,863,264 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 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, TDT3 and TDT4 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-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

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

(c) 84,427,246 shares held by a company controlled by TDT3 as trustee of DT3.

(2) Among those shares, 300,000 shares are held by LKSF. By virtue of the terms of the constituent documents of LKSF, 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.

(3) Among those shares, 66,359,256 shares are held by certain companies of which Mr Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

(4) Among those shares, 2,272,350 shares are held by certain companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

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

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

(7) Such shares are held by a company of which Mr Lee Yeh Kwong, Charles is interested in the entire issued share capital.

(8) 184,000 shares are held by a company controlled by a trust of which Mr George Colin Magnus is a discretionary beneficiary and 649,868 shares are indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and/or a discretionary beneficiary.

(9) Such shares are ultimately held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.

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

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

As at 31 December 2017, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests as described in Note (1) above:

(i) 5,428,000 ordinary shares, representing approximately 0.20% of the issued voting shares, in CKI held by TUT1 as trustee of UT1;

(ii) 153,280 ordinary shares, representing approximately 0.003% of the issued voting shares, in HTHKH held by TUT3 as trustee of UT3;

(iii) 294,703,249 common shares, representing approximately 29.32% of the issued voting shares, in Husky Energy held by a company controlled by TDT3 as trustee of DT3; and

(iv) 15,000,000 ordinary shares, representing approximately 15% of the issued voting shares, in Beautiland Company Limited held by a wholly owned subsidiary of TUT1 as trustee of UT1.

As at 31 December 2017, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor were also deemed to be interested in (i) 7,870,000 share stapled units, representing approximately 0.08% of the issued voting share stapled units, in HKEI and HKEIL of which 5,170,000 share stapled units are held by LKSF and 2,700,000 share stapled units are held by a wholly owned subsidiary of LKSOF; and (ii) 2,835,759,715 ordinary shares, representing approximately 29.50% of the issued voting shares, in CKLS held by wholly owned subsidiaries of LKSF. By virtue of the terms of the constituent documents of LKSF and LKSOF, 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 and LKSOF.

In addition, Mr Li Ka-shing had, as at 31 December 2017, corporate interests in (i) a nominal amount of US$9,100,000 in the 5.875% Guaranteed Perpetual Capital Securities issued by OVPH Limited and guaranteed by CKI; and (ii) 403,979,499 ordinary shares, representing approximately 8.38% of the issued voting shares, in HTHKH, which are held by companies of which Mr Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2017, the following interests:

(i) personal interests in 2,250,000 ordinary shares, representing approximately 0.02% of the issued voting shares, in CKLS held in his capacity as a beneficial owner;

(ii) family interests in (a) 192,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in HTHKH held by a company in which his child is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings; and (b) 227,000 ordinary shares, representing approximately 0.008% of the issued voting shares, in CKI held by his spouse; and

(iii) corporate interests in (a) a nominal amount of US$45,792,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited ("HWI(09)"); (b) 2,519,250 ordinary shares, representing approximately 0.05% of the issued voting shares, in HTHKH; and (c) a nominal amount of US$38,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by CK Hutchison Capital Securities (17) Limited, which are held by companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

Mr Fok Kin Ning, Canning had, as at 31 December 2017, the following interests:

(i) 5,100,000 ordinary shares, representing approximately 0.03% of the issued voting shares, in HTAL comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;

(ii) family interests in 26,740 ordinary shares, representing approximately 0.04% of the issued voting shares, in Chi-Med held by his spouse;

(iii) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the issued voting shares, in HTHKH;

(iv) corporate interests in 255,365 common shares, representing approximately 0.02% of the issued voting shares, in Husky Energy;

(v) corporate interests in 2,000,000 share stapled units, representing approximately 0.02% of the issued voting share stapled units, in HKEI and HKEIL; and

(vi) corporate interests in 1,500,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in CKLS.

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

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 31 December 2017, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in HTAL; (ii) 17,000 American depositary shares (each representing 15 ordinary shares), representing approximately 0.01% of the issued voting shares, in HTHKH; (iii) 70,190 common shares, representing approximately 0.01% of the issued voting shares, in Husky Energy; (iv) 900,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in CKLS; and (v) 492,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in TOM.

Mr Ip Tak Chuen, Edmond in his capacity as a beneficial owner had, as at 31 December 2017, personal interests in (i) 262,840 common shares, representing approximately 0.02% of the issued voting shares, in Husky Energy; and (ii) 2,250,000 ordinary shares, representing approximately 0.02% of the issued voting shares, in CKLS.

Mr Kam Hing Lam had, as at 31 December 2017, the following interests:

(i) personal interests in 100,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in CKI held in his capacity as a beneficial owner; and

(ii) family interests in (a) 100,000 ordinary shares, representing approximately 0.004% of the issued voting shares, in Power Assets; (b) 1,025,000 share stapled units, representing approximately 0.01% of the issued voting share stapled units, in HKEI and HKEIL; and (c) 6,225,000 ordinary shares, representing approximately 0.06% of the issued voting shares, in CKLS, which are held by his child.

Ms Edith Shih in her capacity as a beneficial owner had, as at 31 December 2017, personal interests in (i) 70,000 ordinary shares and 100,000 American depositary shares (each representing 0.5 ordinary share), in aggregate representing approximately 0.18% of the issued voting shares, in Chi-Med; (ii) a nominal amount of US$300,000 in the 7.625% Notes due 2019 issued by HWI(09); and (iii) a nominal amount of US$250,000 in the 4.625% Notes due 2022 issued by Hutchison Whampoa International (11) Limited.

Mr Chow Kun Chee, Roland in his capacity as a beneficial owner had, as at 31 December 2017, personal interests in (i) 10,000 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKI; (ii) 903,936 ordinary shares, representing approximately 0.01% of the issued voting shares, in CKLS; (iii) 134,918 ordinary shares, representing approximately 0.01% of the issued voting shares, in Power Assets; (iv) 582,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in TOM; and (v) 33,730 share stapled units, representing approximately 0.0003% of the issued voting share stapled units, in HKEI and HKEIL.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2017, personal interests in 250,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in HTHKH.

Mr Lee Yeh Kwong, Charles had, as at 31 December 2017, the following interests:

(i) 247,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in Power Assets comprising corporate interests in 100,000 ordinary shares held through a company of which Mr Lee is interested in the entire issued share capital and family interests in 147,000 ordinary shares held by his spouse;

(ii) family interests in 1,532 common shares, representing approximately 0.0001% of the issued voting shares, in Husky Energy held by his spouse; and

(iii) corporate interests in 25,000 share stapled units, representing approximately 0.0002% of the issued voting share stapled units, in HKEI and HKEIL held through a company of which Mr Lee is interested in the entire issued share capital.

Mr Leung Siu Hon had, as at 31 December 2017, the following interests:

(i) 2,106,000 share stapled units, representing approximately 0.02% of the issued voting share stapled units, in HKEI and HKEIL comprising personal interests in 1,200,000 share stapled units held in his capacity as a beneficial owner and family interests in 906,000 share stapled units held by his spouse;

(ii) personal interests in 100,000 ordinary shares, representing approximately 0.002% of the issued voting shares, in TOM held in his capacity as a beneficial owner; and

(iii) 1,693,100 ordinary shares, representing approximately 0.01% of the issued voting shares, in CKLS comprising (a) personal interests in 1,688,130 ordinary shares held in his capacity as a beneficial owner; (b) family interests in 2,000 ordinary shares held by his spouse; and (c) corporate interests in 2,970 ordinary shares held by a company which is wholly owned by Mr Leung and his spouse.

Mr George Colin Magnus had, as at 31 December 2017, the following interests:

(i) 13,333 ordinary shares, representing approximately 0.0002% of the issued voting shares, in HTHKH comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse;

(ii) personal interests in 34,974 common shares and 38,753 unlisted and physically settled Deferred Share Units (each representing one common share), in aggregate representing approximately 0.01% of the issued voting shares, in Husky Energy held in his capacity as a beneficial owner; and

(iii) 765,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in CKLS comprising (a) personal interests in 753,360 ordinary shares held in his capacity as a beneficial owner; (b) family interests in 600 ordinary shares held by his spouse; and (c) other interests in 11,040 ordinary shares held by a company controlled by a trust of which Mr Magnus is a discretionary beneficiary.

Mr Kwok Tun-li, Stanley had, as at 31 December 2017, the following interests:

(i) 94,184 common shares, representing approximately 0.01% of the issued voting shares, in Husky Energy comprising (a) personal interests in 20,606 common shares held in his capacity as a beneficial owner; (b) family interests in 10,215 common shares held by his spouse; and (c) family interests in 63,363 unlisted and physically settled Deferred Share Units (each representing one common share) held by his spouse; and

(ii) family interests in 200,000 ordinary shares, representing approximately 0.002% of the issued voting shares, in CKLS held by his spouse.

Ms Lee Wai Mun, Rose had, as at 31 December 2017, the following interests:

(i) personal interests in 2,200 ordinary shares, representing approximately 0.0001% of the issued voting shares, in Power Assets held in her capacity as a beneficial owner; and

(ii) 43,122 common shares, representing approximately 0.004% of the issued voting shares, in Husky Energy comprising corporate interests in 10,488 common shares held through a company of which Ms Lee is interested in the entire issued share capital and other interests in 32,634 common shares held jointly with another person.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2017, personal interests in (i) 41,957 common shares, representing approximately 0.004% of the issued voting shares, in Husky Energy; and (ii) 225,000 ordinary shares, representing approximately 0.002% of the issued voting shares, in CKLS.

Save as disclosed above, as at 31 December 2017, none of the Directors or chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the CKHH Securities Code.

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

Directors' Interests in Competing Business

During the year ended 31 December 2017, the following Directors of the Company had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Core Business Activities of the Company and its subsidiaries:

(1) Ports and related services
(2) Retail
(3) Infrastructure
(4) Energy
(5) Telecommunications

Interests in Competing Business:

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Li Ka-shing	CKA	Chairman	(3) & (4)
Li Tzar Kuoi, Victor	CKA	Managing Director and Deputy Chairman	(3) & (4)
	CKLS	Chairman	(2)
	HKEIML as trustee-manager of HKEI, and HKEIL	Deputy Chairman of HKEIL and Non-executive Director of both HKEIML and HKEIL	(3) & (4)
	Husky Energy	Co-Chairman	(4)
	Power Assets	Non-executive Director	(3) & (4)
Fok Kin Ning, Canning	HKEIML as trustee-manager of HKEI, and HKEIL	Chairman	(3) & (4)
	HPHM as trustee-manager of HPH Trust	Chairman	(1)
	Husky Energy	Co-Chairman	(4)
	Power Assets	Chairman	(3) & (4)
Frank John Sixt	HKEIML as trustee-manager of HKEI, and HKEIL	Alternate Director	(3) & (4)
	Husky Energy	Director	(4)
	TOM	Non-executive Chairman	(5)

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Ip Tak Chuen, Edmond	CKA	Deputy Managing Director	(3) & (4)
	CKLS	Senior Vice President and Chief Investment Officer	(2)
Kam Hing Lam	CKA	Deputy Managing Director	(3) & (4)
	CKLS	President and Chief Executive Officer	(2)
Lai Kai Ming, Dominic	TOM	Alternate Director	(5)
Edith Shih	HPHM as trustee-manager of HPH Trust	Non-executive Director	(1)
Chow Woo Mo Fong, Susan	HKEIML as trustee-manager of HKEI, and HKEIL	Alternate Director	(3) & (4)
Lee Yeh Kwong, Charles	Team Investment Limited	Director and Shareholder	(4)

Save as disclosed above, none of the Directors is interested in any businesses (apart from the businesses of the Company or its subsidiaries) which compete or are likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries during the year.

Information on Senior Management

Biographical Details of Senior Management

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

CHEUNG Kwan Hoi

aged 53, has been Group Deputy Chief Financial Officer of the Company since June 2015 and was previously the Group Deputy Chief Financial Officer since 2011 of Hutchison Whampoa Limited ("HWL"), which was privatised by way of a scheme of arrangement in June 2015 and is currently a wholly owned subsidiary of the Company. He has been with the CK Hutchison Holdings Limited group (the "Group") for over 20 years in various finance and accounting roles and has over 29 years of experience in accounting and finance. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Management Science. He is a member of both the Institute of Chartered Accountants in England & Wales and the Hong Kong Institute of Certified Public Accountants.

IP Sing Chi

aged 64, has been Group Managing Director of Hutchison Port Holdings Limited, the Company's ports division, since 2014 and has been with the Group since 1993. He is an Executive Director of Hutchison Port Holdings Management Pte. Limited ("HPHM") as trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"). He is also a Non-independent Non-executive Director of Westports Holdings Berhad, and an Independent Non-executive Director of COSCO SHIPPING Energy Transportation Co., Ltd. and Piraeus Port Authority S.A.. He was previously an Independent Non-executive Director of COSCO SHIPPING Ports Limited and an external Director of Hyundai Merchant Marine Co., Ltd.. In addition, Mr Ip was a member of the Hong Kong Port Development Council from 2009 until the end of December 2014 and was the founding Chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited. He has over 35 years of experience in the maritime industry. He holds a Bachelor of Arts degree.

KAM Hing Lam

aged 71, has been an Executive Director and Deputy Managing Director of the Company since January 2015. He is also an Executive Director and a Deputy Managing Director of CK Asset Holdings Limited ("CKA", formerly known as Cheung Kong Property Holdings Limited) and a member of its Executive Committee. He is the founding Group Managing Director of CK Infrastructure Holdings Limited (formerly known as Cheung Kong Infrastructure Holdings Limited), the infrastructure arm of the Company, and the founding President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc., the agriculture-related/nutraceutical/pharmaceutical business of the Company. Mr Kam has been Deputy Managing Director of Cheung Kong (Holdings) Limited ("Cheung Kong (Holdings)") since 1993. The listing status of Cheung Kong (Holdings) on The Stock Exchange of Hong Kong Limited was replaced by the Company in March 2015 and he was then re-designated as Director of Cheung Kong (Holdings) in June 2015. He has also been an Executive Director of HWL since 1993 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement and became a wholly owned subsidiary of the Company. He is also the Chairman and a Non-executive Director of Hui Xian Asset Management Limited as manager of Hui Xian Real Estate Investment Trust. Save and except CKA and its associated companies, the aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Kam acts as Director or senior executive for the purpose of overseeing the management of such businesses. Prior to joining the Group, Mr Kam had more than 20 years of experience in senior and regional capacities at major US multinational companies, including Johnson and Johnson, American Express and Levi Strauss. Mr Kam holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. He is the brother-in-law of Mr Li Ka-shing, Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the uncle of Mr Li Tzar Kuoi, Victor, the Group Co-Managing Director and Deputy Chairman of the Company.

Information on Senior Management

LAI Kai Ming, Dominic

aged 64, has been an Executive Director and Deputy Managing Director of the Company since June 2015. He has been an Executive Director of HWL since 2000 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement and became a wholly owned subsidiary of the Company. He is Group Managing Director of the A.S. Watson Group, the retail arm of the Company, and has been with the Group for over 20 years. He is also a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") and a Director of Hutchison Telecommunications (Australia) Limited ("HTAL") as well as Alternate Director to directors of each of HTHKH, HTAL and TOM Group Limited. The aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Lai acts as Director for the purpose of overseeing the management of such businesses. He has over 30 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

LUI Pok Man, Dennis

aged 67, has been Deputy Chairman and a Non-executive Director of HTHKH since 2009. He is also currently responsible for the telecommunications operations of the Company in Indonesia, Sri Lanka and Vietnam; and assists in overseeing those in Austria, Denmark, Ireland, Sweden and the United Kingdom. He has been with the telecommunications arm of the Company for over 31 years in various positions in a number of countries. He has over 32 years of experience in the telecommunications industry. He holds a Bachelor of Science degree.

John Lyon MULCAHY

aged 62, has been Group Treasurer of the Company since June 2015 and was previously the Group Treasurer since January 2015 of HWL, which was privatised by way of a scheme of arrangement in June 2015 and is currently a wholly owned subsidiary of the Company. He has been with the Group since 2000 as Deputy Group Treasurer of HWL and has over 38 years of experience in banking and finance. He holds a Bachelor of Science degree in International Politics and a Master's degree in Business Administration.

Edith SHIH

aged 66, has been an Executive Director of the Company since January 2017. She is also the Company Secretary of the Company and was the Head Group General Counsel of the Company from June 2015 to March 2017 overseeing legal, regulatory, corporate finance, compliance and corporate governance affairs of the Group. She was previously the Head Group General Counsel of HWL from 1993 to June 2015 and has been the Company Secretary of HWL since 1997. HWL was privatised by way of a scheme of arrangement in June 2015 and is currently a wholly owned subsidiary of the Company. She is also a Non-executive Director of HTHKH, Hutchison China MediTech Limited and HPHM as trustee-manager of HPH Trust. Ms Shih acts as Director of the aforementioned companies of the Group for the purpose of overseeing the management of such businesses. She has been with the Group for over 29 years and has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. She holds a Bachelor of Science degree in Education, a Master of Arts degree in Education, a Master of Arts degree in Teaching of English and a Master of Education degree in Applied Linguistics. She is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

Report of the Directors

The Directors have pleasure in submitting to shareholders their report and the audited financial statements for the year ended 31 December 2017.

Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and joint ventures are shown on pages 263 to 266.

Business Review

A fair review of the business of the Group as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), comprising a discussion and analysis of the Group's performance during the year, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2017 (if any) as well as an indication of likely future development in the business of the Group are provided in the sections "Chairman's Statement", "Operations Review", "Analyses of Core Business Segments by Geographical Location", "Analyses by Core Business Segments", "Key Financial Information", "Key Business Indicators" and "Business Highlights" on pages 4 to 71 and "Risk Factors" on pages 78 to 82 of this annual report. Discussions on the Group's environmental policies and performance, and an account of the Group's key relationships with its stakeholders are provided in the "Environmental, Social and Governance Report" on pages 83 to 97 of this annual report. Details regarding the Group's compliance with the relevant laws and regulations which have a significant impact on the Group are also provided in the "Environmental, Social and Governance Report" on pages 83 to 97 and the "Corporate Governance Report" on pages 144 to 158 of this annual report. All such discussions form part of this report.

Group Profit

The Consolidated Income Statement is set out on page 164 and shows the Group profit for the year ended 31 December 2017.

Dividends

An interim dividend of HK$0.78 per share was paid to shareholders on 14 September 2017.

The Directors recommended the declaration of a final dividend of HK$2.07 per share to be payable on Thursday, 31 May 2018 to all persons registered as holders of shares on the register of members of the Company on Wednesday, 16 May 2018, being the record date for determining the entitlement of shareholders to the proposed final dividend.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 43 to the financial statements on pages 261 to 262 and the Consolidated Statement of Changes in Equity on pages 168 to 169 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK$25,000,000 (2016 – approximately HK$55,000,000).

Fixed Assets

Particulars of the movements of fixed assets are set out in note 12 to the financial statements.

Share Capital

Details of the shares movement during the year are set out in note 31 to the financial statements.

Directors

As at the date of this report, the board of Directors of the Company (the "Board") comprises Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Mr Fok Kin Ning, Canning, Mr Frank John Sixt, Mr Ip Tak Chuen, Edmond, Mr Kam Hing Lam, Mr Lai Kai Ming, Dominic, Ms Edith Shih, Mr Chow Kun Chee, Roland, Mrs Chow Woo Mo Fong, Susan, Mr Lee Yeh Kwong, Charles, Mr Leung Siu Hon, Mr George Colin Magnus, Mr Kwok Tun-li, Stanley, Mr Cheng Hoi Chuen, Vincent, The Hon Sir Michael David Kadoorie, Ms Lee Wai Mun, Rose, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr William Shurniak, Mr Wong Chung Hin and Dr Wong Yick-ming, Rosanna.

During the year ended 31 December 2017 and the period up to the date of this report, the following changes to the Board composition took place:

(1) Ms Edith Shih was appointed as Executive Director on 1 January 2017; and

(2) Mrs Chow Woo Mo Fong, Susan was appointed as Non-executive Director on 1 January 2017.

Messrs Li Ka-shing, Fok Kin Ning, Canning, Ip Tak Chuen, Edmond, Lai Kai Ming, Dominic, Lee Yeh Kwong, Charles, Leung Siu Hon and Kwok Tun-li, Stanley, and Dr Wong Yick-ming, Rosanna will retire by rotation under the provision of Article 111(A) of the Articles of Association of the Company at the forthcoming annual general meeting. Mr Li ka-shing will not offer himself for re-election at the forthcoming annual general meeting while all other retiring Directors, being eligible, offer themselves for re-election.

The Company has received written confirmation from all Independent Non-executive Directors regarding their independence as required under Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers all the Independent Non-executive Directors to be independent.

The Directors' biographical details are set out in the "Information on Directors" section of this annual report.

Directors' Service Contract

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

Directors' Material Interests in Significant Transactions, Arrangements or Contracts

There were no transactions, arrangements or contracts that are significant in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected Transactions

During the year ended 31 December 2017 and up to the date of this report, the Group conducted the following transactions which constituted connected transactions for the Company under Chapter 14A of the Listing Rules, in respect of which announcements dated 16 January, 14 July and 27 July 2017 were issued respectively.

(1) Formation of a Joint Venture in connection with the Proposed Acquisition of Stapled Securities of the DUET Group listed on the Australian Securities Exchange by way of Schemes of Arrangement and a Trust Scheme

On 14 January 2017, CK Infrastructure Holdings Limited ("CKI", formerly known as Cheung Kong Infrastructure Holdings Limited, a non-wholly owned subsidiary of the Company), CK Asset Holdings Limited ("CKA", formerly known as Cheung Kong Property Holdings Limited) and Power Assets Holdings Limited ("Power Assets") (together, the "DUET Consortium Members") entered into a consortium formation agreement, pursuant to which, subject to obtaining the necessary independent shareholders' approvals ("DUET Approval(s)"), the relevant DUET Consortium Members would become indirect owners of CK William UK Holdings Limited ("DUET JV Co") and fund the DUET JV Co and its subsidiaries for the proposed acquisition of all of the stapled securities in issue of the DUET group (the "DUET Target") by way of schemes of arrangement and a trust scheme (the "Schemes") as described in the announcement dated 16 January 2017 issued by the Company (the "DUET Acquisition"), and enter into a shareholders' agreement to govern the shareholder relationship in DUET JV Co as well as the downstream business of the DUET Target (the "DUET JV Transaction"). On 14 January 2017, CKI together with CKA, Power Assets, CK William Australia Bidco Pty Ltd and the DUET Target entered into a scheme implementation agreement in relation to the DUET Acquisition. The DUET Target, whose securities were at the time listed on the Australian Securities Exchange, is an owner and operator of energy utility assets in Australia, the United States, Canada and the United Kingdom. Completion of the DUET Acquisition was subject to, among other things, the approval of the DUET Target's securityholders and other governmental approvals. The necessary DUET Approvals for the DUET JV Transaction were obtained at the respective general meetings of CKI, CKA and Power Assets held on 14 March 2017. As the Schemes became effective in May 2017, the DUET JV Transaction proceeded between, and the DUET Target would become indirectly held by, CKI, CKA and Power Assets as to 40%, 40% and 20% respectively upon completion of the DUET Acquisition, and the maximum financial commitment of CKI in relation to the DUET JV Transaction would be up to approximately AUD3,012 million (equivalent to approximately HK$17,259 million). The DUET Acquisition was completed in May 2017.

Given that CKA is deemed by The Stock Exchange of Hong Kong Limited (the "SEHK") as a connected person of the Company under the Listing Rules, the entering into of the DUET JV Transaction by CKI, which is a subsidiary of the Company, with CKA constituted a connected transaction for the Company under the Listing Rules.

(2) Sale and Purchase of 25% Equity Interests in CKP (Canada) Holdings Limited

On 14 July 2017, Canadian Household Infrastructure Limited (the "Purchaser", formerly known as Roaring Victory Limited, an indirect wholly owned subsidiary of CKI) as purchaser, Rich Heights Limited (the "Vendor", an indirect wholly owned subsidiary of CKA) as vendor and CKI as guarantor of the Purchaser entered into a share purchase, assignment and assumption agreement (the "SPA"), pursuant to which, conditional upon obtaining the approval of the independent shareholders of CKA, the Vendor agreed to dispose of 25% equity interest in CKP (Canada) Holdings Limited (the "Project Company", an indirect wholly owned subsidiary of CKA) to the Purchaser by (i) the sale and purchase of 2,500 common shares, representing 25% of the entire issued shares of the Project Company (the "Shares Transfer"); and (ii) the assignment of a promissory note (the "Note") issued by the Project Company to the Vendor in respect of the advances made by the Vendor in the principal amount of C$428.95 million, representing 25% of the aggregate principal amount of all loans advanced to the Project Company as of the date of the SPA, with an interest rate of 7.5% per annum (the "Transaction"). Pursuant to the SPA, the Vendor, the Purchaser, CKA, CKI and the Project Company would enter into a shareholders' agreement to govern the operation and management of the Project Company and its subsidiaries and the relationship between the CKA group and the CKI group upon completion of the Transaction. The Project Company holds a group of companies which is principally engaged in the building equipment services sector providing water heaters, HVAC (heating, ventilation and air conditioning) equipment, comfort protection plan and other services to homeowners primarily in Ontario, Canada, under the consumer brand identity of "Reliance Home Comfort". The independent CKA shareholders' approval for the Transaction was obtained at the general meeting of CKA held on 24 August 2017.

The aggregate consideration of the Transaction was approximately C$714.92 million (equivalent to approximately HK$4,386.03 million), which comprised (i) an approximate amount of C$285.97 million (equivalent to approximately HK$1,754.43 million), being the consideration for the Shares Transfer, and (ii) an approximate amount of C$428.95 million (equivalent to approximately HK$2,631.61 million), being the principal amount of the Note with any accrued and unpaid interest, net of any applicable taxes, on the Note as of the closing date that is five business days after fulfilment of the conditions under the SPA or such other date as agreed by the Vendor and the Purchaser. The Transaction was completed in September 2017.

Given that CKA is deemed by the SEHK as a connected person of the Company under the Listing Rules, the entering into of the Transaction by CKI, which is a subsidiary of the Company, with CKA constituted a connected transaction for the Company under the Listing Rules.

(3) Formation of a Joint Venture in connection with the Proposed Acquisition of All of the Shares and Preferred Equity Certificates in Issue of ista Luxemburg GmbH

On 27 July 2017, CKI, CKA and Sky Master Ventures Limited (a wholly owned subsidiary of CKA) entered into a joint venture formation agreement (the "JV Formation Agreement"), pursuant to which, subject to the obtaining of the necessary approvals of the independent shareholders of each of CKI and CKA (the "ista Approvals") and closing of ista Acquisition (as defined below), CKA and CKI would, among other things, indirectly own 65% and 35% of the shares in Sarvana S.à r.l. (the "ista JV Co") respectively and partly fund the proposed acquisition of all of the shares and preferred equity certificates in issue of ista Luxemburg GmbH ("ista", together with its subsidiaries, the "ista Group") as described in the announcement dated 27 July 2017 issued by the Company from Trius Holdings S.C.A. ("Trius") (the "ista Acquisition") and enter into a shareholders' agreement under which the parties would agree on rights and obligations in respect of their ongoing investment in the ista Group through ista JV Co (the "ista JV Transaction"). On 27 July 2017, Lamarillo S.à r.l. (a direct wholly owned subsidiary of ista JV Co) as purchaser and Trius entered into a sale and purchase agreement in relation to the ista Acquisition. ista Group is one of the world's leading fully integrated energy management services providers with strong market positions in Europe. The necessary ista Approvals for the ista JV Transaction were obtained at the respective general meetings of CKI and CKA held on 11 October 2017, ista would be (upon completion of the ista Acquisition) indirectly held by CKA and CKI as to 65% and 35% respectively, and the maximum financial commitment of CKI in relation to the ista JV Transaction would be EUR1,575 million (equivalent to approximately HK$14,490 million). The ista Acquisition and ista JV Transaction were completed in October 2017.

Given that CKA is deemed by the SEHK as a connected person of the Company under the Listing Rules, the entering into of the JV Formation Agreement by CKI, which is a subsidiary of the Company, with CKA constituted a connected transaction for the Company under the Listing Rules.

Continuing Connected Transactions

On 5 May 2015, the Company entered into an agreement (the "Master Leasing Agreement") with CKA setting out the framework terms governing the leasing and licensing of premises owned by the CKA group (including office space, car parks and building areas but excluding hotel premises), by members of the CKA group to members of the Group (the "Leasing Transactions") from 3 June 2015 to 31 December 2017.

Pursuant to the Master Leasing Agreement, relevant members of the Group and of the CKA group would enter into separate lease, tenancy or licence agreements with respect to each of the Leasing Transactions. The terms of, and the consideration payable under, such agreements would be negotiated on a case-by-case and arm's length basis, on normal commercial terms which, from the Group's perspective, would be no less favourable than those which the relevant members of the Group could obtain from independent landlords, lessors or licensors of comparable premises. In particular, the rental or licence fee payable would be at market rates, and the Group would seek competitive quotes (including conducting a comparison of prices of a sufficient number of independent landlords, lessors or licensors of comparable premises in the market) for management review with a view to ensuring that the rental or licence fees payable by the Group to the relevant members of the CKA group are reasonable, having regard to the size, location, facilities and conditions of the premises required. The management/service fees chargeable by the CKA group to relevant members of the Group would be the same as those chargeable by the CKA group to other tenants or licensees of the same building or property.

CKA is deemed by the SEHK as a connected person of the Company under the Listing Rules. Accordingly, the Leasing Transactions constituted continuing connected transactions of the Company under the Listing Rules. An announcement in respect of the Leasing Transactions was made by the Company on 4 June 2015 (the "2015 Announcement").

As disclosed in the 2015 Announcement, the maximum aggregate annual amount payable by the Group in respect of the Leasing Transactions for each of the three years ended 31 December 2017 are HK$683 million, HK$763 million and HK$856 million respectively.

The aggregate amount paid by the Group in respect of the Leasing Transactions for the year ended 31 December 2017 is approximately HK$680 million (being approximately 79% of the annual cap of HK$856 million for 2017).

The Group's internal audit has reviewed the Leasing Transactions under the Master Leasing Agreement for the year ended 31 December 2017 (the "2017 CCTs") and the internal control procedures in place in respect of the negotiation, review, approval and management process of the separate leases, tenancy or licence agreements for the Leasing Transactions entered into pursuant to the Master Leasing Agreement as well as the transactions recording, reporting and monitoring process, and is of the view that the 2017 CCTs were conducted in accordance with the terms of the Master Leasing Agreement on fair and reasonable commercial terms and in compliance with the internal control procedures.

All the Independent Non-executive Directors of the Company, having reviewed the 2017 CCTs and the findings provided by the Group's internal audit, confirmed that such transactions had been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged its external auditor to report on the 2017 CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on the work performed, the external auditor of the Company has confirmed in its letter to the Board that nothing has come to its attention which causes it to believe that:

(i) the 2017 CCTs have not been approved by the Board;

(ii) the 2017 CCTs were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iii) the aggregate amount paid by the Group in respect of the 2017 CCTs has exceeded the annual cap for 2017 as disclosed in the 2015 Announcement.

In anticipation of the expiration of the Master Leasing Agreement on 31 December 2017, the Company and CKA had on 15 December 2017 entered into a new master leasing agreement (the "New Master Leasing Agreement") setting out the framework terms governing the Leasing Transactions for the three financial years ending 31 December 2020. The terms of the New Master Leasing Agreement are substantially the same as those of the Master Leasing Agreement. An announcement in respect of the New Master Leasing Agreement was made by the Company on 15 December 2017 (the "2017 Announcement").

As disclosed in the 2017 Announcement, the maximum aggregate annual amount payable by the Group in respect of the Leasing Transactions under the New Master Leasing Agreement for each of the three years ending 31 December 2018, 2019 and 2020 are HK$770 million, HK$891 million and HK$937 million respectively. Details of the Leasing Transactions under the New Master Leasing Agreement will be reported in the next annual report of the Company in accordance with the Listing Rules.

A summary of all related parties transactions entered into by the Group during the year ended 31 December 2017 is contained in note 39 to the consolidated financial statements. All the related parties transactions described in this note do not fall under the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules, other than the transaction in relation to the acquisition of Hutchison Whampoa Limited ("HWL") pursuant to a group reorganisation took place in 2015 and resulted in the consolidation of traded debt securities issued by Husky Energy Inc. as described in note 39 which falls under the definition of "connected transaction" under the Listing Rules and was disclosed previously by HWL pursuant to the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2017.

Permitted Indemnity Provisions

The Articles of Association of the Company provides that subject to the provisions of the relevant statutes, every Director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, and against any loss in respect of his personal liability for the payment of any sum primarily due from the Company. Directors liability insurance is in place for the Directors of the Company and its subsidiaries in respect of potential costs and liabilities arising from claims that may be brought against the Directors. The relevant provisions in the Articles of Association of the Company and the Directors' liability insurance were in force during the financial year ended 31 December 2017 and as of the date of this report.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures are set out in the section "Information on Directors" on pages 109 to 114.

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

So far as the Directors and chief executive of the Company are aware, as at 31 December 2017, other than the interests of the Directors and chief executive of the Company as disclosed in the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under "Information on Directors", the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK:

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

Long positions in the shares of the Company

Names	Capacity	Number of Shares Held	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee and beneficiary of a trust	1,001,953,744 (1)	25.97%
Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust	Trustee and beneficiary of a trust	1,001,953,744 (1)	25.97%
Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1")	Trustee	1,001,953,744 (1)	25.97%

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

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

Name	Capacity	Number of Shares/ Underlying Shares Held	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Beneficial owner	54,662,133		
	Investment manager	54,915,215		
	Trustee	39,099		
	Custodian corporation/ approved lending agent	161,820,930	271,437,377 (2)	7.03%

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

Name	Capacity	Number of Shares/ Underlying Shares Held	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Beneficial owner	10,668,806	10,668,806 [(3)]	0.27%

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

Name	Capacity	Number of Shares/ Underlying Shares Held	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Custodian corporation/ approved lending agent	161,820,930	161,820,930	4.19%

Notes:

(1) The three references to 1,001,953,744 shares of the Company relate to the same block of shares of the Company. Of these 1,001,953,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 88,575,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TDT1, TDT2 and TUT1 is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (1)(a) under the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" in "Information on Directors" under the SFO.

(2) Such long position includes derivative interests in 5,043,923 underlying shares of the Company of which 3,124,501 underlying shares are derived from listed and physically settled derivatives, 152,000 underlying shares are derived from listed and cash settled derivatives, 494,801 underlying shares are derived from unlisted and physically settled derivatives and 1,272,621 underlying shares are derived from unlisted and cash settled derivatives.

(3) Such short position includes derivative interests in 10,660,406 underlying shares of the Company of which 805,500 underlying shares are derived from listed and physically settled derivatives, 904,950 underlying shares are derived from listed and cash settled derivatives, 183,836 underlying shares are derived from unlisted and physically settled derivatives and 8,766,120 underlying shares are derived from unlisted and cash settled derivatives.

Save as disclosed above, as at 31 December 2017, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the year.

Share Option Schemes

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

(I) Hutchison China MediTech Limited ("Chi-Med")

2006 Share Option Scheme (the "2006 Plan")

On 18 May 2006, Chi-Med adopted the 2006 Plan for the grant of options to acquire ordinary shares in the share capital of Chi-Med (the "Chi-Med Shares"). The 2006 Plan was valid and effective during the period from 18 May 2006 to 17 May 2016, being the date falling 10 years from the date on which the 2006 Plan was adopted. After 17 May 2016, no further share options could be granted under the 2006 Plan but the provisions of the 2006 Plan remained in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior to the end of the validity period or otherwise to the extent as may be required in accordance with the provisions of the 2006 Plan. A summary of the 2006 Plan is as follows:

(1) The purpose of the 2006 Plan is to provide Chi-Med with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to 2006 Chi-Med Eligible Persons (as defined below).

(2) Share options may be granted to a "2006 Chi-Med Eligible Person", being any person who is (or will be on and following the date of offer of the relevant option) a director (other than an independent non-executive director) or an employee of Chi-Med, its listed parent company (which is currently the Company) and any of its subsidiaries, and any holding company, subsidiaries or affiliates of Chi-Med or other companies which the board of directors of Chi-Med (the "Chi-Med Board") determines will be subject to the 2006 Plan, who is notified by the Chi-Med Board that he or she is an eligible person. Actual participation is at the discretion of the Chi-Med Board.

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

(4) Unless otherwise determined by the Chi-Med Board and stated in the offer of the grant of share options to a 2006 Chi-Med Eligible Person, there is no minimum period required under the 2006 Plan for the holding of a share option before it can be exercised.

(5) Subject to any adjustment according to the rules of the 2006 Plan, the subscription price shall be:

   (a) in the case of the one-time initial grants of share options by Chi-Med under the 2006 Plan to founders and non-founders prior to the Chi-Med Listing (as defined below), the price determined by the Chi-Med Board and notified to the relevant share option holder; and

   (b) in respect of any other share option, the 2006 Market Value (as defined below) of the Chi-Med Shares as at the offer date,

   where "2006 Market Value" on any particular day on or after the Chi-Med Listing means the higher of: (a) the average of the closing prices of the Chi-Med Shares on the five dealing days immediately preceding the offer date; (b) the closing price of the Chi-Med Shares as stated on a recognised stock exchange's daily quotations sheet of such shares on the offer date; and (c) the nominal value of the Chi-Med Shares.

(6) The maximum number of Chi-Med Shares which may be allotted and issued pursuant to the 2006 Plan is subject to the following:

   (a) the total number of Chi-Med Shares which may be issued upon the exercise of all share options to be granted under all share option schemes of Chi-Med must not in aggregate exceed 5% of the Chi-Med Shares in issue on the date on which the Chi-Med Shares are listed for trading on a recognised stock exchange (including the AIM) (the "Chi-Med Listing");

   (b) the Chi-Med Board may refresh and recalculate the limit in paragraph (6)(a) above by reference to the issued share capital of Chi-Med then prevailing with the approval of the shareholders of its listed parent company (which is currently the Company) if required under the Listing Rules in a general meeting, provided that the total number of Chi-Med Shares issued and issuable pursuant to the exercise of share options under all share option schemes of Chi-Med may not exceed 10% of the issued ordinary share capital on the date of the approval of the refreshed limit. Share options previously granted under the 2006 Plan and any other employee share schemes of Chi-Med (including those outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the limit as refreshed. As at the date of this report, the total number of Chi-Med Shares available for issue under the 2006 Plan (including the share options granted but yet to be exercised) is 282,726, representing approximately 0.43% of the total number of Chi-Med Shares in issue as at that date;

(c) share options may be granted to any 2006 Chi-Med Eligible Person(s) specifically identified by the Chi-Med Board in excess of the limit, including the refreshed limit, under paragraphs (6)(a) and (6)(b) above, with the approval of the shareholders of Chi-Med in a general meeting and by the shareholders of the listed parent company, if required under the Listing Rules, and subject to paragraphs (6)(d) and (6)(e) below and restrictions on grant to key individuals under the 2006 Plan;

(d) (i) no 2006 Chi-Med Eligible Person may be granted a share option if, as a result, the total number of Chi-Med Shares over which that 2006 Chi-Med Eligible Person holds share options granted in the previous 12 months, when added to the number of Chi-Med Shares, the subject of the proposed grant, would exceed 1% of the issued ordinary share capital of Chi-Med on that date; and

(ii) notwithstanding paragraph (6)(d)(i) above, share options may be granted to any 2006 Chi-Med Eligible Person(s) which would cause the limit under paragraph (6)(d)(i) above to be exceeded, but only with the approval of the shareholders of the listed parent in a general meeting (with such 2006 Chi-Med Eligible Person and his/her associates abstaining from voting) and subject to paragraph (6)(e) below; and

(e) the total number of shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the 2006 Plan and under any other share option scheme of Chi-Med must not exceed 10% of the Chi-Med Shares in issue from time to time.

Subject to and in accordance with the rules of the 2006 Plan, a share option may be exercised during a period which is notified at the offer date of the share option, such period will not exceed the period of 10 years from such offer date.

2016 Share Option Scheme (the "2016 Plan")

On 24 April 2015, Chi-Med conditionally adopted the 2016 Plan for the grant of options to acquire the Chi-Med Shares. The 2016 Plan is valid and effective during the period commencing on 13 May 2016 and ending on 12 May 2026, being the date falling 10 years from the date on which the 2016 Plan became unconditional. The 2016 Plan has a remaining term of approximately eight years as at the date of this report. A summary of the 2016 Plan is as follows:

(1) The purpose of the 2016 Plan is to provide Chi-Med with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to 2016 Chi-Med Eligible Persons (as defined below).

(2) Share options may be granted to a "2016 Chi-Med Eligible Person", being any person who is (or will be on and following the date of offer of the relevant option) a non-executive director (excluding any independent non-executive directors) or an employee or director holding salaried office or employment under a contract with Chi-Med, its listed parent company (which is currently the Company) and any of its subsidiaries or affiliates, and any holding company, subsidiaries or affiliates of Chi-Med or other companies which the Chi-Med Board determines will be subject to the 2016 Plan, who is notified by the Chi-Med Board that he or she is an eligible person.

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

(4) Unless otherwise determined by the Chi-Med Board and stated in the offer of the grant of share options to a 2016 Chi-Med Eligible Person, there is no minimum period required under the 2016 Plan for the holding of a share option before it can be exercised.

(5) Subject to any adjustment according to the rules of the 2016 Plan, the exercise price shall be, in respect of any share option, the 2016 Market Value (as defined below) of the Chi-Med Shares as at the offer date,

where "2016 Market Value" on any particular day means:

(i) where the Chi-Med Shares of the same class are admitted to trading on any stock exchange, the higher of:

(a) the average of the closing prices of the Chi-Med Shares on the five dealing days immediately preceding the offer date;

(b) the closing price of the Chi-Med Shares as stated on a recognised stock exchange's daily quotations sheet of such shares on the offer date; and

(c) the nominal value of the Chi-Med Shares; or

(ii) where the Chi-Med Shares of the same class are not admitted to trading on any recognised stock exchange, the value of a Chi-Med Share determined in such manner as the Chi-Med Board considers reasonable according to objective criteria.

(6) The maximum number of Chi-Med Shares which may be allotted and issued pursuant to the 2016 Plan is subject to the following:

(a) the total number of Chi-Med Shares which may be issued upon the exercise of all options to be granted under the 2016 Plan must not in aggregate exceed 4% of the Chi-Med Shares in issue as at 13 May 2016, being the date on which the 2016 Plan was approved by the shareholders of the Company in general meeting (the "Scheme Limit"). Share options lapsed in accordance with the terms of the 2016 Plan will not be counted for the purpose of calculating the Scheme Limit;

(b) the Chi-Med Board may refresh the Scheme Limit by reference to the issued share capital of Chi-Med then prevailing with the approval of the shareholders of its listed parent company (which is currently the Company) if required under the Listing Rules in a general meeting, provided that the total number of Chi-Med Shares which may be issued upon exercise of share options to be granted under the 2016 Plan and any options under any other share option schemes of Chi-Med under the limit as refreshed shall not exceed 10% of the Chi-Med Shares in issue at the date on which shareholders of the listed parent company approve the refreshed limit (where applicable). Share options previously granted under the 2016 Plan and any other share option schemes of Chi-Med (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as refreshed. As at the date of this report, the total number of Chi-Med Shares available for issue under the 2016 Plan (including the share options granted but yet to be exercised) is 2,425,597, representing approximately 3.65% of the total number of Chi-Med Shares in issue as at that date;

(c) share options may be granted to any 2016 Chi-Med Eligible Person(s) specifically identified by the Chi-Med Board which would cause the Scheme Limit (including, for the avoidance of doubt, any such limit as refreshed under paragraph (6)(b) above) to be exceeded, but only with the approval of the shareholders of Chi-Med in a general meeting (and by the shareholders of the listed parent company, if required under the Listing Rules), and subject always to paragraphs (6)(d) and (6)(e) below and restrictions on grant to key individuals under the 2016 Plan;

(d) (i) the Chi-Med Board shall not grant any share options (the "Relevant Chi-Med Options") to any 2016 Chi-Med Eligible Person which, if exercised, would result in such person becoming entitled to subscribe for such number of Chi-Med Shares as, when aggregated with the total number of Chi-Med Shares already issued or to be issued to him/her under all share options (including both exercised and outstanding share options) granted to him/her in the 12-month period up to and including the offer date of the Relevant Chi-Med Options, exceeds 1% of the Chi-Med Shares in issue at such date; and

(ii) notwithstanding paragraph (6)(d)(i) above, the Chi-Med Board may grant share options to any 2016 Chi-Med Eligible Person(s) which would cause the limit under paragraph (6)(d)(i) above in relation to such 2016 Chi-Med Eligible Person to be exceeded, but only with the approval of the shareholders of the listed parent in a general meeting (with such 2016 Chi-Med Eligible Person and his/her associates abstaining from voting) and subject to paragraph (6)(e) below; and

(e) the total number of Chi-Med Shares which may be issued upon exercise of all outstanding share options granted and not yet exercised under the 2016 Plan and under any other share option scheme of Chi-Med must not exceed 10% of the Chi-Med Shares in issue from time to time.

Subject to and in accordance with the rules of the 2016 Plan, a share option may be exercised during a period which is notified at the offer date of the share option, such period will not exceed the period of 10 years from such offer date.

Particulars of share options outstanding under the 2006 Plan and the 2016 Plan at the beginning and at the end of the financial year ended 31 December 2017 and share options granted, exercised, cancelled or lapsed under the 2006 Plan and the 2016 Plan during the year were as follows:

2006 Plan

Category of participant	Date of grant of share options	Number of share options held as at 1 January 2017	Granted during 2017	Exercised during 2017	Lapsed/ cancelled during 2017	Number of share options held as at 31 December 2017	Exercise period of share options	Exercise price of share options £	Price of Chi-Med Share prior to the grant date of share options £	Price of Chi-Med Share prior to the exercise date of share options £
Employees in aggregate	18.5.2007 [1]	11,656	-	(11,656)	-	-	18.5.2007 to 17.5.2017	1.535	1.535 [5]	29.630 [6]
	24.6.2011 [2]	75,000	-	-	-	75,000	24.6.2011 to 23.6.2021	4.405	4.400 [5]	N/A
	20.12.2013 [2]	259,254	-	(44,653)	(6,875)	207,726	20.12.2013 to 19.12.2023	6.100	6.100 [5]	38.268 [6]
Total:		345,910	-	(56,309)	(6,875)	282,726				

2016 Plan

Name or Category of participant	Date of grant of share options	Number of share options held as at 1 January 2017	Granted during 2017	Exercised during 2017	Lapsed/ cancelled during 2017	Number of share options held as at 31 December 2017	Exercise period of share options	Exercise price of share options £	Price of Chi-Med Share prior to the grant date of share options £	Price of Chi-Med Share prior to the exercise date of share options £
Director										
Weiguo Su	15.6.2016 [3]	300,000	-	-	-	300,000	15.6.2016 to 19.12.2023	19.700	19.750 [5]	N/A
	27.3.2017 [2]	-	100,000	-	-	100,000	27.3.2017 to 26.3.2027	31.050	31.050 [5]	N/A
Employees in aggregate	15.6.2016 [3]	293,686	-	-	-	293,686	15.6.2016 to 19.12.2023	19.700	19.750 [5]	N/A
	15.6.2016 [4]	100,000	-	-	-	100,000	15.6.2016 to 27.6.2024	19.700	19.750 [5]	N/A
	27.3.2017 [2]	-	50,000	-	-	50,000	27.3.2017 to 26.3.2027	31.050	31.050 [5]	N/A
Total:		693,686	150,000	-	-	843,686				

Notes:

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

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

(3) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of approximately 50% on the day after the acceptance of the offer, approximately 25% on 20 December 2016 and approximately 25% on 20 December 2017.

(4) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of approximately 50% on the day after the acceptance of the offer, approximately 25% on 28 June 2017 and approximately 25% on 28 June 2018.

(5) The stated price was the closing price of the Chi-Med Shares quoted on AIM on the trading day immediately prior to the date of grant of share options.

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

As at the date of this report, Chi-Med has 282,726 share options and 843,686 share options outstanding under the 2006 Plan and 2016 Plan respectively, representing approximately 0.43% and 1.27% respectively of the Chi-Med Shares in issue as at that date.

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

Value of each share option	£12.69
Significant inputs into the valuation model:	
Exercise price	£31.05
Share price at effective grant date	£31.05
Expected volatility	36.3%
Risk-free interest rate	1.17%
Contractual life of share options	10 years
Expected dividend yield	0%

The volatility of the underlying stock during the life of the share options was estimated with reference to the historical volatility prior to the issuances of share options. Changes in such subjective input assumptions could affect the fair value estimate.

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

On 1 June 2007, HTAL adopted a share option plan (the "HTAL Plan") for the grant of options to acquire ordinary shares in the share capital of HTAL (the "HTAL Shares"). The HTAL Plan was valid and effective during the period from 1 June 2007 to 31 May 2017, being the date falling 10 years from the date on which the HTAL Plan was adopted. After 31 May 2017, no further share options could be granted under the HTAL Plan but the provisions of the HTAL Plan remained in full force and effect to the extent as may be required in accordance with the provisions of the HTAL Plan. A summary of the HTAL Plan is as follows:

(1) The purpose of the HTAL Plan is to provide HTAL with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to HTAL Eligible Persons (as defined below).

(2) Share options may be granted to any person who is a full time or part time employee (including a director employed in an executive capacity) or a non-executive director (including any independent non-executive director) of HTAL and any of its related body corporate (within the meaning given by section 50 of the Corporations Act 2001 (Cth) of the Commonwealth of Australia (the "Corporations Act")) (the "HTAL Eligible Person") and is declared by the board of directors of HTAL (the "HTAL Board") to be an eligible person for the purposes of the HTAL Plan. The HTAL Board may, at its discretion, grant a right to a HTAL Eligible Person to acquire (in the case of a share option that has an exercise price, by subscription or purchase) HTAL Shares (the "Right").

(3) No payment is required for the grant of a Right unless the HTAL Board determines otherwise.

(4) Unless otherwise determined by the HTAL Board and stated in the offer of the grant of share options to a HTAL Eligible Person, there is no minimum period required under the HTAL Plan for the holding of a share option before it can be exercised.

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

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

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

    A HTAL Share does not have any nominal value.

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

(a) the maximum number of HTAL Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the HTAL Plan and any other share option scheme of HTAL or any of its subsidiaries ("Other HTAL Plan") must not in aggregate exceed 30% of the HTAL Shares in issue from time to time;

(b) the total number of HTAL Shares which may be allotted and issued upon the exercise of all Rights and share options (excluding, for this purpose, Rights and share options which have lapsed in accordance with the terms of the HTAL Plan and Other HTAL Plan) to be granted under the HTAL Plan and Other HTAL Plan must not in aggregate exceed 10% of the HTAL Shares in issue as at 1 June 2007 (the "Adoption Date"), being the date of passing the relevant resolution adopting the HTAL Plan (the "HTAL General Scheme Limit") provided that:

(i) subject to paragraph (6)(a) above and without prejudice to paragraph (6)(b)(ii) below, the HTAL Board may, with the approval of the shareholders of the Company in a general meeting if required to do so and in compliance with other applicable requirements under the Listing Rules, refresh the HTAL General Scheme Limit provided that the total number of HTAL Shares which may be allotted and issued upon the exercise of all Rights and share options under the HTAL Plan and Other HTAL Plan must not exceed 10% of the HTAL Shares in issue at the date on which shareholders of the Company approve such refreshed limit (where applicable) and for the purpose of calculating the limit, the Rights and share options (including those outstanding, cancelled, lapsed or exercised in accordance with the HTAL Plan and Other HTAL Plan) previously granted under the HTAL Plan and Other HTAL Plan will not be counted; and

(ii) subject to paragraph (6)(a) and without prejudice to paragraph (6)(b)(i) above, the HTAL Board may, with the approval of the Company's shareholders in a general meeting if required to do so and in compliance with the other applicable requirements under the Listing Rules, grant Rights beyond the HTAL General Scheme Limit or, if applicable, the extended limit referred to in paragraph (6)(b)(i) to the participants specifically identified by the HTAL Board before such approval is sought;

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

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

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

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

(d) the total number of HTAL Shares issued and to be issued upon the exercise of the share options granted to each participant in the HTAL Plan or Other HTAL Plan (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of HTAL, unless approved by the shareholders of the Company in a general meeting (with such participant and his/her associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

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

There were no share options outstanding under the HTAL Plan at the beginning or at the end of the financial year ended 31 December 2017 nor was any share option granted, exercised, cancelled or lapsed under the HTAL Plan during the year.

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

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

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

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

(a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any executive director but excluding any non-executive director) of HTHKH, any of its subsidiaries or any entity in which any member of the HTHKH Group holds any equity interest (the "HTHKH Invested Entity");

(b) any non-executive directors (including independent non-executive directors) of HTHKH, any of its subsidiaries or any HTHKH Invested Entity;

(c) any supplier of goods or services to any member of the HTHKH Group or any HTHKH Invested Entity;

(d) any customer of any member of the HTHKH Group or any HTHKH Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the HTHKH Group or any HTHKH Invested Entity;

(f) any shareholders of any member of the HTHKH Group or any HTHKH Invested Entity or any holder of any securities issued by any member of the HTHKH Group or any HTHKH Invested Entity;

(g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the HTHKH Group; and

(h) any company wholly owned by any one or more persons belonging to any of the above classes of participants.

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

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

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

(4) Unless otherwise determined by the HTHKH Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the HTHKH Plan for the holding of a share option before it can be exercised.

(5) The subscription price for the HTHKH Shares under the HTHKH Plan shall be a price determined by the HTHKH Directors but shall not be less than the highest of (a) the closing price of HTHKH Shares as stated in the daily quotations sheet of the SEHK for trade in one or more board lots of the HTHKH Shares on the date of the offer of grant of the share options which must be a business day; (b) the average closing price of the HTHKH Shares as stated in the SEHK's daily quotations sheet for trade in one or more board lots of the HTHKH Shares for the five business days immediately preceding the date of the offer of grant of the share options which must be a business day; and (c) the nominal value of HTHKH Shares.

(6) The maximum number of HTHKH Shares which may be allotted and issued pursuant to the HTHKH Plan is as follows:

(a) the maximum number of HTHKH Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HTHKH Plan and any other share option scheme adopted by the HTHKH Group ("Other HTHKH Plan") must not in aggregate exceed 30% of the relevant class of securities of HTHKH (or its subsidiaries) in issue from time to time;

(b) the total number of HTHKH Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HTHKH Plan and Other HTHKH Plan) to be granted under the HTHKH Plan and Other HTHKH Plan must not in aggregate exceed 10% of the relevant class of securities of HTHKH (or its subsidiaries) in issue, being 4,814,346,208 HTHKH Shares, as at 8 May 2009, the date on which the HTHKH Shares were first listed on the SEHK (the "HTHKH Listing Date") (the "HTHKH General Scheme Limit"). Based on the number of HTHKH Shares in issue on the HTHKH Listing Date, the HTHKH General Scheme Limit of the HTHKH Plan is 481,434,620 HTHKH Shares. As at the date of this report, the total number of HTHKH Shares available for issue under the HTHKH Plan (including the share options granted but yet to be exercised) is 476,884,620, representing approximately 9.90% of the total number of HTHKH Shares in issue as at that date;

(c) subject to paragraph (6)(a) above and without prejudice to paragraph (6)(d) below, HTHKH may seek approval of its shareholders (the "HTHKH Shareholders") in a general meeting to refresh the HTHKH General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) provided that the total number of HTHKH Shares which may be allotted and issued upon the exercise of all share options to be granted under the HTHKH Plan and Other HTHKH Plan must not exceed 10% of the relevant class of securities of HTHKH (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options including those outstanding, cancelled, lapsed or exercised in accordance with the HTHKH Plan and Other HTHKH Plan previously granted under the HTHKH Plan and Other HTHKH Plan will not be counted;

(d) subject to paragraph (6)(a) above and without prejudice to paragraph (6)(c) above, HTHKH may seek separate approval of the HTHKH Shareholders in a general meeting to grant share options under the HTHKH Plan beyond the HTHKH General Scheme Limit (a circular containing the information required by the Listing Rule to be despatched to the HTHKH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph (6)(c) above to participants specifically identified by HTHKH before such approval is sought; and

(e) the total number of HTHKH Shares issued and to be issued upon the exercise of the share options granted to each participant under the HTHKH Plan and Other HTHKH Plan (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of HTHKH, unless approved by the HTHKH Shareholders in a general meeting (with such participant and his/her associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

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

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

Particulars of share options outstanding under the HTHKH Plan at the beginning and at the end of the financial year ended 31 December 2017 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during the year were as follows:

Category of participant	Date of grant of share options (1)	Number of share options held as at 1 January 2017	Granted during 2017	Exercised during 2017	Lapsed/ cancelled during 2017	Number of share options held as at 31 December 2017	Exercise period of share options	Exercise price of share options (2) HK$	Price of HTHKH Share prior to the grant date of share options (3) HK$	Price of HTHKH Share prior to the exercise date of share options HK$
Employees in aggregate	1.6.2009	200,000	–	–	–	200,000	1.6.2009 to 31.5.2019	1.00	0.96	N/A
Total:		200,000	–	–	–	200,000				

Notes:

(1) The share options were vested in three tranches, approximately one-third each on 1 June 2009, 23 November 2009 and 23 November 2010, respectively, so long as the grantee remained an Eligible Participant (as defined in the HTHKH Plan) on each vesting date.

(2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTHKH Plan.

(3) The stated price was the closing price of the HTHKH Shares on the SEHK on the trading day immediately prior to the date of grant of the share options.

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

No share option was granted under the HTHKH Plan during the year ended 31 December 2017.

(IV) Hydrospin Monitoring Solutions Ltd ("Hydrospin")

On 11 June 2015, Hydrospin, an incubator Company in Israel, adopted a share option scheme (the "Hydrospin Plan") for the grant of options to acquire ordinary shares in the share capital of Hydrospin (the "Hydrospin Shares"). The Hydrospin Plan is valid and effective during the period commencing on 11 June 2015 and ending on 10 June 2025, being the date falling 10 years from the date on which the Hydrospin Plan was adopted. The Hydrospin Plan has a remaining term of approximately seven years as at the date of this report. A summary of the Hydrospin Plan is as follows:

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

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

(a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any executive director but excluding any non-executive director) of Hydrospin, any of its subsidiaries or any entity in which any member of the Hydrospin Group holds an equity interest (the "Hydrospin Invested Entity");

(b) any non-executive directors (including independent non-executive directors) of Hydrospin, any of its subsidiaries or any Hydrospin Invested Entity;

(c) any supplier of goods or services to any member of the Hydrospin Group or any Hydrospin Invested Entity;

(d) any customer of any member of the Hydrospin Group or any Hydrospin Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the Hydrospin Group or any Hydrospin Invested Entity;

(f) any shareholder of any member of the Hydrospin Group or any Hydrospin Invested Entity or any holder of any securities issued by any member of the Hydrospin Group or any Hydrospin Invested Entity;

(g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the Hydrospin Group; and

(h) any company wholly owned by any one or more persons belonging to any one or more of the above classes of participants.

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

(3) Share option holders are not required to pay for the acceptance of a grant of share options.

(4) Unless otherwise determined by the Hydrospin Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Hydrospin Plan for the holding of a share option before it can be exercised.

(5) The subscription price for the Hydrospin Shares under the Hydrospin Plan shall be a price determined by the Hydrospin Directors but shall, if the Hydrospin Shares are traded on a stock exchange (the "Stock Exchange", being the SEHK or other principal stock exchange in Hong Kong for the time being or such other stock exchange which is the principal stock exchange (as determined by the Hydrospin Directors) on which the relevant shares are for the time being listed or traded), not be less than the highest of (a) the closing price of the Hydrospin Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Hydrospin Shares on the date of the offer of grant of the share options which must be a day on which the banks in the State of Israel are open for business (the "Israel Business Day"); (b) the average closing price of the Hydrospin Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Hydrospin Shares for the five Israel Business Days immediately preceding the date of the offer of grant of the share options which must be an Israel Business Day; and (c) the nominal value of a Hydrospin Share.

The subscription price of any share option granted within the period commencing six months before the listing of the Hydrospin Shares on a Stock Exchange up to the listing date of the Hydrospin Shares on a Stock Exchange shall be adjusted immediately following such listing, at the discretion of the Hydrospin Directors, provided that such subscription price shall not be lower than the new issue price.

(6) The maximum number of the Hydrospin Shares which may be allotted and issued pursuant to the Hydrospin Plan is as follows:

(a) the maximum number of the Hydrospin Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the Hydrospin Plan and any other share option scheme adopted by the Hydrospin Group ("Other Hydrospin Plan") shall not exceed 30% of the relevant class of securities of Hydrospin (or its subsidiaries) in issue from time to time;

(b) the total number of the Hydrospin Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the Hydrospin Plan and Other Hydrospin Plan) to be granted under the Hydrospin Plan and Other Hydrospin Plan must not in aggregate exceed 10% of the relevant class of securities of Hydrospin (or its subsidiaries) in issue as at the date the Hydrospin Plan is approved and adopted by the Hydrospin Directors (the "Hydrospin General Scheme Limit"). Based on the number of the Hydrospin Shares in issue on the date the Hydrospin Plan is approved and adopted, the Hydrospin General Scheme Limit of the Hydrospin Plan is 122 Hydrospin Shares. As at the date of this report, the total number of Hydrospin Shares available for issue under the Hydrospin Plan is 122, representing approximately 10% of the total number of the Hydrospin Shares in issue as at that date;

(c) subject to paragraph 6(a) above and without prejudice to paragraph 6(d) below, the Company may seek approval of its shareholders (the "CKHH Shareholders") in a general meeting to refresh the Hydrospin General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) provided that the total number of the Hydrospin Shares which may be allotted and issued upon the exercise of all share options to be granted under the Hydrospin Plan and Other Hydrospin Plan must not exceed 10% of the relevant class of securities of Hydrospin (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options (including those outstanding, cancelled, lapsed or exercised in accordance with the Hydrospin Plan and Other Hydrospin Plan) previously granted under the Hydrospin Plan and Other Hydrospin Plan will not be counted;

(d) subject to paragraph 6(a) above and without prejudice to paragraph 6(c) above, the Company may seek separate approval of the CKHH Shareholders in a general meeting to grant share options under the Hydrospin Plan beyond the Hydrospin General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph 6(c) above to participants specifically identified by Hydrospin before such approval is sought; and

(e) the total number of the Hydrospin Shares issued, and which may fall to be issued, upon the exercise of the share options granted under the Hydrospin Plan and Other Hydrospin Plan (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the relevant class of securities of Hydrospin for the time being unless approved by the CKHH Shareholders in a general meeting (with such participant and his/her associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

A share option may be exercised in accordance with the terms of the Hydrospin Plan at any time during a period (which may not expire later than 10 years from the date of grant of the share option) to be determined on the date of grant of the share option and notified by the Hydrospin Directors to each grantee, and in the absence of such determination, from the date on which such share option is deemed to have been granted to the date falling 10 years from the date of grant of the share option subject to the provisions for early termination thereof.

No share options were granted under the Hydrospin Plan during the year ended 31 December 2017.

(V) Aquarius Spectrum Ltd ("Aquarius")

On 8 July 2015, Aquarius, an incubator company in Israel, adopted a share option scheme (the "Aquarius Plan") for the grant of options to acquire ordinary shares in the share capital of Aquarius (the "Aquarius Shares"). The Aquarius Plan is valid and effective during the period commencing on 8 July 2015 and ending on 7 July 2025, being the date falling 10 years from the date on which the Aquarius Plan was adopted. The Aquarius Plan has a remaining term of approximately seven years as at the date of this report. A summary of the Aquarius Plan is as follows:

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

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

(a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any executive director but excluding any non-executive director) of Aquarius, any of its subsidiaries or any entity in which any member of the Aquarius Group holds an equity interest (the "Aquarius Invested Entity");

(b) any non-executive directors (including independent non-executive directors) of Aquarius, any of its subsidiaries or any Aquarius Invested Entity;

(c) any supplier of goods or services to any member of the Aquarius Group or any Aquarius Invested Entity;

(d) any customer of any member of the Aquarius Group or any Aquarius Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the Aquarius Group or any Aquarius Invested Entity;

(f) any shareholder of any member of the Aquarius Group or any Aquarius Invested Entity or any holder of any securities issued by any member of the Aquarius Group or any Aquarius Invested Entity;

(g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the Aquarius Group; and

(h) any company wholly owned by any one or more persons belonging to any one or more of the above classes of participants.

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

(3) Share option holders are not required to pay for the acceptance of a grant of share options.

(4) Unless otherwise determined by the Aquarius Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Aquarius Plan for the holding of a share option before it can be exercised.

(5) The subscription price for the Aquarius Shares under the Aquarius Plan shall be a price determined by the Aquarius Directors but shall, if the Aquarius Shares are traded on a Stock Exchange, not be less than the highest of (a) the closing price of the Aquarius Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Aquarius Shares on the date of the offer of grant of the share options which must be an Israel Business Day; (b) the average closing price of the Aquarius Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Aquarius Shares for the five Israel Business Days immediately preceding the date of the offer of grant of the share options which must be an Israel Business Day; and (c) the nominal value of an Aquarius Share.

The subscription price of any share option granted within the period commencing six months before the listing of the Aquarius Shares on a Stock Exchange up to the listing date of the Aquarius Shares on a Stock Exchange shall be adjusted immediately following such listing, at the discretion of the Aquarius Directors, provided that such subscription price shall not be lower than the new issue price.

(6) The maximum number of the Aquarius Shares which may be allotted and issued pursuant to the Aquarius Plan is as follows:

(a) the maximum number of the Aquarius Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the Aquarius Plan and any other share option scheme adopted by the Aquarius Group ("Other Aquarius Plan") shall not exceed 30% of the relevant class of securities of Aquarius (or its subsidiaries) in issue from time to time;

(b) the total number of the Aquarius Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the Aquarius Plan and Other Aquarius Plan) to be granted under the Aquarius Plan and Other Aquarius Plan must not in aggregate exceed 10% of the relevant class of securities of Aquarius (or its subsidiaries) in issue as at the date the Aquarius Plan is approved and adopted by the Aquarius Directors (the "Aquarius General Scheme Limit"). Based on the number of the Aquarius Shares in issue on the date the Aquarius Plan is approved and adopted, the Aquarius General Scheme Limit of the Aquarius Plan is 2,645 Aquarius Shares. As at the date of this report, the total number of Aquarius Shares available for issue under the Aquarius Plan is 2,645, representing approximately 4.79% of the total number of the Aquarius Shares in issue as at that date;

(c) subject to paragraph 6(a) above and without prejudice to paragraph 6(d) below, the Company may seek approval of the CKHH Shareholders in a general meeting to refresh the Aquarius General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) provided that the total number of the Aquarius Shares which may be allotted and issued upon the exercise of all share options to be granted under the Aquarius Plan and Other Aquarius Plan must not exceed 10% of the relevant class of securities of Aquarius (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options (including those outstanding, cancelled, lapsed or exercised in accordance with the Aquarius Plan and Other Aquarius Plan) previously granted under the Aquarius Plan and Other Aquarius Plan will not be counted;

(d) subject to paragraph 6(a) above and without prejudice to paragraph 6(c) above, the Company may seek separate approval of the CKHH Shareholders in a general meeting to grant share options under the Aquarius Plan beyond the Aquarius General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph 6(c) above to participants specifically identified by Aquarius before such approval is sought; and

(e) the total number of the Aquarius Shares issued, and which may fall to be issued, upon the exercise of the share options granted under the Aquarius Plan and Other Aquarius Plan (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the relevant class of securities of Aquarius for the time being unless approved by the CKHH Shareholders in a general meeting (with such participant and his/her associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

A share option may be exercised in accordance with the terms of the Aquarius Plan at any time during a period (which may not expire later than 10 years from the date of grant of the share option) to be determined on the date of grant of the share option and notified by the Aquarius Directors to each grantee, and in the absence of such determination, from the date on which such share option is deemed to have been granted to the date falling 10 years from the date of grant of the share option subject to the provisions for early termination thereof.

No share options were granted under the Aquarius Plan during the year ended 31 December 2017.

(VI) Mercu Removal Ltd. ("Mercu")

On 23 May 2016, Mercu, an incubator company in Israel, adopted a share option scheme (the "Mercu Plan") for the grant of options to acquire ordinary shares in the share capital of Mercu (the "Mercu Shares"). The Mercu Plan is valid and effective during the period commencing on 23 May 2016 and ending on 22 May 2026, being the date falling 10 years from the date on which the Mercu Plan was adopted. The Mercu Plan has a remaining term of approximately eight years as at the date of this report. A summary of the Mercu Plan is as follows:

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

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

(a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any executive director but excluding any non-executive director) of Mercu, any of its subsidiaries or any entity in which any member of the Mercu Group holds an equity interest (the "Mercu Invested Entity");

(b) any non-executive directors (including independent non-executive directors) of Mercu, any of its subsidiaries or any Mercu Invested Entity;

(c) any supplier of goods or services to any member of the Mercu Group or any Mercu Invested Entity;

(d) any customer of any member of the Mercu Group or any Mercu Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the Mercu Group or any Mercu Invested Entity;

(f) any shareholder of any member of the Mercu Group or any Mercu Invested Entity or any holder of any securities issued by any member of the Mercu Group or any Mercu Invested Entity;

(g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the Mercu Group; and

(h) any company wholly owned by any one or more persons belonging to any one or more of the above classes of participants.

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

(3) Share option holders are not required to pay for the acceptance of a grant of share options.

(4) Unless otherwise determined by the Mercu Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Mercu Plan for the holding of a share option before it can be exercised.

(5) The subscription price for the Mercu Shares under the Mercu Plan shall be a price determined by the Mercu Directors but shall, if the Mercu Shares are traded on a Stock Exchange, not be less than the highest of (a) the closing price of the Mercu Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Mercu Shares on the date of the offer of grant of the share options which must be an Israel Business Day; (b) the average closing price of the Mercu Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Mercu Shares for the five Israel Business Days immediately preceding the date of the offer of grant of the share options which must be an Israel Business Day; and (c) the nominal value of a Mercu Share.

The subscription price of any share option granted within the period commencing six months before the listing of the Mercu Shares on a Stock Exchange up to the listing date of the Mercu Shares on a Stock Exchange shall be adjusted immediately following such listing, at the discretion of the Mercu Directors, provided that such subscription price shall not be lower than the new issue price.

(6) The maximum number of the Mercu Shares which may be allotted and issued pursuant to the Mercu Plan is as follows:

(a) the maximum number of the Mercu Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the Mercu Plan and any other share option scheme adopted by the Mercu Group ("Other Mercu Plan") shall not exceed 30% of the relevant class of securities of Mercu (or its subsidiaries) in issue from time to time;

(b) the total number of the Mercu Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the Mercu Plan and Other Mercu Plan) to be granted under the Mercu Plan and Other Mercu Plan must not in aggregate exceed 10% of the relevant class of securities of Mercu (or its subsidiaries) in issue as at the date the Mercu Plan is approved and adopted by the Mercu Directors (the "Mercu General Scheme Limit"). Based on the number of the Mercu Shares in issue on the date the Mercu Plan is approved and adopted, the Mercu General Scheme Limit of the Mercu Plan is 3,000 Mercu Shares. As at the date of this report, the total number of Mercu Shares available for issue under the Mercu Plan is 3,000, representing approximately 10% of the total number of the Mercu Shares in issue as at that date;

(c) subject to paragraph 6(a) above and without prejudice to paragraph 6(d) below, the Company may seek approval of the CKHH Shareholders in a general meeting to refresh the Mercu General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) provided that the total number of the Mercu Shares which may be allotted and issued upon the exercise of all share options to be granted under the Mercu Plan and Other Mercu Plan must not exceed 10% of the relevant class of securities of Mercu (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options (including those outstanding, cancelled, lapsed or exercised in accordance with the Mercu Plan and Other Mercu Plan) previously granted under the Mercu Plan and Other Mercu Plan will not be counted;

(d) subject to paragraph 6(a) above and without prejudice to paragraph 6(c) above, the Company may seek separate approval of the CKHH Shareholders in a general meeting to grant share options under the Mercu Plan beyond the Mercu General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph 6(c) above to participants specifically identified by Mercu before such approval is sought; and

(e) the total number of the Mercu Shares issued, and which may fall to be issued, upon the exercise of the share options granted under the Mercu Plan and Other Mercu Plan (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the relevant class of securities of Mercu for the time being unless approved by the CKHH Shareholders in a general meeting (with such participant and his/her associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

A share option may be exercised in accordance with the terms of the Mercu Plan at any time during a period (which may not expire later than 10 years from the date of grant of the share option) to be determined on the date of grant of the share option and notified by the Mercu Directors to each grantee, and in the absence of such determination, from the date on which such share option is deemed to have been granted to the date falling 10 years from the date of grant of the share option subject to the provisions for early termination thereof.

No share options were granted under the Mercu Plan during the year ended 31 December 2017.

Save as disclosed above, at no time during the year was the Company or a subsidiary a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into or existed during the year.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Major Customers and Suppliers

During the year, the respective percentage of purchases attributable to the Group's five largest suppliers combined and the revenue from sales of goods or rendering of services attributable to the Group's five largest customers combined was less than 30% of the total value of Group purchases and total Group revenue.

Sufficiency of Public Float

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules.

Auditor

The financial statements for the year ended 31 December 2017 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the 2018 annual general meeting.

By order of the Board

Edith Shih
Executive Director and Company Secretary

Hong Kong, 16 March 2018

Corporate Governance Report

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

The Company has complied throughout the year ended 31 December 2017 with all code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), other than those in respect of the nomination committee. The reasons for deviation are explained subsequently in this report.

The Board

Corporate Strategy

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

Role of the Board

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

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

Board Composition

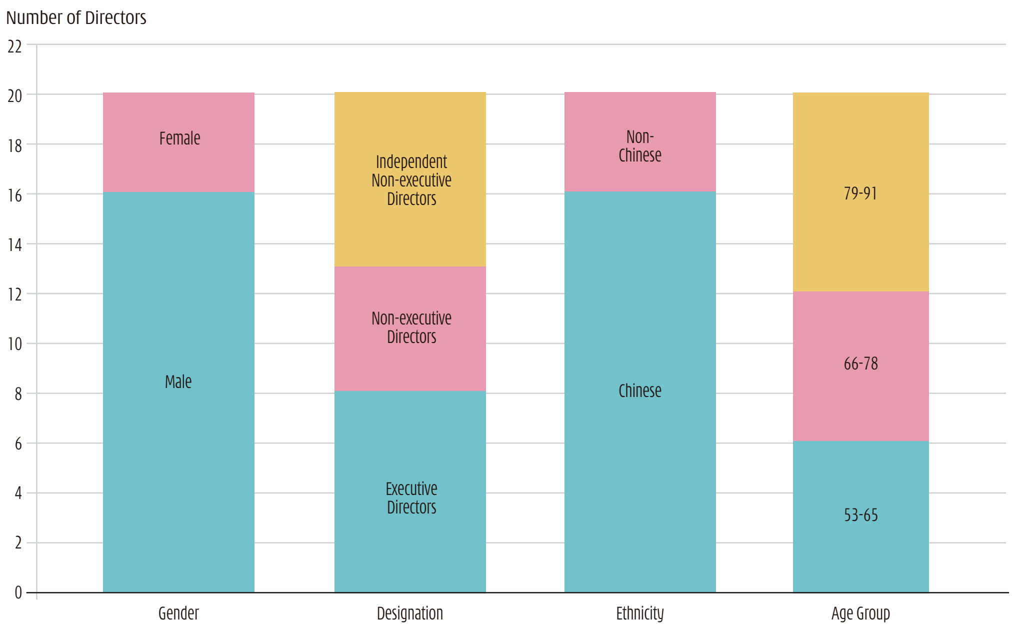
As at 31 December 2017, the Board comprised 20 Directors, including the Chairman, Group Co-Managing Director and Deputy Chairman, Group Co-Managing Director, Group Finance Director and Deputy Managing Director ("GFD/DMD"), three Deputy Managing Directors, one Executive Director, five Non-executive Directors and seven Independent Non-executive Directors.

The Board has adopted a policy which recognises the benefits of a Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Group.

Board appointment has been, and will continue to be, made based on attributes that complement and expand the skill set, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diverse Board.

The Board diversity policy is available on the website of the Group (www.ckh.com.hk). The Board reviews and monitors from time to time the implementation of the policy to ensure its effectiveness and application.

The following chart shows the diversity profile of the Board as at 31 December 2017:



Biographical details of the Directors are set out in the section "Information on Directors" on pages 102 to 107 and on the website of the Group. A list setting out the names of the Directors and their roles and functions is posted on the websites of the Group and Hong Kong Exchanges and Clearing Limited ("HKEx") (www.hkexnews.hk).

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

Chairman and Executive Directors

The role of the Chairman is separate from that of the Group Co-Managing Directors. Such division of responsibilities reinforces the independence and accountability of these Directors.

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

The Group Co-Managing Directors, assisted by the other Executive Directors (of whom four are Deputy Managing Directors), are responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal managers of the Group's businesses, the Group Co-Managing Directors attend to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and are directly responsible for maintaining the operational performance of the Group. Working with the Executive Directors and the executive management team of each core business division, the Group Co-Managing Directors present annual budgets to the Board for consideration and approval, and ensure that the Board is fully apprised of the funding requirements of the businesses of the Group. With the assistance of the GFD/DMD, the Group Co-Managing Directors see to it that the funding requirements of the businesses are met and closely monitor the operating and financial performance of the businesses against plans and budgets, taking remedial action if necessary. The Group Co-Managing Directors maintain an ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business development and issues. They are also responsible for building and maintaining an effective executive team to support them in their roles.

Board Process

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

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Articles of Association of the Company and the Listing Rules, a Director would abstain from voting on resolutions approving any contract, transaction or arrangement in which he/she or any of his/her close associates is materially interested in, and such Director is not counted for quorum determination purposes.

In 2017, the Company held four Board meetings with overall attendance of approximately 99%. All Directors (including Non-executive and Independent Non-executive Directors) attended the annual general meeting of the Company held on 11 May 2017 (the "2017 AGM") and the Board meeting held on the same day. The attendance record is set out below:

Directors	Board Meetings Attended/ Eligible to Attend	Attendance at 2017 AGM
Chairman		
Li Ka-shing [(1)]	4/4	√
Executive Directors		
Li Tzar Kuoi, Victor [(1)] *(Group Co-Managing Director and Deputy Chairman)*	4/4	√
Fok Kin Ning, Canning *(Group Co-Managing Director)*	4/4	√
Frank John Sixt *(Group Finance Director and Deputy Managing Director)*	4/4	√
Ip Tak Chuen, Edmond *(Deputy Managing Director)*	4/4	√
Kam Hing Lam [(1)] *(Deputy Managing Director)*	4/4	√
Lai Kai Ming, Dominic *(Deputy Managing Director)*	4/4	√
Edith Shih [(2)]	4/4	√
Non-executive Directors		
Chow Kun Chee, Roland	4/4	√
Chow Woo Mo Fong, Susan [(2)]	4/4	√
Lee Yeh Kwong, Charles	4/4	√
Leung Siu Hon	4/4	√
George Colin Magnus	4/4	√
Independent Non-executive Directors		
Kwok Tun-li, Stanley	4/4	√
Cheng Hoi Chuen, Vincent	4/4	√
Michael David Kadoorie	4/4	√
Lee Wai Mun, Rose	4/4	√
William Shurniak	3/4	√
Wong Chung Hin	4/4	√
Wong Yick-ming, Rosanna	4/4	√

Notes:

(1) Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor and brother-in-law of Mr Kam Hing Lam.

(2) Appointed on 1 January 2017.

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

All Non-executive Directors entered into service contracts for an initial term ending on 31 December of the year of appointment which contracts are automatically renewed for successive 12-month periods. All Directors are subject to re-election by shareholders at general meetings at least about once every three years on a rotation basis, in accordance with the Articles of Association of the Company. A retiring Director is eligible for re-election, and re-election of retiring Directors at general meetings is dealt with by separate individual resolutions. No Director has a service contract with the Company not terminable by the Company within one year and without payment of compensation (other than statutory compensation).

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

Training and Commitment

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

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

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

	Areas		
Directors	**Legal and Regulatory**	**Corporate Governance**	**Group's Businesses/ Directors' Duties**
Chairman			
Li Ka-shing	√	√	√
Executive Directors			
Li Tzar Kuoi, Victor *(Group Co-Managing Director and Deputy Chairman)*	√	√	√
Fok Kin Ning, Canning *(Group Co-Managing Director)*	√	√	√
Frank John Sixt *(Group Finance Director and Deputy Managing Director)*	√	√	√
Ip Tak Chuen, Edmond *(Deputy Managing Director)*	√	√	√
Kam Hing Lam *(Deputy Managing Director)*	√	√	√
Lai Kai Ming, Dominic *(Deputy Managing Director)*	√	√	√
Edith Shih (1)	√	√	√
Non-executive Directors			
Chow Kun Chee, Roland	√	√	√
Chow Woo Mo Fong, Susan (1)	√	√	√
Lee Yeh Kwong, Charles	√	√	√
Leung Siu Hon	√	√	√
George Colin Magnus	√	√	√
Independent Non-executive Directors			
Kwok Tun-li, Stanley	√	√	√
Cheng Hoi Chuen, Vincent	√	√	√
Michael David Kadoorie	√	√	√
Lee Wai Mun, Rose	√	√	√
William Shurniak	√	√	√
Wong Chung Hin	√	√	√
Wong Yick-ming, Rosanna	√	√	√
Alternate Director			
William Elkin Mocatta *(Alternate Director to Michael David Kadoorie)*	√	√	√

Note:

(1) Appointed on 1 January 2017.

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group for the year. In addition, Directors disclose to the Company in a timely manner their other commitments, such as directorships in other public listed companies and major appointments as well as update the Company on any subsequent changes.

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. In response to specific enquiries made, all Directors have confirmed that they have complied with the required standards set out in such code regarding their securities transactions throughout the year ended 31 December 2017.

Board Committees

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

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

Company Secretary

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

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

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

Furthermore, the Company Secretary advises the Directors on connected transactions, notifiable transactions, price-sensitive/inside information, and Directors' obligations for disclosure of interests and dealings in the Group's securities, to ensure that the standards and disclosure requirements under the Listing Rules and applicable laws, rules and regulations are complied with and, where required, reported in the annual report of the Company.

The appointment and removal of the Company Secretary is subject to Board approval. Whilst the Company Secretary reports to the Chairman and the Group Co-Managing Directors, all members of the Board have access to the advice and service of the Company Secretary. Ms Edith Shih is the Company Secretary of the Company and has day-to-day knowledge of the Group's affairs. She confirms that she has complied with all the required qualifications, experience and training requirements under the Listing Rules.

Accountability and Audit

Financial Reporting

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

The responsibility of Directors in relation to the financial statements is set out below. This should be read in conjunction with, but distinguished from, the Independent Auditor's Report on pages 159 to 163 which acknowledges the reporting responsibility of the Group's Auditor.

Annual Report and Financial Statements

The Directors acknowledge their responsibility for the preparation of the annual report and financial statements of the Company, ensuring that the financial statements give a true and fair presentation in accordance with the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the applicable accounting standards.

Accounting Policies

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

Accounting Records

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

Safeguarding Assets

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

Going Concern

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

Audit Committee

The Audit Committee comprises four Independent Non-executive Directors who possess the relevant business and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of the Company. It is chaired by Mr Wong Chung Hin with Messrs Kwok Tun-li, Stanley, Cheng Hoi Chuen, Vincent and William Shurniak as members.

The Audit Committee held four meetings in 2017 with 100% attendance.

Members	**Attended/Eligible to Attend**
Wong Chung Hin *(Chairman)*	4/4
Kwok Tun-li, Stanley	4/4
Cheng Hoi Chuen, Vincent	4/4
William Shurniak	4/4

Throughout 2017, the Audit Committee discharged the duties and responsibilities under its terms of reference and the CG Code.

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

The Company is committed to achieving and maintaining the high standards of openness, probity and accountability. In line with this commitment, the Company expects and encourages employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report to the Company any suspected impropriety, misconduct or malpractice concerning the Group. In this regard, the Company has adopted the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters, which is posted on the website of the Group.

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

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

External Auditor

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

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

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by the external auditor.

- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, for example, audits of the Group's pension plans, accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that must be undertaken, or is otherwise best placed to undertake, by it in its capacity as auditor.

- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group engages the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.

- Other services – include, for example, financial due diligence, review of actuarial reports and calculations, risk management diagnostics and assessments, and non-financial systems consultations. The external auditor is also permitted to assist Management and the Group's internal auditor with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.

- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

An analysis of the fees of PwC and other external auditors is shown in note 42 to the financial statements. For the year ended 31 December 2017, the PwC fees, amounting to HK$163 million were primarily for audit services and those for non-audit services amounted to HK$35 million, representing approximately 18% of the total fees (audit and non-audit).

Audit Report on the Annual Financial Statements

The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2017 have been audited by PwC in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The unqualified auditor's report is set out on pages 159 to 163. The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2017 have also been reviewed by the Audit Committee.

Risk Management, Internal Control and Legal & Regulatory Compliance

Role of the Board

The Board has overall responsibility for the Group's systems of risk management, internal control and legal and regulatory compliance.

In meeting its responsibilities, the Board seeks to inculcate risk awareness across the Group's business operations and has put in place policies and procedures, including parameters of delegated authority, which provide a framework for the identification and management of risks. The Board evaluates and determines the nature and extent of the risks that the Company is willing to accept in pursuit of the Group's strategic and business objectives. It also reviews and monitors the effectiveness of the systems of risk management and internal control on an ongoing basis. Reporting and review processes include review by the Executive Directors and the Board and approval of detailed operational and financial reports, budgets and plans provided by management of the business operations, review by the Board of actual results against budget, review by the Audit Committee of the ongoing work of the Group's internal audit and risk management functions, as well as regular business reviews by Executive Directors and the executive management team of each core business division.

On behalf of the Board, the Audit Committee regularly reviews the corporate governance structure and practices within the Group and monitors compliance fulfilment on an ongoing basis. To assist the Audit Committee in discharging its responsibilities, a Governance Working Group chaired by the Executive Director and Company Secretary, comprising representatives from key departments of the Company, continuously provides updates, identifies emerging matters of compliance, and establishes appropriate compliance policies and procedures for group-wide adoption. The Competition, Regulatory and Public Affairs Group reviews, assesses, escalates and where appropriate, proposes handling measures on competition, regulatory and public affairs matters affecting business units. It meets regularly with business units to monitor compliance requirements and to formulate strategy and share information and expertise across jurisdictions and businesses. It also provides regular updates to the Governance Working Group.

The Audit Committee is satisfied that the Company has complied throughout the year with all code provisions of the CG Code, other than those in respect of the nomination committee as explained above.

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

Risk Management

The Company adopts an Enterprise Risk Management (ERM) framework which is consistent with the COSO (the Committee of Sponsoring Organisations of the Treadway Commission) framework. The framework facilitates a systematic approach to the management of risks within the Group, coupled with a strong internal control environment, enabling the Group to effectively manage the risks it faces, be they strategic, financial, operational or compliance.

Risk management is an integral part of the day-to-day operations and management of the Group and is a continuous process carried out at all levels of the Group. There are ongoing dialogues between the Executive Directors and the executive management teams of each core business about current and emerging risks, their possible impact and mitigation measures. These measures include instituting additional controls and safeguards and deploying appropriate insurance instruments to eliminate or minimise any potential financial, compliance or other risks to the Group's businesses. The latter also includes Directors and Officers Liability Insurance to protect Directors and officers of the Group against potential personal legal liabilities.

In terms of formal risk review and reporting, the Group adopts a "top-down and bottom-up" approach, involving regular input from each core business as well as discussions and reviews by the Executive Directors. On a half-yearly basis, each core business is required to identify and assess the significant risks their business faces, and record them in the relevant risk register. Mitigation measures and plans are also registered to facilitate review and tracking of progress. These risk registers are considered by the Executive Directors who take a holistic assessment of all the significant risks that the Group faces.

The composite risk register, as confirmed by the Executive Directors, forms part of the Risk Management Report for review and approval by the Audit Committee on a half-yearly basis. The Audit Committee, on behalf of the Board, reviews the report to ensure that all significant risks are identified and appropriately managed. Pages 78 to 82 of this annual report provide a description of the Group's risk factors which could affect the Group's financial condition or results of operations that differ materially from expected or historical results.

Internal Control Environment

Executive Directors are appointed to the boards of all material operating subsidiaries and associated companies for monitoring those companies, including attendance at board meetings, review and approval of budgets and plans, and business strategies with associated risks identified and setting of key business performance targets. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies, and similarly, management of each business is accountable for its conduct and performance. The Group Co-Managing Directors monitor the performance and review the risk profiles of the Group companies on an on-going basis.

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

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

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

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

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

In terms of formal review of the Group's internal control system, an internal control self-assessment process is in place, requiring the executive management team and senior management of each core business to review, evaluate and declare the effectiveness of the controls over the operations and devise action plans to address the issues, if any. These assessment results, together with the Risk Management Report as mentioned earlier and the independent assessments by the auditors, form part of the bases on which the Audit Committee formulates its opinion on the Group's risk management and internal control systems.

Legal and Regulatory Compliance

The Group is committed to ensuring its businesses are operated in compliance with local and international laws, rules and regulations. The Group Legal Department has the responsibility for safeguarding the legal interests of the Group. The team, led by the Head Group General Counsel, is responsible for monitoring the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal documentation of Group companies, working in conjunction with finance, tax, treasury, corporate secretarial and business unit personnel on the review and co-ordination process, and advising Management of legal and commercial issues of concern. In addition, the Group Legal Department is also responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory frameworks within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting responses or filings with relevant regulatory and/or government authorities on regulatory issues and consultations. In addition, the Department prepares and updates internal policies and conducts tailor-made workshops where necessary so as to strengthen the internal controls and compliance procedures of the Group. The Department also determines and approves the engagement of external legal advisors, ensuring the requisite professional standards are adhered to as well as the most cost effective services are rendered. Further, the Group Legal Department organises and holds continuing education seminars/conferences on legal and regulatory matters of relevance to the Group for Directors, business executives and the Group legal and corporate secretarial teams.

On the listed companies level, the Group is subject to the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, the Cayman Islands Companies Law, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and/or the laws, rules and regulations of the jurisdictions where the Group companies are incorporated and where their securities are listed and traded. The Group Legal Department is vigilant with the legal requirements under these statutes, rules and regulations which would have a material implication or impact on the Group.

Code of Conduct and Handling of Inside Information

The Group places utmost importance on the ethical, personal and professional standards of the Directors and employees of the Group. In addition to the various policies adopted and implemented by the Group imposing requirements on Directors and employees to conduct themselves in compliance with applicable laws, rules and regulations, every employee is required to undertake to adhere to the Group's Code of Conduct, and is expected to meet the highest standards of behaviour including avoiding conflict of interest, discrimination or harassment and bribery and corruption. Employees are required to report any non-compliance with the Code of Conduct to Management.

With a view to identifying, handling and disseminating inside information in compliance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), procedures including pre-clearance on dealing in the Group's securities by designated members of Management, notification of regular blackout period and securities dealing restrictions to relevant Directors and employees, identification of project by code name and dissemination of information to stated purpose and on a need-to-know basis have been implemented by the Group to guard against possible mishandling of inside information within the Group.

Internal Audit

The General Manager of the Group's internal audit function, reporting directly to the Audit Committee and also to the GFD/DMD, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. By applying risk assessment methodology and taking into account the dynamics of the Group's activities, internal audit devises its yearly audit plan which is reviewed by the Audit Committee, and continually reassessed during the year to ensure that adequate resources are deployed and the plan's objectives are met. Internal audit is responsible for assessing the Group's risk management and internal control systems, including reviewing the continuing connected transactions of the Company and whether adequate internal control procedures are in place to monitor such transactions, formulating an impartial opinion on the systems, and reporting its findings to the Audit Committee, the GFD/DMD and the senior management concerned as well as following up on the issues to ensure that they are satisfactorily resolved. In addition, internal audit maintains a regular dialogue with the Group's external auditor so that the parties are aware of the significant factors which may affect their respective scope of work.

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

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

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2017 covering all material controls, including financial, operational and compliance controls, and is satisfied that such systems are effective and adequate. In addition, it has also reviewed and is satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget.

Remuneration of Directors and Senior Management

Remuneration Committee

The Remuneration Committee comprises four members with expertise in human resources and personnel emoluments. The Committee is chaired by Dr Wong Yick-ming, Rosanna, an Independent Non-executive Director, with the Chairman Mr Li Ka-shing, Independent Non-executive Directors Mr Cheng Hoi Chuen, Vincent and Mr Wong Chung Hin, as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence under the Listing Rules. The Committee meets towards the end of each year to determine the remuneration package of Directors and senior management of the Group. Remuneration matters are also considered and approved by way of written resolutions and where warranted, at additional meetings.

The Remuneration Committee held one meeting in 2017 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Yick-ming, Rosanna *(Chairman)*	1/1
Li Ka-shing	1/1
Cheng Hoi Chuen, Vincent	1/1
Wong Chung Hin	1/1

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

During the year, the Remuneration Committee reviewed background information on market data (including economic indicators, statistics and the Remuneration Bulletin), the Group's business activities and human resources issues, and headcount and staff costs. It also reviewed and approved the proposed 2018 directors' fees for Executive Directors and made recommendation to the Board on the directors' fees for Non-executive Directors. Prior to the end of the year, the Committee reviewed and approved the year end bonus and 2018 remuneration package of Executive Directors, subsidiaries' managing directors and senior executives of the Group. Executive Directors do not participate in the determination of their own remuneration.

Remuneration Policy

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

2017 Remuneration

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments exclude amounts received from the Company's listed subsidiaries and paid to the Company. Details of emoluments paid to each Director in 2017 are set out below:

Name of directors	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind HK$ million	Discretionary bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
LI Ka-shing [1] [7]	0.01	-	-	-	-	0.01
LI Tzar Kuoi, Victor						
Paid by the Company	0.22	4.89	63.87	-	-	68.98
Paid by CK Infrastructure Holdings Limited ("CKI")	0.08	-	32.27	-	-	32.35
	0.30	4.89	96.14	-	-	101.33
FOK Kin Ning, Canning [2]	0.22	11.59	197.68	1.04	-	210.53
Frank John SIXT [2]	0.22	8.64	52.58	0.75	-	62.19
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.62	10.07	-	-	11.91
Paid by CKI	0.08	1.80	11.35	-	-	13.23
	0.30	3.42	21.42	-	-	25.14
KAM Hing Lam						
Paid by the Company	0.22	2.42	9.88	-	-	12.52
Paid by CKI	0.08	4.20	11.35	-	-	15.63
	0.30	6.62	21.23	-	-	28.15
LAI Kai Ming, Dominic [2]	0.22	5.84	52.01	1.10	-	59.17
Edith SHIH [3]	0.22	4.30	17.13	0.36	-	22.01
CHOW Kun Chee, Roland [4]	0.22	-	-	-	-	0.22
CHOW WOO Mo Fong, Susan [3][4]	0.22	-	-	-	-	0.22
LEE Yeh Kwong, Charles [4]	0.22	-	-	-	-	0.22
LEUNG Siu Hon [4]	0.22	-	-	-	-	0.22
George Colin MAGNUS [4]						
Paid by the Company	0.22	-	-	-	-	0.22
Paid by CKI	0.08	-	-	-	-	0.08
	0.30	-	-	-	-	0.30
KWOK Tun-li, Stanley [5] [6]	0.35	-	-	-	-	0.35
CHENG Hoi Chuen, Vincent [5] [6] [7]	0.41	-	-	-	-	0.41
Michael David KADOORIE [5]	0.22	-	-	-	-	0.22
LEE Wai Mun, Rose [5]	0.22	-	-	-	-	0.22
William SHURNIAK [5] [6]	0.35	-	-	-	-	0.35
WONG Chung Hin [5] [6] [7]	0.41	-	-	-	-	0.41
WONG Yick-ming, Rosanna [5] [7]	0.28	-	-	-	-	0.28
Total:	5.21	45.30	458.19	3.25	-	511.95

Notes:

(1) No remuneration was paid to Mr Li Ka-shing during the year other than director's fees of HK$5,000 (2016 – HK$5,000). The amount of Director's fees shown above is a result of rounding.

(2) Directors' fees received by these Directors from the Company's listed subsidiaries during the period they served as directors that have been paid to the Company are not included in the amounts above.

(3) Appointed on 1 January 2017.

(4) Non-executive Director.

(5) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK$2.24 million (2016 – HK$2.24 million).

(6) Member of the Audit Committee.

(7) Member of the Remuneration Committee.

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

Remuneration Bands*	**Number of Individuals**
HK$10 million to HK$14 million	1
HK$15 million to HK$19 million	2
HK$20 million to HK$24 million	2
HK$25 million to HK$29 million	1
HK$55 million to HK$59 million	1

* Rounding to the nearest million.

Relationship with Shareholders and Other Stakeholders

The Group actively promotes investor relations and communication with the investment community throughout the year. The Group is committed to enhancing investor engagement and communications. Through its Executive Directors, the Group Corporate Affairs Department, Group Investor Relations Department and the Corporate Secretarial Department, the Group responds to requests for information and queries from the investment community including shareholders, analysts and the media through regular briefing meetings, announcements, conference calls and presentations. The policy on shareholders' communication, which is available on the Group's website, was adopted and is subject to regular review by the Board to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

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

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to Article 73 of the Articles of Association of the Company, any two or more shareholders (or one shareholder which is a recognised clearing house, or its nominee(s)) holding not less than one-tenth of the paid up share capital of the Company, carrying the right of voting at general meetings of the Company, have statutory rights to call for general meetings and to put forward agenda items for consideration by shareholders, by depositing at the principal office of the Company in Hong Kong a written request for such general meetings, signed by the shareholders concerned together with the objects of the meeting. The Board would within 21 days from the date of deposit of requisition convene the meeting to be held within a further 21 days.

All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Group's Hong Kong Share Registrar. The results of the poll are published on the websites of the Group and HKEx. In addition, regular updated financial, business and other information on the Group is made available to the shareholders and stakeholders on the Group's website.

The latest shareholders' meeting of the Company was the 2017 AGM which was held on 11 May 2017 at Harbour Grand Kowloon. The 2017 AGM was attended by PwC and all of the Directors, including the respective chairman of the Board, Audit Committee and the Remuneration Committee with 100% attendance. Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from so doing.

Separate resolutions were proposed at the 2017 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 11 May 2017 are set out below:

Resolutions proposed at the 2017 AGM		**Percentage of Votes**
1	Adoption of the audited Financial Statements, the Reports of the Directors and the Independent Auditor for the year ended 31 December 2016	99.99%
2	Declaration of a final dividend	99.99%
3(a)	Re-election of Mr Kam Hing Lam as a Director	74.05%
3(b)	Re-election of Ms Edith Shih as a Director	74.14%
3(c)	Re-election of Mr Chow Kun Chee, Roland as a Director	70.45%
3(d)	Re-election of Mrs Chow Woo Mo Fong, Susan as a Director	70.44%
3(e)	Re-election of Mr Cheng Hoi Chuen, Vincent as a Director	76.30%
3(f)	Re-election of Ms Lee Wai Mun, Rose as a Director	68.46%
3(g)	Re-election of Mr William Shurniak as a Director	98.83%
3(h)	Re-election of Mr Wong Chung Hin as a Director	98.82%
4	Appointment of Auditor and authorisation of Directors to fix the Auditor's remuneration	99.81%
5(1)	Granting of a general mandate to Directors to issue additional shares of the Company	61.43%
5(2)	Approval of the repurchase by the Company of its own shares	99.98%
5(3)	Extension of the general mandate regarding issue of additional shares of the Company	60.46%

Accordingly, all resolutions put to shareholders at the 2017 AGM were passed. The results of the voting by poll were published on the websites of the Group and HKEx.

Other corporate information relating to the Company is set out in the "Information for Shareholders" section of this annual report. This includes, among others, dates for key corporate events for 2018 and public float capitalisation as at 31 December 2017.

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

Environmental, Social and Governance Responsibility

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business. It has adopted a proactive approach to environmental, social and governance ("ESG") responsibility and has established a committee, chaired by the Executive Director and Company Secretary comprising representatives from key departments of the Company to spearhead the ESG initiatives and activities of the Group and continually enhance the Group's ESG efforts. The "Environmental, Social and Governance Report" of the Group is set out on pages 83 to 97 of this annual report.

By order of the Board

Edith Shih
Executive Director and Company Secretary

Hong Kong, 16 March 2018

Independent Auditor's Report

To the Shareholders of CK Hutchison Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 164 to 266, which comprise:

- the consolidated and Company statements of financial position as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017, and of its consolidated profit and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Goodwill and brand names with an indefinite useful life; and
- Investments in associated companies and joint ventures.

Key Audit Matter

Goodwill and brand names with an indefinite useful life

Refer to notes 3, 16 and 17 to the consolidated financial statements

The Group has a significant amount of goodwill and brand names arising primarily from the acquisition of Hutchison Whampoa Limited's businesses in 2015. As at 31 December 2017, goodwill amounted to approximately HK$255 billion and brand names with an indefinite useful life amounted to approximately HK$63 billion.

Goodwill and brand names with an indefinite useful life are subject to impairment assessments annually and when there is an indication of impairment.

In carrying out the impairment assessments, significant judgements are required to estimate the future cash flows of the respective business units and to determine the assumptions, including the growth rates used in the cash flow projections and the discount rates applied to bring the future cash flows back to their present values.

Based on the results of these impairment assessments conducted by the Group, it is believed that there is no impairment of goodwill and brand names with an indefinite useful life. This conclusion is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the book amount of the respective business units including goodwill, brand names with an indefinite useful life and operating assets.

The significant assumptions are disclosed in notes 3, 16 and 17 to the consolidated financial statements.

How our audit addressed the Key Audit Matter

The procedures to evaluate the Group's assessments of goodwill and brand names with an indefinite useful life included:

- Assessing the appropriateness of the valuation methodologies used;
- Assessing the reasonableness of key assumptions based on our knowledge of the relevant business and industry and with the involvement of our valuations specialists;
- Performing sensitivity analyses on the key assumptions where we flexed the growth rates and discount rates as these are the key assumptions to which the valuation models are the most sensitive; and
- Testing source data to supporting evidence on a sample basis, such as approved budgets and available market data and considering the reasonableness of these budgets.

We found the assumptions adopted in relation to these impairment assessments to be supportable and reasonable based on available evidence.

Key Audit Matters (continued)

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Investments in associated companies and joint ventures *Refer to notes 3, 18 and 19 to the consolidated financial statements* The Group has significant investments in associated companies and joint ventures, which are accounted for under the equity method. As at 31 December 2017, investments in associated companies and joint ventures amounted to approximately HK$307 billion. Investments in associated companies and joint ventures are subject to impairment assessments when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the Group's share of the associated companies' and the joint ventures' future cash flows and to determine the assumptions, such as the growth rates used to prepare the associated companies' and the joint ventures' cash flow projections, and the discount rates applied to bring the future cash flows back to their present values. Based on the results of these impairment assessments conducted by the Group, it is believed that there is no impairment of the Group's investments in associated companies and joint ventures. This conclusion is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the respective book amounts.	The procedures to evaluate the Group's assessments of investments in associated companies and joint ventures included: • Testing the Group's assessments as to whether any indication of impairment exist by reference to the available information in the relevant markets and industries; • Assessing the appropriateness of the valuation methodologies used; • Checking information used to determine the key assumptions, including growth rates and discount rates, to available market data; • Performing sensitivity analyses on the key assumptions as stated above; and • Testing source data to supporting evidence on a sample basis, such as approved budgets and available market data and considering the reasonableness of these budgets. In the context of the audit of the consolidated financial statements of the Group, we found the assumptions adopted in relation to these impairment assessments to be supportable and reasonable based on available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and that comply with the disclosure requirements of 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Luk Lai Yin.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 March 2018

Consolidated Income Statement

for the year ended 31 December 2017

2017 US$ million		Note	2017 HK$ million	2016 HK$ million
31,861	Revenue	4, 5	248,515	259,842
(12,991)	Cost of inventories sold		(101,328)	(101,943)
(4,304)	Staff costs		(33,572)	(32,792)
(2,121)	Telecommunications customer acquisition costs		(16,545)	(19,170)
(2,193)	Depreciation and amortisation	5	(17,105)	(16,014)
(5,714)	Other operating expenses	2 (af)	(44,570)	(52,955)
	Share of profits less losses of:			
871	Associated companies		6,797	6,362
1,603	Joint ventures		12,500	10,251
7,012			54,692	53,581
(1,061)	Interest expenses and other finance costs	7	(8,274)	(7,118)
5,951	**Profit before tax**		46,418	46,463
(694)	Current tax	8	(5,415)	(3,334)
333	Deferred tax	8	2,599	(1,217)
5,590	**Profit after tax**		43,602	41,912
(1,090)	**Profit attributable to non-controlling interests and holders of perpetual capital securities**		(8,502)	(8,904)
4,500	**Profit attributable to ordinary shareholders**		35,100	33,008
US$ 1.17	**Earnings per share for profit attributable to ordinary shareholders**		HK$ 9.10	HK$ 8.55

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

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2017

2017 US$ million		Note	2017 HK$ million	2016 HK$ million
5,590	**Profit after tax**		43,602	41,912
	Other comprehensive income (losses)			
	Items that will not be reclassified to profit or loss:			
222	Remeasurement of defined benefit obligations recognised directly in reserves		1,730	(2,239)
9	Share of other comprehensive income (losses) of associated companies		68	(563)
25	Share of other comprehensive income (losses) of joint ventures		199	(1,423)
(27)	Tax relating to items that will not be reclassified to profit or loss	11	(213)	328
229			1,784	(3,897)
	Items that have been reclassified or may be subsequently reclassified to profit or loss:			
	Available-for-sale investments			
19	Valuation gains (losses) recognised directly in reserves		149	(537)
(5)	Valuation losses (gains) previously in reserves recognised in income statement		(36)	541
	Cash flow hedges (forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts)			
(15)	Losses recognised directly in reserves		(114)	(1,411)
–	Losses (gains) previously in reserves recognised in initial cost of non-financial items		1	(13)
(600)	Gains (losses) on net investment hedges (forward foreign currency contracts) recognised directly in reserves		(4,683)	6,112
593	Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves		4,625	(18,423)
5	Losses (gains) previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement		40	(209)
397	Share of other comprehensive income of associated companies		3,099	22
1,297	Share of other comprehensive income (losses) of joint ventures		10,116	(10,240)
(6)	Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	11	(50)	190
1,685			13,147	(23,968)
1,914	Other comprehensive income (losses), net of tax		14,931	(27,865)
7,504	**Total comprehensive income**		58,533	14,047
(1,502)	**Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities**		(11,718)	(3,467)
6,002	**Total comprehensive income attributable to ordinary shareholders**		46,815	10,580

Consolidated Statement of Financial Position

at 31 December 2017

2017 US$ million		Note	2017 HK$ million	2016 HK$ million
	Non-current assets			
20,358	Fixed assets	12	158,789	145,598
46	Investment properties	13	360	344
1,065	Leasehold land	14	8,305	8,155
3,496	Telecommunications licences	15	27,271	23,936
9,742	Brand names and other rights	16	75,985	73,625
32,735	Goodwill	17	255,334	254,748
18,634	Associated companies	18	145,343	150,406
20,786	Interests in joint ventures	19	162,134	106,253
2,589	Deferred tax assets	20	20,195	15,856
664	Other non-current assets	21	5,180	5,096
1,002	Liquid funds and other listed investments	22	7,813	5,954
111,117			866,709	789,971
	Current assets			
20,573	Cash and cash equivalents	23	160,470	156,270
6,585	Trade and other receivables	24	51,368	48,372
2,783	Inventories		21,708	18,852
29,941			233,546	223,494
	Current liabilities			
11,568	Trade and other payables	25	90,228	83,098
2,783	Bank and other debts	27	21,712	71,880
378	Current tax liabilities		2,948	2,334
14,729			114,888	157,312
15,212	Net current assets		118,658	66,182
126,329	Total assets less current liabilities		985,367	856,153
	Non-current liabilities			
39,779	Bank and other debts	27	310,276	231,260
403	Interest bearing loans from non-controlling shareholders	28	3,143	4,283
3,280	Deferred tax liabilities	20	25,583	23,692
483	Pension obligations	29	3,770	5,369
6,545	Other non-current liabilities	30	51,048	47,359
50,490			393,820	311,963
75,839	**Net assets**		591,547	544,190

2017 US$ million		Note	2017 HK$ million	2016 HK$ million
	Capital and reserves			
495	Share capital	31 (a)	**3,858**	3,858
31,347	Share premium	31 (a)	**244,505**	244,505
3,779	Perpetual capital securities	31 (b)	**29,481**	30,510
23,294	Reserves	32	**181,693**	145,806
58,915	Total ordinary shareholders' funds and perpetual capital securities		**459,537**	424,679
16,924	Non-controlling interests		**132,010**	119,511
75,839	**Total equity**		**591,547**	544,190

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

Total equity US$ million		Attributable to: Ordinary shareholders: Share capital and share premium [(a)] HK$ million	Ordinary shareholders: Reserves [(b)] HK$ million	Ordinary shareholders: Sub-total HK$ million	Holders of perpetual capital securities HK$ million	Total ordinary shareholders' funds and perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
69,768	At 1 January 2017	248,363	145,806	394,169	30,510	424,679	119,511	544,190
5,590	Profit for the year	–	35,100	35,100	1,163	36,263	7,339	43,602
	Other comprehensive income (losses)							
	Available-for-sale investments							
19	Valuation gains recognised directly in reserves	–	145	145	–	145	4	149
(5)	Valuation gains previously in reserves recognised in income statement	–	(36)	(36)	–	(36)	–	(36)
222	Remeasurement of defined benefit obligations recognised directly in reserves	–	1,268	1,268	–	1,268	462	1,730
	Cash flow hedges (forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts)							
(15)	Losses recognised directly in reserves	–	(134)	(134)	–	(134)	20	(114)
–	Losses previously in reserves recognised in initial cost of non-financial items	–	1	1	–	1	–	1
(600)	Losses on net investment hedges (forward foreign currency contracts) recognised directly in reserves	–	(3,847)	(3,847)	–	(3,847)	(836)	(4,683)
593	Gains on translating overseas subsidiaries' net assets recognised directly in reserves	–	2,551	2,551	–	2,551	2,074	4,625
5	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	–	22	22	–	22	18	40
406	Share of other comprehensive income of associated companies	–	2,950	2,950	–	2,950	217	3,167
1,322	Share of other comprehensive income of joint ventures	–	8,989	8,989	–	8,989	1,326	10,315
(33)	Tax relating to components of other comprehensive income (losses)	–	(194)	(194)	–	(194)	(69)	(263)
1,914	Other comprehensive income, net of tax	–	11,715	11,715	–	11,715	3,216	14,931
7,504	Total comprehensive income	–	46,815	46,815	1,163	47,978	10,555	58,533
(962)	Dividends paid relating to 2016	–	(7,503)	(7,503)	–	(7,503)	–	(7,503)
(386)	Dividends paid relating to 2017	–	(3,009)	(3,009)	–	(3,009)	–	(3,009)
(614)	Dividends paid to non-controlling interests	–	–	–	–	–	(4,790)	(4,790)
(153)	Distribution paid on perpetual capital securities	–	–	–	(1,192)	(1,192)	–	(1,192)
859	Equity contribution from non-controlling interests	–	–	–	–	–	6,700	6,700
(1,128)	Redemption of perpetual capital securities (see note 31(b))	–	–	–	(8,800)	(8,800)	–	(8,800)
1,000	Issuance of perpetual capital securities (see note 31(b))	–	–	–	7,800	7,800	–	7,800
(8)	Transaction costs in relation to issuance of perpetual capital securities	–	(62)	(62)	–	(62)	–	(62)
(9)	Transaction costs in relation to issuance of shares of a subsidiary	–	(41)	(41)	–	(41)	(27)	(68)
(2)	Transaction costs in relation to equity contribution from non-controlling interests	–	(14)	(14)	–	(14)	(4)	(18)
2	Share option schemes and long term incentive plans of subsidiary companies	–	9	9	–	9	6	15
1	Unclaimed dividends write back of a subsidiary	–	6	6	–	6	–	6
13	Relating to acquisition of subsidiary companies	–	–	–	–	–	106	106
(46)	Relating to purchase of non-controlling interests	–	(342)	(342)	–	(342)	(19)	(361)
–	Relating to partial disposal of subsidiary companies	–	28	28	–	28	(28)	–
(1,433)		–	(10,928)	(10,928)	(2,192)	(13,120)	1,944	(11,176)
75,839	**At 31 December 2017**	248,363	181,693	430,056	29,481	459,537	132,010	591,547

Total equity US$ million		Share capital and share premium [a] HK$ million	Reserves [b] HK$ million	Sub-total HK$ million	Holders of perpetual capital securities HK$ million	Total ordinary shareholders' funds and perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
		Attributable to: Ordinary shareholders						
70,399	At 1 January 2016	248,551	144,884	393,435	35,153	428,588	120,523	549,111
5,373	Profit for the year	–	33,008	33,008	1,421	34,429	7,483	41,912
	Other comprehensive income (losses)							
	Available-for-sale investments							
(69)	Valuation losses recognised directly in reserves	–	(506)	(506)	–	(506)	(31)	(537)
69	Valuation losses previously in reserves recognised in income statement	–	462	462	–	462	79	541
(287)	Remeasurement of defined benefit obligations recognised directly in reserves	–	(1,590)	(1,590)	–	(1,590)	(649)	(2,239)
	Cash flow hedges (forward foreign currency contracts and interest rate swap contracts)							
(181)	Losses recognised directly in reserves	–	(1,180)	(1,180)	–	(1,180)	(231)	(1,411)
(2)	Gains previously in reserves recognised in initial cost of non-financial items	–	(12)	(12)	–	(12)	(1)	(13)
784	Gains on net investment hedges (forward foreign currency contracts) recognised directly in reserves	–	5,128	5,128	–	5,128	984	6,112
(2,362)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(15,590)	(15,590)	–	(15,590)	(2,833)	(18,423)
(27)	Gains previously in exchange and other reserves related to subsidiaries disposed during the year recognised in income statement	–	(153)	(153)	–	(153)	(56)	(209)
(69)	Share of other comprehensive income (losses) of associated companies	–	31	31	–	31	(572)	(541)
(1,495)	Share of other comprehensive income (losses) of joint ventures	–	(9,403)	(9,403)	–	(9,403)	(2,260)	(11,663)
67	Tax relating to components of other comprehensive income (losses)	–	385	385	–	385	133	518
(3,572)	Other comprehensive income (losses), net of tax	–	(22,428)	(22,428)	–	(22,428)	(5,437)	(27,865)
1,801	Total comprehensive income	–	10,580	10,580	1,421	12,001	2,046	14,047
(915)	Dividends paid relating to 2015	–	(7,140)	(7,140)	–	(7,140)	–	(7,140)
(364)	Dividends paid relating to 2016	–	(2,837)	(2,837)	–	(2,837)	–	(2,837)
(610)	Dividends paid to non-controlling interests	–	–	–	–	–	(4,756)	(4,756)
(190)	Distribution paid on perpetual capital securities	–	–	–	(1,486)	(1,486)	–	(1,486)
1,340	Equity contribution from non-controlling interests	–	–	–	–	–	10,453	10,453
(1,000)	Redemption of perpetual capital securities by a subsidiary	–	–	–	–	–	(7,800)	(7,800)
(15)	Transaction costs in relation to equity contribution from non-controlling interests	–	(87)	(87)	–	(87)	(28)	(115)
(24)	Buy-back and cancellation of issued shares (see note 31(a)(i))	(188)	(1)	(189)	–	(189)	–	(189)
(587)	Redemption of perpetual capital securities (see note 31(b))	–	–	–	(4,578)	(4,578)	–	(4,578)
1	Share option schemes and long term incentive plans of subsidiary companies	–	5	5	–	5	2	7
1	Unclaimed dividends write back of a subsidiary	–	5	5	–	5	–	5
68	Relating to acquisition of subsidiary companies	–	–	–	–	–	531	531
(182)	Relating to purchase of non-controlling interests	–	(1,065)	(1,065)	–	(1,065)	(351)	(1,416)
45	Relating to partial disposal of subsidiary companies	–	1,462	1,462	–	1,462	(1,109)	353
(2,432)		(188)	(9,658)	(9,846)	(6,064)	(15,910)	(3,058)	(18,968)
69,768	At 31 December 2016	248,363	145,806	394,169	30,510	424,679	119,511	544,190

(a) See note 31(a) for further details on share capital and share premium.

(b) See note 32 for further details on reserves.

Consolidated Statement of Cash Flows

for the year ended 31 December 2017

2017 US$ million		Note	2017 HK$ million	2016 HK$ million
	Operating activities			
8,735	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	33 (a)	68,137	62,051
(1,202)	Interest expenses and other finance costs paid (net of capitalisation)		(9,375)	(9,499)
(624)	Tax paid		(4,870)	(3,364)
6,909	**Funds from operations**		53,892	49,188
(38)	Changes in working capital	33 (b)	(296)	(8,850)
6,871	**Net cash from operating activities**		53,596	40,338
	Investing activities			
(3,015)	Purchase of fixed assets		(23,521)	(20,046)
(19)	Additions to leasehold land		(149)	–
(28)	Additions to telecommunications licences		(216)	(4,013)
(4)	Additions to brand names and other rights		(29)	(487)
(477)	Purchase of subsidiary companies	33 (c)	(3,724)	(333)
(17)	Additions to other unlisted investments		(130)	(87)
103	Repayments from associated companies and joint ventures		804	2,024
(4,846)	Purchase of and advances to associated companies and joint ventures		(37,798)	(2,066)
286	Proceeds on disposal of fixed assets		2,231	393
1,821	Proceeds on disposal of subsidiary companies	33 (d)	14,201	2,847
173	Proceeds on partial disposal / disposal of associated companies and joint ventures		1,348	–
2	Proceeds on disposal of other unlisted investments		19	107
(6,021)	Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments		(46,964)	(21,661)
36	Disposal of liquid funds and other listed investments		278	4,446
(256)	Additions to liquid funds and other listed investments		(1,997)	(812)
(6,241)	**Cash flows used in investing activities**		(48,683)	(18,027)
630	**Net cash inflow before financing activities**		4,913	22,311
	Financing activities			
12,883	New borrowings	33 (e)	100,488	76,306
(11,240)	Repayment of borrowings	33 (e)	(87,674)	(45,365)
(274)	Net loans from (to) non-controlling shareholders	33 (e)	(2,139)	59
203	Issue of equity securities by subsidiary companies to non-controlling shareholders		1,584	1,093
649	Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs		5,063	9,245
–	Redemption of perpetual capital securities by a subsidiary		–	(7,800)
(9)	Transaction costs in relation to issuance of shares by a subsidiary		(68)	–
(46)	Payments to acquire additional interests in subsidiary companies		(356)	(339)
–	Proceeds on partial disposal of subsidiary companies		–	353
992	Proceeds on issue of perpetual capital securities, net of transaction costs		7,738	–
(1,128)	Redemption of perpetual capital securities		(8,800)	(4,210)
–	Payments for buy-back and cancellation of issued shares		–	(189)
(1,348)	Dividends paid to ordinary shareholders		(10,512)	(9,977)
(621)	Dividends paid to non-controlling interests		(4,845)	(4,902)
(153)	Distribution paid on perpetual capital securities		(1,192)	(1,486)
(92)	**Cash flows from (used in) financing activities**		(713)	12,788
538	Increase in cash and cash equivalents		4,200	35,099
20,035	Cash and cash equivalents at 1 January		156,270	121,171
20,573	**Cash and cash equivalents at 31 December**		160,470	156,270

2017 US$ million		Note	2017 HK$ million	2016 HK$ million
	Analysis of cash, liquid funds and other listed investments			
20,573	Cash and cash equivalents, as above	23	**160,470**	156,270
1,002	Liquid funds and other listed investments	22	**7,813**	5,954
21,575	**Total cash, liquid funds and other listed investments**		**168,283**	162,224
42,712	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	27	**333,155**	304,030
403	Interest bearing loans from non-controlling shareholders	28	**3,143**	4,283
21,540	**Net debt**		**168,015**	146,089
(403)	Interest bearing loans from non-controlling shareholders		**(3,143)**	(4,283)
21,137	**Net debt (excluding interest bearing loans from non-controlling shareholders)**		**164,872**	141,806

Notes to the Financial Statements

1 Basis of preparation

The consolidated financial statements of CK Hutchison Holdings Limited (the "Company" or "CK Hutchison") and its subsidiaries (the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These financial statements have been prepared under the historical cost convention except for defined benefit plans plan assets, certain properties and financial instruments which are measured at fair values, as explained in the significant accounting policies set out in note 2.

2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2017. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's results of operations or financial position.

(a) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its direct and indirect subsidiary companies and also incorporate the Group's interests in associated companies and joint arrangements on the basis set out in notes 2(c) and 2(d) below. Results of subsidiary and associated companies and joint arrangements acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2017 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the acquisition method.

(b) Subsidiary companies

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the consolidated financial statements, subsidiary companies are accounted for as described in note 2(a) above.

(c) Associated companies

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

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

(d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. The Group recognises its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement. The results and net assets of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

2 Significant accounting policies (continued)

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached. Aircrafts are depreciated on a straight-line basis, after taking into account a residual value of 10% of their costs, over an expected useful life of 25 years from their respective dates of first use.

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for these purposes are as follows:

Motor vehicles	20 – 25%
Plant, machinery and equipment	$3^1/_3$ – 20%
Container terminal equipment	3 – 20%
Telecommunications equipment	2.5 – 20%
Rolling stock and other railway assets	2.5 – 5%
Water and sewerage infrastructure assets	0.5 – 25%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

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

(f) Investment properties

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

(g) Leasehold land

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

(h) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 45 years

Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

(i) Telecommunications customer acquisition costs

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

2 Significant accounting policies (continued)

(j) Goodwill

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

Goodwill is subject to impairment test annually and when there is indication that the carrying value may not be recoverable.

If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

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

(k) Contractual customer relationships

Separately acquired contractual customer relationships are carried at historical cost. These contractual customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to seven years over the expected useful life of the customer relationship.

(l) Deferred tax

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

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

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

Loans and receivables

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

Held-to-maturity investments

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

Financial assets at fair value through profit or loss

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

2 Significant accounting policies (continued)

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

Available-for-sale investments

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

(n) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognised based on whether certain qualifying criteria under HKAS 39 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

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

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

Derivatives designated as hedging instruments to hedge the net investment in a foreign operation are accounted for in a way similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion is recognised in other comprehensive income and accumulated under the heading of exchange reserve. The gain or loss relating to the ineffective portion is recognised in the income statement. Amounts accumulated are removed from exchange reserve and recognised in the income statement in the periods when the foreign operation is disposed of.

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

(o) Trade and other receivables

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

2 Significant accounting policies (continued)

(p) Inventories

Inventories consist mainly of retail goods. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

(q) Cash and cash equivalents

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

(r) Borrowings and borrowing costs

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

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

(s) Trade and other payables

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

(t) Customer loyalty credits

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

(u) Share capital

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

(v) Provisions

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

(w) Leased assets

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

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

2 Significant accounting policies (continued)

(x) Asset impairment

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

(y) Pension plans

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

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

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

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

(z) Share-based payments

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

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

(aa) Foreign exchange

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

2 Significant accounting policies (continued)

(aa) Foreign exchange (continued)

The financial statements of foreign operations are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

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

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

All other exchange differences are recognised in the income statement.

(ab) Business combinations

The Group applies the provisions of HKFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are generally recognised in profit or loss as incurred. Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed as of the acquisition date. The measurement period is the period from the date the Group obtains complete information about the facts and circumstances that existed as of the acquisition date, and ends on 12 months from the date of the acquisition.

2 Significant accounting policies (continued)

(ac) Revenue recognition

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

Ports and Related Services

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

Retail

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

Infrastructure

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

Aircraft leasing income are recognised on a straight-line basis over the period of the lease.

Energy

Revenue associated with the sale of crude oil, natural gas, natural gas liquids, synthetic crude oil, purchased commodities and refined petroleum products is recognised when the title passes to the customer.

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

2 Significant accounting policies (continued)

(ac) Revenue recognition (continued)

Telecommunications services

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

Revenue from the sale of prepaid mobile calling cards is deferred until such time as the customer uses the card or upon the expiry of the service period.

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

Other service income is recognised when the service is rendered.

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

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

Finance and investments

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

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

(ad) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million Hong Kong dollars unless otherwise stated.

2 Significant accounting policies (continued)

(ae) New standards and interpretations not yet adopted

At the date these financial statements are authorised for issue, the following standards, amendments and interpretations were in issue, and applicable to the Group's financial statements for annual accounting periods beginning on or after 1 January 2018, but not yet effective and have not been early adopted by the Group:

Annual Improvements 2014-2016 Cycle (i)	Improvements to HKFRSs in relation to HKAS 28 "Investments in Associates and Joint Ventures"
Annual Improvements 2015-2017 Cycle (ii)	Improvements to HKFRSs
HKAS 28 (Amendments) (ii)	Long-term interests in Associates and Joint Ventures
HKAS 40 (Amendments) (i)	Transfers of Investment Property
HKFRS 2 (Amendments) (i)	Classification and Measurement of Share-based Payment Transactions
HKFRS 9 (i)	Financial Instruments
HKFRS 9 (Amendments) (ii)	Prepayment Features with Negative Compensation
HKFRS 15 (i)	Revenue from Contracts with Customers
HKFRS 15 (Amendments) (i)	Clarifications to HKFRS 15 Revenue from Contracts with Customers
HKFRS 16 (ii)	Leases
HKFRS 10 and HKAS 28 (Amendments) (iii)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HK(IFRIC) Interpretation 22 (i)	Foreign Currency Transactions and Advance Consideration
HK(IFRIC) Interpretation 23 (ii)	Uncertainty over Income Tax Treatments

(i) Effective for the Group for annual periods beginning on or after 1 January 2018.
(ii) Effective for the Group for annual periods beginning on or after 1 January 2019.
(iii) The original effective date of 1 January 2016 has been postponed until further announcement by the HKICPA.

The Group is continuing to assess the implications of the adoption of these standards.

(i) HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. HKFRS 9 is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2018. The Group will adopt this new standard from 1 January 2018.

HKFRS 9 introduces a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. HKFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The new financial instruments standard eliminates the existing HKAS 39 Financial Instruments: Recognition and Measurement categories of held to maturity, loans and receivables and available-for-sale ("AFS").

Certain financial assets that are currently classified as loans and receivables and measured at amortised cost will be classified and measured as FVOCI or as FVPL under the new standard and certain financial assets that are currently classified as AFS equity securities will be classified and measured as FVPL under the new standard. Other than these changes, the Group does not expect the new guidance to result in any significant change on the classification and measurement of its financial assets for these reasons: (i) debt securities currently classified as AFS financial assets will satisfy the conditions for classification as FVOCI and hence there will be no change to the accounting for these assets; (ii) a FVOCI election is available for the equity securities which are currently classified as AFS financial assets. Whilst this election has no impact on the measurement of these assets, once the election is made the fair value gains or losses accumulated in the investment revaluation reserve account will not be reclassified to profit or loss following the derecognition of the particular investment, which is different from the current accounting treatment; (iii) equity securities currently measured at FVPL will continue to be measured on the same basis under HKFRS 9; and (iv) other loans and receivables financial assets currently measured at amortised cost will meet the conditions for classification at amortised cost under HKFRS 9.

2 Significant accounting policies (continued)

(ae) New standards and interpretations not yet adopted (continued)

(i) *HKFRS 9 Financial Instruments* (continued)

There will not be any impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVPL and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 and have not been changed.

HKFRS 9 replaces the "incurred loss" impairment model in HKAS 39 with a forward-looking "expected credit loss" ("ECL") model. The new impairment model will apply to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group expects to apply the simplified approach to recognise lifetime expected losses for amounts due from customers. As regards lease receivables, loan commitments, financial guarantee contracts, and certain other financial assets (which are currently presented under Liquid funds and other listed investments, and other unlisted investments) the Group considers that they have low credit risk and hence expects to recognise 12-month expected credit losses for such items. The Group is continuing to assess the implications of applying the new impairment model. While the application of this new guidance represents a change in accounting, this is not expected to have a material impact on the Group's financial position and / or financial performance as, based on assessment today, the credit losses calculated pursuant to the new requirements for a number of the Group's operations are not expected to be significantly different from the amount recognised under their current credit loss provision practices.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's financial risk management practices. Generally, more hedge relationships might be eligible for hedge accounting under HKFRS 9, as the standard introduces a more principles-based approach. At this stage the Group does not expect to identify any new hedging relationships. The Group's current hedge relationships will qualify as continuing hedges upon the adoption of HKFRS 9. As a consequence, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments when this new financial instruments standard is adopted in 2018.

Apart from providing more extensive disclosures on the Group's financial instruments transactions and introducing changes in the classification and measurement (including impairment) for financial assets, the Group does not expect the application of HKFRS 9 will have a significant impact on its financial position and / or financial performance.

Changes in accounting policies resulting from the adoption of HKFRS 9 will generally be applied retrospectively, except for hedge accounting and where the standard provides transition exemptions. The Group will elect to apply the transition exemptions, and comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated and differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will generally be recognised as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2018.

(ii) HKFRS 15 Revenue from contracts with customers

HKFRS 15 Revenue from Contracts with Customers establishes a framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18 Revenue, HKAS 11 Construction Contracts, and the related Interpretations when it becomes effective. HKFRS 15 is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2018. The Group will adopt this new standard from 1 January 2018.

The new revenue standard requires the transaction price of a contract to be allocated to individual performance obligation (or distinct good or service). Under HKFRS 15, the objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer. The Group does not expect the new guidance to have a significant impact on the Group's accounting with respect to the allocation of the transaction price to performance obligations identified as its current pricing practices are broadly consistent with this requirement. Currently, the Group allocates and recognises revenue among the different distinct elements of a contract separately. The Group apportions revenue earned from a contract, based on and in proportion to the respective amount of consideration that the Group expects to be entitled in exchanging for transferring the distinct promised goods or services. On this basis, the revenue attributed to the respective distinct elements arising from the application of the new guidance is not expected to be significantly different from the amount recognised under the Group's current pricing practices.

The new revenue standard introduces specific criteria for determining whether to capitalise certain costs, distinguishing between those costs associated with obtaining a contract and those costs associated with fulfilling a contract. Currently, the costs associated with obtaining a contract are expensed as incurred. The accounting for some of these costs will change upon adoption of HKFRS 15. The new standard requires the incremental costs of obtaining contracts to be recognised as an asset when incurred, and expensed over the contract period. Incremental costs of obtaining a contract are those costs that would not have incurred if the contract had not been obtained (for example, sales commissions payable on obtaining a contract). HKFRS 15 also requires some contract fulfillment costs, where they relate to performance obligation which is satisfied over time, to be recognised as an asset when incurred, and expensed on a systematic basis consistent with the pattern of satisfying the performance obligation.

The new revenue standard also introduces expanded disclosure requirements relating to revenue and new guidance on the presentation of contract assets and receivables in the statement of financial position. HKFRS 15 distinguishes between a contract asset and a receivable based on whether receipt of the consideration is conditional on something other than passage of time. Upfront unbilled revenues currently included in the consolidated statement of financial position as receivables will be recorded as contract assets if the receipt of the consideration is conditional upon fulfillment of another performance obligation.

Apart from providing more extensive disclosures on the Group's revenue transactions and introducing changes in accounting for the costs associated with obtaining a contract, the Group does not expect the application of HKFRS 15 will have a significant impact on its financial position and / or financial performance.

HKFRS 15 permits either a full retrospective or a modified retrospective approach for the adoption. The Group will elect to apply the modified retrospective approach for transition to the new revenue standard. Under this transition approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of HKFRS 15 is the first day of the annual reporting period in which the Group first applies the requirement of HKFRS 15, i.e. 1 January 2018; (iii) the Group recognises the cumulative effect of initially applying the guidance as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2018; and (iv) the Group will elect to apply the new standard only to contracts that are not completed contracts at 1 January 2018.

2 Significant accounting policies (continued)

(ae) New standards and interpretations not yet adopted (continued)

(iii) HKFRS 16 Leases

HKFRS 16 specifies how an entity will recognise, measure, present and disclose leases. HKFRS 16 is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2019. The Group currently plans to adopt this new standard from 1 January 2019.

The new standard provides a single, on balance sheet lease accounting model for lessees. It will result in almost all leases being recognised by the lessee on the balance sheet, as the distinction between operating and finance leases is removed. Under HKFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. In addition, the nature of expenses related to those leases will now change as HKFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. With all other variables remain constant the new accounting treatment will lead to a higher EBITDA and EBIT. The combination of a straight-line depreciation of the right-of-use asset and effective interest rate method applied to the lease liability results in a decreasing "total lease expense" over the lease term. In the initial years of a lease, the new standard will result in an income statement expense which is higher than the straight-line operating lease expense typically recognised under the current standard, and a lower expense after the mid-term of the lease as the interest expense reduces. The Group's profit after tax for a particular year may be affected negatively or positively depending on the maturity of the Group's overall lease portfolio in that year.

As a lessee, the Group can either apply the standard using a full retrospective approach, or a modified retrospective approach with optional practical expedients.

The transition accounting under the full retrospective approach requires entities to retrospectively apply the new standard to each prior reporting period presented. Under this transition approach, an entity will require extensive information about its leasing transactions in order to apply the standard retrospectively. This will include historical information about lease payments and discount rates. It will also include the historical information that the entity would have used in order to make the various judgements and estimates that are necessary to apply the lessee accounting model. The information will be required as at lease commencement, and also as at each date on which an entity would have been required to recalculate lease assets and liabilities on a reassessment or modification of the lease.

In view of the costs and massive complexity involved of applying the full retrospective approach the Group is considering to elect the modified retrospective approach. Under the modified retrospective approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of HKFRS 16 is the first day of the annual reporting period in which the Group first applies the requirement of HKFRS 16, i.e. 1 January 2019; and (iii) the Group recognises the cumulative effect of initially applying the guidance as an adjustment to the opening balance of retained profit (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2019.

The new standard will affect primarily the accounting for the Group's operating leases. The Group has not yet quantified to what extent these changes will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows on adoption of HKFRS 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group enters into.

2 Significant accounting policies (continued)

(ae) New standards and interpretations not yet adopted (continued)

The impact on adoption of these standards will be disclosed in the first set of consolidated financial statements issued by the Group following the initial application of the respective standard.

There are no other standards that have been issued but are not yet effective and upon their initial application that would be expected to have a material impact on the financial position and / or financial performance of the Group.

(af) Presentation of consolidated income statement line items

In connection with the reorganisation completed in 2015, the Group recognised in its 2015 consolidated income statement a net gain of HK$14,260 million on remeasurement of its previously held equity interest in former associated company Hutchison Whampoa Limited ("HWL") and certain interests in co-owned assets. The Group presented this material profit and loss item separately as "Profits on disposal of investments" and reported it under an additional line item titled "Profits on disposal of investments and others" for an aggregate amount of HK$13,613 million in its 2015 consolidated income statement. The 2016 balance for the same consolidated income statement line item was a net loss of HK$344 million. Irrespective that the 2016 balance was not sufficiently material to warrant a separate presentation, the Group maintained the same presentation as 2015 in its 2016 consolidated financial statements in order to assist users of the financial statements to understand the Group's 2015 financial performance.

If the same additional line item presentation is maintained, the current year consolidated income statement will show a net loss of HK$11 million for this item, compared to 2016's balance of a net loss of HK$344 million. As the amounts for both the current year and the comparative 2016 year are insignificant, an insertion of the same additional income statement line item as 2015 and 2016 in the current year financial statements is considered unnecessary. Accordingly, the Group has reclassified the 2016 balance (which is a loss of HK$344 million) to "Other operating expenses" to conform to the current year presentation. While this reclassification impacted previously reported "Other operating expenses", there was no impact on profit before tax and profit after tax in the consolidated income statement, and any of the other primary financial statements.

3 Critical accounting estimates and judgements

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

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

(a) Basis of consolidation

The determination of the Group's level of control over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associate or a cost investment might require the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements.

3 Critical accounting estimates and judgements (continued)

(b) Long-lived assets

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

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

(c) Depreciation and amortisation

(i) Fixed assets

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

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

(ii) Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

Certain brand names related to Retail and Telecommunications are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

Judgement is required to determine the useful lives of the telecommunications licences, other licences, brand names, trademarks and other rights. The actual economic lives of these assets may differ from the current contracted or expected usage periods, which could impact the amount of amortisation expense charged to the income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the income statement.

3 Critical accounting estimates and judgements (continued)

(c) Depreciation and amortisation (continued)

(iii) Telecommunications customer acquisition costs

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

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

(d) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is recorded as a separate asset or, as applicable, included within investments in associated companies and joint ventures. Goodwill is also subject to the impairment test annually and when there are indications that the carrying value may not be recoverable.

(e) Tax

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections.

3 Critical accounting estimates and judgements (continued)

(f) Business combinations and goodwill

As disclosed in note 2(ab), the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(g) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement and supply contracts related to specific assets in the ordinary course of its business and provided guarantees in respect of bank and other borrowing facilities to associated companies and joint ventures. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised, or where the borrowing associated companies and joint ventures are assessed to be unable to repay the indebtedness that the Group has guaranteed, a provision is recognised. The calculation of these provisions will involve the use of estimates. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value from the investment in such associated companies and joint ventures.

(h) Pension costs

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, "Employee Benefits". Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Management appoints actuaries to carry out full valuations of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the HKFRS requirements.

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

3 Critical accounting estimates and judgements (continued)

(i) Sale and leaseback transactions

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

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

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

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

4 Revenue

An analysis of revenue of the Company and subsidiary companies is as follows:

	2017 **HK$ million**	2016 HK$ million
Sale of goods	**152,235**	152,606
Revenue from services	**92,035**	104,124
Interest	**4,135**	2,979
Dividend income	**110**	133
	248,515	259,842

5 Operating segment information

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as Associates and JV refers to the Group's share of associated companies and joint ventures' respective items. Segments are reported in a manner consistent with internal reporting currently provided to the board of directors of the Company who is responsible for allocating resources and assessing performance of the operating segments.

Ports and Related Services:
This division had 287 operational berths as at 31 December 2017.

Retail:
The Retail division had 14,124 stores across 24 markets as at 31 December 2017.

Infrastructure:
The Infrastructure division comprises a 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), interests in certain co-owned infrastructure investments, and aircraft leasing business (which was disposed during 2016) are reported under this division.

Husky Energy:
This comprises the Group's 40.19% interest in Husky Energy, an integrated energy company listed on the Toronto Stock Exchange in Canada.

Telecommunications:
The Group's telecommunications division consists of **3** Group Europe with businesses in 6 countries in Europe, a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the Stock Exchange, Hutchison Asia Telecommunications and a 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 50% interest in a joint venture company, Vodafone Hutchison Australia Pty Limited ("VHA").

Following the completion in November 2016 of the formation of a 50 / 50 joint venture, VIP-CKH Luxembourg S.à r.l. (the "Italian Joint Venture"), to jointly own and operate the telecommunications businesses in Italy of 3 Italia S.p.A., a then indirect subsidiary of the Company, and WIND Acquisition Holdings Finance S.p.A., a then wholly-owned subsidiary of VEON Ltd., the Group's share of the results of the Italian Joint Venture is presented in the column headed as Associates and JV. Prior to the completion of the formation of the Italian Joint Venture, the results of the Group's telecommunications businesses in Italy was presented in the column headed as Company and Subsidiaries.

HTAL's share of VHA's results is presented within the line item titled "Finance & Investments and Others". See note 5(t).

5 Operating segment information (continued)

Finance & Investments and Others is presented to reconcile to the totals included in the Group's income statement and statement of financial position, which covers the activities of other areas of the Group which are not presented separately and include Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison Water (which was disposed during the year) and corporate head office operations, the Marionnaud business, listed subsidiary Hutchison China MediTech, listed associates TOM Group and CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences"), and the returns earned on the Group's holdings of cash and liquid investments.

Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated mainly attributable to Retail of HK$70 million (2016 – HK$52 million), Hutchison Telecommunications Hong Kong Holdings of HK$222 million (2016 – HK$297 million) and Hutchison Asia Telecommunications of HK$9 million (2016 – HK$11 million).

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

	Revenue							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2017 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2016 Total HK$ million	%
Ports and Related Services #	**25,762**	**8,384**	**34,146**	**8%**	24,027	8,157	32,184	9%
Retail	**123,834**	**32,329**	**156,163**	**38%**	121,969	29,533	151,502	40%
Infrastructure	**18,599**	**38,770**	**57,369**	**14%**	19,569	33,642	53,211	14%
Husky Energy	**–**	**44,948**	**44,948**	**11%**	–	30,467	30,467	8%
3 Group Europe	**46,548**	**24,186**	**70,734**	**17%**	58,417	3,998	62,415	16%
Hutchison Telecommunications Hong Kong Holdings	**9,685**	**–**	**9,685**	**2%**	12,133	–	12,133	3%
Hutchison Asia Telecommunications	**7,695**	**–**	**7,695**	**2%**	8,200	–	8,200	2%
Finance & Investments and Others	**16,392**	**17,705**	**34,097**	**8%**	15,527	16,684	32,211	8%
	248,515	**166,322**	**414,837**	**100%**	259,842	122,481	382,323	100%
Non-controlling interests' share of HPH Trust's revenue	**–**	**1,069**	**1,069**		–	1,017	1,017	
	248,515	**167,391**	**415,906**		259,842	123,498	383,340	

includes the Group's attributable share of HPH Trust's revenue based on the effective shareholdings in HPH Trust during 2017. Revenue reduced by HK$1,069 million for 2017 (2016 – HK$1,017 million), being adjustments to exclude non-controlling interests' share of revenue of HPH Trust.

5 Operating segment information (continued)

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

	EBITDA (m)							
	Company and Subsidiaries	Associates and JV	2017 Total		Company and Subsidiaries	Associates and JV	2016 Total	
	HK$ million	HK$ million	HK$ million	%	HK$ million	HK$ million	HK$ million	%
Ports and Related Services #	8,921	3,642	12,563	12%	7,705	3,934	11,639	12%
Retail	11,911	2,887	14,798	14%	11,949	2,618	14,567	16%
Infrastructure	10,451	22,582	33,033	32%	11,358	19,770	31,128	33%
Husky Energy	–	8,992	8,992	9%	–	9,284	9,284	10%
3 Group Europe	14,546	9,791	24,337	23%	17,242	1,702	18,944	20%
Hutchison Telecommunications Hong Kong Holdings (o)	4,272	65	4,337	4%	2,543	64	2,607	3%
Hutchison Asia Telecommunications	558	–	558	1%	2,298	–	2,298	2%
Finance & Investments and Others (p)	1,852	3,884	5,736	5%	258	3,800	4,058	4%
EBITDA	52,511	51,843	104,354	100%	53,353	41,172	94,525	100%
Non-controlling interests' share of HPH Trust's EBITDA	–	741	741		–	711	711	
EBITDA (see note 33(a))	52,511	52,584	105,095		53,353	41,883	95,236	
Depreciation and amortisation	(17,105)	(19,921)	(37,026)		(16,014)	(15,646)	(31,660)	
Interest expenses and other finance costs	(8,274)	(9,750)	(18,024)		(7,118)	(6,160)	(13,278)	
Current tax	(5,415)	(2,483)	(7,898)		(3,334)	(2,913)	(6,247)	
Deferred tax	2,599	(756)	1,843		(1,217)	(552)	(1,769)	
Non-controlling interests	(8,502)	(388)	(8,890)		(8,904)	(370)	(9,274)	
	15,814	19,286	35,100		16,766	16,242	33,008	

\# includes the Group's attributable share of HPH Trust's EBITDA based on the effective shareholdings in HPH Trust during 2017. EBITDA reduced by HK$741 million for 2017 (2016 – HK$711 million), being adjustments to exclude non-controlling interests' share of EBITDA of HPH Trust.

5 Operating segment information (continued)

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

	EBIT [n]							
	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2017 Total HK$ million	%	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2016 Total HK$ million	%
Ports and Related Services #	6,008	2,211	8,219	12%	5,019	2,548	7,567	12%
Retail	9,821	2,268	12,089	18%	10,028	2,031	12,059	19%
Infrastructure	7,535	15,914	23,449	35%	7,547	14,615	22,162	35%
Husky Energy	–	2,703	2,703	4%	–	3,429	3,429	6%
3 Group Europe								
EBITDA before the following non-cash items:	14,546	9,791	24,337		17,242	1,702	18,944	
Depreciation	(3,968)	(1,103)	(5,071)		(4,208)	(161)	(4,369)	
Amortisation of licence fees and other rights	(1,164)	(1,535)	(2,699)		(1,567)	(170)	(1,737)	
EBIT – 3 Group Europe	9,414	7,153	16,567	25%	11,467	1,371	12,838	20%
Hutchison Telecommunications Hong Kong Holdings [o]	688	19	707	1%	1,036	19	1,055	2%
Hutchison Asia Telecommunications	226	–	226	–	2,130	–	2,130	3%
Finance & Investments and Others [p]	1,714	1,918	3,632	5%	112	1,767	1,879	3%
EBIT	35,406	32,186	67,592	100%	37,339	25,780	63,119	100%
Non-controlling interests' share of HPH Trust's EBIT	–	477	477		–	457	457	
Interest expenses and other finance costs	(8,274)	(9,750)	(18,024)		(7,118)	(6,160)	(13,278)	
Current tax	(5,415)	(2,483)	(7,898)		(3,334)	(2,913)	(6,247)	
Deferred tax	2,599	(756)	1,843		(1,217)	(552)	(1,769)	
Non-controlling interests	(8,502)	(388)	(8,890)		(8,904)	(370)	(9,274)	
	15,814	19,286	35,100		16,766	16,242	33,008	

includes the Group's attributable share of HPH Trust's EBIT based on the effective shareholdings in HPH Trust during 2017. EBIT reduced by HK$477 million for 2017 (2016 – HK$457 million), being adjustments to exclude non-controlling interests' share of EBIT of HPH Trust.

5 Operating segment information (continued)

(d) The following is an analysis of the Group's depreciation and amortisation by operating segments:

	Depreciation and amortisation					
	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2017 Total HK$ million	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2016 Total HK$ million
Ports and Related Services #	2,913	1,431	4,344	2,686	1,386	4,072
Retail	2,090	619	2,709	1,921	587	2,508
Infrastructure	2,916	6,668	9,584	3,811	5,155	8,966
Husky Energy	–	6,289	6,289	–	5,855	5,855
3 Group Europe	5,132	2,638	7,770	5,775	331	6,106
Hutchison Telecommunications Hong Kong Holdings (o)	3,584	46	3,630	1,507	45	1,552
Hutchison Asia Telecommunications	332	–	332	168	–	168
Finance & Investments and Others	138	1,966	2,104	146	2,033	2,179
	17,105	19,657	36,762	16,014	15,392	31,406
Non-controlling interests' share of HPH Trust's depreciation and amortisation	–	264	264	–	254	254
	17,105	19,921	37,026	16,014	15,646	31,660

includes the Group's attributable share of HPH Trust's depreciation and amortisation based on the effective shareholdings in HPH Trust during 2017. Depreciation and amortisation reduced by HK$264 million for 2017 (2016 – HK$254 million), being adjustments to exclude non-controlling interests' share of depreciation and amortisation of HPH Trust.

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

	Capital expenditure							
	Fixed assets, investment properties and leasehold land HK$ million	Telecom-munications licences HK$ million	Brand names and other rights HK$ million	2017 Total HK$ million	Fixed assets, investment properties and leasehold land HK$ million	Telecom-munications licences HK$ million	Brand names and other rights HK$ million	2016 Total HK$ million
Ports and Related Services	3,700	–	3	3,703	2,858	–	26	2,884
Retail	3,148	–	–	3,148	2,403	–	–	2,403
Infrastructure	5,543	–	6	5,549	5,532	–	18	5,550
Husky Energy	–	–	–	–	–	–	–	–
3 Group Europe	7,880	197	3	8,080	7,449	427	376	8,252
Hutchison Telecommunications Hong Kong Holdings	1,018	–	9	1,027	1,131	1,779	40	2,950
Hutchison Asia Telecommunications	2,103	19	–	2,122	439	1,807	–	2,246
Finance & Investments and Others	278	–	8	286	234	–	27	261
	23,670	216	29	23,915	20,046	4,013	487	24,546

5 Operating segment information (continued)

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

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets [a]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2017 Total assets	Segment assets [a]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2016 Total assets
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**75,531**	**184**	**26,242**	**101,957**	72,286	151	25,982	98,419
Retail	**196,903**	**1,140**	**13,707**	**211,750**	191,458	871	11,181	203,510
Infrastructure	**172,958**	**489**	**157,420**	**330,867**	161,567	482	122,900	284,949
Husky Energy	**–**	**–**	**62,976**	**62,976**	–	–	58,709	58,709
3 Group Europe	**114,415**	**18,015**	**32,723**	**165,153**	93,493	14,270	24,365	132,128
Hutchison Telecommunications Hong Kong Holdings	**23,500**	**338**	**434**	**24,272**	26,628	53	459	27,140
Hutchison Asia Telecommunications	**7,973**	**–**	**–**	**7,973**	5,111	–	–	5,111
Finance & Investments and Others	**181,303**	**29**	**13,975**	**195,307**	190,407	29	13,063	203,499
	772,583	**20,195**	**307,477**	**1,100,255**	740,950	15,856	256,659	1,013,465

5 Operating segment information (continued)

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

	Total liabilities							
	Segment liabilities (f)	Current & non-current borrowings and other non-current liabilities	Current & deferred tax liabilities	2017 Total liabilities	Segment liabilities (f)	Current & non-current borrowings and other non-current liabilities	Current & deferred tax liabilities	2016 Total liabilities
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	13,746	16,652	4,624	35,022	15,888	15,212	4,485	35,585
Retail	25,813	13,768	10,523	50,104	23,929	12,428	10,322	46,679
Infrastructure	15,305	102,354	7,165	124,824	14,448	72,881	6,120	93,449
Husky Energy	–	–	–	–	–	–	–	–
3 Group Europe	23,866	14,759	460	39,085	17,954	12,223	32	30,209
Hutchison Telecommunications Hong Kong Holdings	2,229	4,286	3	6,518	3,615	4,926	579	9,120
Hutchison Asia Telecommunications	5,219	17,010	3	22,232	4,616	16,990	2	21,608
Finance & Investments and Others	7,820	217,350	5,753	230,923	8,017	220,122	4,486	232,625
	93,998	386,179	28,531	508,708	88,467	354,782	26,026	469,275

Additional information in respect of geographical locations

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

	Revenue							
	Company and Subsidiaries	Associates and JV	2017 Total		Company and Subsidiaries	Associates and JV	2016 Total	
	HK$ million	HK$ million	HK$ million	%	HK$ million	HK$ million	HK$ million	%
Hong Kong	40,302	4,963	45,265	11%	44,859	5,107	49,966	13%
Mainland China	29,446	7,234	36,680	9%	29,178	6,585	35,763	9%
Europe	117,303	77,602	194,905	47%	127,743	52,906	180,649	48%
Canada (5)	469	43,852	44,321	11%	478	29,514	29,992	8%
Asia, Australia and Others	44,603	14,966	59,569	14%	42,057	11,685	53,742	14%
Finance & Investments and Others	16,392	17,705	34,097	8%	15,527	16,684	32,211	8%
	248,515	166,322	414,837 (1)	100%	259,842	122,481	382,323 (1)	100%

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

5 Operating segment information (continued)

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

	EBITDA (m)							
	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2017 Total HK$ million	%	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2016 Total HK$ million	%
Hong Kong	3,864	2,506	6,370	6%	2,766	2,034	4,800	5%
Mainland China	4,873	4,806	9,679	9%	5,802	4,165	9,967	11%
Europe	31,424	24,867	56,291	54%	34,113	16,789	50,902	54%
Canada (s)	299	7,598	7,897	8%	347	8,200	8,547	9%
Asia, Australia and Others	10,199	8,182	18,381	18%	10,067	6,184	16,251	17%
Finance & Investments and Others (p)	1,852	3,884	5,736	5%	258	3,800	4,058	4%
EBITDA	52,511	51,843	104,354 (2)	100%	53,353	41,172	94,525 (2)	100%

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

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

	EBIT (n)							
	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2017 Total HK$ million	%	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2016 Total HK$ million	%
Hong Kong	110	1,472	1,582	2%	927	991	1,918	3%
Mainland China	3,836	3,221	7,057	10%	4,831	2,662	7,493	12%
Europe	21,978	18,335	40,313	60%	23,669	13,094	36,763	58%
Canada (s)	276	1,932	2,208	4%	249	3,120	3,369	5%
Asia, Australia and Others	7,492	5,308	12,800	19%	7,551	4,146	11,697	19%
Finance & Investments and Others (p)	1,714	1,918	3,632	5%	112	1,767	1,879	3%
EBIT	35,406	32,186	67,592 (3)	100%	37,339	25,780	63,119 (3)	100%

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

5 Operating segment information (continued)

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

	Capital expenditure							
	Fixed assets, investment properties and leasehold land	**Telecom-munications licences**	**Brand names and other rights**	**2017 Total**	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	2016 Total
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	**1,569**	**–**	**9**	**1,578**	1,575	1,779	40	3,394
Mainland China	**1,239**	**–**	**–**	**1,239**	952	–	–	952
Europe	**14,545**	**197**	**3**	**14,745**	13,876	427	376	14,679
Canada	**182**	**–**	**–**	**182**	27	–	–	27
Asia, Australia and Others	**5,857**	**19**	**9**	**5,885**	3,382	1,807	44	5,233
Finance & Investments and Others	**278**	**–**	**8**	**286**	234	–	27	261
	23,670	**216**	**29**	**23,915**	20,046	4,013	487	24,546

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

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets [q]	**Deferred tax assets**	**Investments in associated companies and interests in joint ventures**	**2017 Total assets**	Segment assets [q]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2016 Total assets
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	**55,423**	**366**	**22,521**	**78,310**	66,608	94	38,123	104,825
Mainland China	**48,697**	**726**	**27,190**	**76,613**	48,818	479	29,014	78,311
Europe	**370,864**	**18,830**	**120,642**	**510,336**	335,587	15,022	87,365	437,974
Canada [s]	**6,249**	**3**	**63,977**	**70,229**	4,732	8	53,543	58,283
Asia, Australia and Others	**110,047**	**241**	**59,172**	**169,460**	94,798	224	35,551	130,573
Finance & Investments and Others	**181,303**	**29**	**13,975**	**195,307**	190,407	29	13,063	203,499
	772,583	**20,195**	**307,477**	**1,100,255**	740,950	15,856	256,659	1,013,465

5 Operating segment information (continued)

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

(n) EBIT represents the EBIT of the Company and subsidiary companies as well as the Group's share of the EBIT of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBIT for this operation. EBIT is defined as earnings before interest expenses and other finance costs and tax. Information concerning EBIT has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT is not a measure of financial performance under HKFRS and the EBIT measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.

(o) During the year, HTHKH disposed of its fixed-line telecommunications business and reported a one-off gain of HK$5,614 million. HTHKH also reported a one-off after tax and non-controlling interests accelerated depreciation charges of HK$1,391 million for certain 2G and 3G mobile telecommunications fixed assets in Hong Kong and Macau. The Group's share of this disposal gain is approximately HK$2,034 million at the EBITDA (included in Other operating expenses) level and EBIT level. The Group's share of these accelerated depreciation charges is approximately HK$2,182 million at the EBIT level (included in Depreciation and amortisation).

(p) EBITDA and EBIT (included in Other operating expenses) of Finance & Investments and Others include a disposal gain of a manufacturing plant in Mainland China amounting to approximately HK$1,922 million and hedging losses of approximately HK$1,173 million on settlement of forward contracts against the Group's earnings in British Pounds, Euro and Renminbi.

(q) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, brand names and other rights, goodwill, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets. As additional information, non-current assets (excluding financial instruments, deferred tax assets, post-employment benefits assets and assets from insurance contracts) for Hong Kong, Mainland China, Europe, Canada, and Asia, Australia and Others amounted to HK$81,118 million (2016 – HK$116,283 million), HK$84,307 million (2016 – HK$85,976 million), HK$443,138 million (2016 – HK$383,148 million), HK$68,789 million (2016 – HK$58,432 million) and HK$156,169 million (2016 – HK$119,226 million) respectively.

(r) Segment liabilities comprise trade and other payables and pension obligations.

(s) Include contribution from the United States of America for Husky Energy.

(t) In this Operating segment information note, HTAL's share of VHA's results is presented within the line item titled "Finance & Investments and Others". Previously, this item was presented within the line item titled "Profits on disposal of investments and others". This change in presentation is to reflect the effect of the change in consolidated income statement line items presentation disclosed under note 2(af). Accordingly, certain comparative figures in this Operating segment information note have been reclassified to conform to the presentation adopted for the current year. This reclassification impacted certain previously reported figures in the Operating segment information note for "Finance & Investments and Others", and also impacted certain previously reported figures under the columns headed "Associates and JV" and "Total" in respect of the sub-total and total figures for Revenue and Depreciation and amortisation, sub-total figures for EBITDA and EBIT, and Interest expenses and other finance costs.

6 Directors' emoluments

	2017 HK$ million	2016 HK$ million
Directors' emoluments	512	488

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments exclude amounts received from the Company's listed subsidiaries and paid to the Company. The amounts disclosed above are the amounts recognised as directors' emolument expenses in the Group's income statement for 2017 and 2016.

Further details of the directors' emoluments of HK$511.95 million (2016 – HK$487.61 million) are set out in note 6(a).

The Company does not have a share option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2016 – nil).

In 2017, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind – HK$4.73 million; provident fund contribution – HK$0.3 million and discretionary bonus – HK$28.34 million.

In 2016, the five individuals whose emoluments were the highest for the year were five directors of the Company.

(a) Directors' emolument expenses recognised in the Group's income statement:

	2017					
Name of directors	**Director's fees HK$ million**	**Basic salaries, allowances and benefits-in-kind HK$ million**	**Discretionary bonuses HK$ million**	**Provident fund contributions HK$ million**	**Inducement or compensation fees HK$ million**	**Total emoluments HK$ million**
LI Ka-shing [1] [7]	0.01	–	–	–	–	0.01
LI Tzar Kuoi, Victor						
Paid by the Company	0.22	4.89	63.87	–	–	68.98
Paid by CKI	0.08	–	32.27	–	–	32.35
	0.30	4.89	96.14	–	–	101.33
FOK Kin Ning, Canning [2]	0.22	11.59	197.68	1.04	–	210.53
Frank John SIXT [2]	0.22	8.64	52.58	0.75	–	62.19
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.62	10.07	–	–	11.91
Paid by CKI	0.08	1.80	11.35	–	–	13.23
	0.30	3.42	21.42	–	–	25.14
KAM Hing Lam						
Paid by the Company	0.22	2.42	9.88	–	–	12.52
Paid by CKI	0.08	4.20	11.35	–	–	15.63
	0.30	6.62	21.23	–	–	28.15
LAI Kai Ming, Dominic [2]	0.22	5.84	52.01	1.10	–	59.17
Edith SHIH [3]	0.22	4.30	17.13	0.36	–	22.01
CHOW Kun Chee, Roland [4]	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan [3] [4]	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles [4]	0.22	–	–	–	–	0.22
LEUNG Siu Hon [4]	0.22	–	–	–	–	0.22
George Colin MAGNUS [4]						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
KWOK Tun-li, Stanley [5] [6]	0.35	–	–	–	–	0.35
CHENG Hoi Chuen, Vincent [5] [6] [7]	0.41	–	–	–	–	0.41
Michael David KADOORIE [5]	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose [5]	0.22	–	–	–	–	0.22
William SHURNIAK [5] [6]	0.35	–	–	–	–	0.35
WONG Chung Hin [5] [6] [7]	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna [5] [7]	0.28	–	–	–	–	0.28
Total	5.21	45.30	458.19	3.25	–	511.95

6 Directors' emoluments (continued)

(a) Directors' emolument expenses recognised in the Group's income statement (continued):

	2016					
Name of directors	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind HK$ million	Discretionary bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
LI Ka-shing (1) (7)	0.01	–	–	–	–	0.01
LI Tzar Kuoi, Victor						
Paid by the Company	0.22	4.89	53.87	–	–	58.98
Paid by CKI	0.08	–	30.44	–	–	30.52
	0.30	4.89	84.31	–	–	89.50
FOK Kin Ning, Canning (2)	0.22	11.60	186.99	1.95	–	200.76
CHOW WOO Mo Fong, Susan (2) (8)	0.13	5.08	34.83	1.00	–	41.04
Frank John SIXT (2)	0.22	8.55	42.58	0.75	–	52.10
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.62	9.59	–	–	11.43
Paid by CKI	0.08	1.80	11.02	–	–	12.90
	0.30	3.42	20.61	–	–	24.33
KAM Hing Lam						
Paid by the Company	0.22	2.42	9.59	–	–	12.23
Paid by CKI	0.08	4.20	11.02	–	–	15.30
	0.30	6.62	20.61	–	–	27.53
LAI Kai Ming, Dominic (2)	0.22	5.82	42.00	1.10	–	49.14
CHOW Kun Chee, Roland (4)	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles (4)	0.22	–	–	–	–	0.22
LEUNG Siu Hon (4)	0.22	–	–	–	–	0.22
George Colin MAGNUS (4)						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
KWOK Tun-li, Stanley (5) (6)	0.35	–	–	–	–	0.35
CHENG Hoi Chuen, Vincent (5) (6) (7)	0.41	–	–	–	–	0.41
Michael David KADOORIE (5)	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose (5)	0.22	–	–	–	–	0.22
William SHURNIAK (5) (6)	0.35	–	–	–	–	0.35
WONG Chung Hin (5) (6) (7)	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna (5) (7)	0.28	–	–	–	–	0.28
Total	4.90	45.98	431.93	4.80	–	487.61

(1) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$5,000 (2016 – HK$5,000). The amount of director's fee shown above is a result of rounding.

(2) Directors' fees received by these directors from the Company's listed subsidiaries during the period they served as directors that have been paid to the Company are not included in the amounts above.

(3) Appointed on 1 January 2017.

(4) Non-executive director.

(5) Independent non-executive director. The total emoluments of the independent non-executive directors of the Company are HK$2.24 million (2016 – HK$2.24 million).

(6) Member of the Audit Committee.

(7) Member of the Remuneration Committee.

(8) Retired on 1 August 2016.

7 Interest expenses and other finance costs

	2017 HK$ million	2016 HK$ million
Bank loans and overdrafts	**1,556**	1,588
Other loans	**264**	200
Notes and bonds	**7,605**	7,759
Interest bearing loans from non-controlling shareholders	**260**	274
Other finance costs	**60**	4
	9,745	9,825
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	**210**	99
Other non-cash interest adjustments [(a)]	**(1,311)**	(2,480)
	8,644	7,444
Less: interest capitalised [(b)]	**(370)**	(326)
	8,274	7,118

(a) Other non-cash interest adjustments represent amortisation of bank and other debts' fair value adjustments arising from acquisitions of HK$1,725 million (2016 – HK$2,741 million) net with notional adjustments to the carrying amount of certain obligations recognised in the consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future of HK$414 million (2016 – HK$261 million).

(b) Borrowing costs have been capitalised at various applicable rates ranging from 4.6% to 6.2% per annum (2016 – 0.4% to 6.2% per annum).

8 Tax

	2017 HK$ million	2016 HK$ million
Current tax charge		
Hong Kong	**598**	382
Outside Hong Kong	**4,817**	2,952
	5,415	3,334
Deferred tax charge (credit)		
Hong Kong	**(255)**	72
Outside Hong Kong	**(2,344)**	1,145
	(2,599)	1,217
	2,816	4,551

Hong Kong profits tax has been provided for at the rate of 16.5% (2016 – 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

8 Tax (continued)

The differences between the Group's expected tax charge (credit), calculated at the domestic rates applicable to the country concerned, and the Group's tax charge (credit) for the years were as follows:

	2017 HK$ million	2016 HK$ million
Tax calculated at the domestic rates applicable in the country concerned	**7,101**	6,950
Tax effect of:		
Tax losses not recognised	**1,474**	585
Income not subject to tax	**(1,847)**	(1,077)
Expenses not deductible for tax purposes	**1,535**	1,413
Recognition of previously unrecognised tax losses	**(2,010)**	(1,812)
Utilisation of previously unrecognised tax losses	**(926)**	(988)
Under provision in prior years	**33**	72
Other temporary differences	**(2,456)**	(454)
Effect of change in tax rate	**(88)**	(138)
Total tax for the year	**2,816**	4,551

9 Earnings per share for profit attributable to ordinary shareholders

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company of HK$35,100 million (2016 – HK$33,008 million) and on 3,857,678,500 shares in issue during 2017 (2016 – weighted average number of shares outstanding during 2016 – 3,859,441,388 shares).

The Company does not have a share option scheme. Certain of the Company's subsidiary and associated companies have employee share options outstanding as at 31 December 2017 and 2016. The employee share options of these subsidiary and associated companies outstanding as at 31 December 2017 and 2016 did not have a dilutive effect on earnings per share.

10 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2017 HK$ million	2016 HK$ million
Distribution paid on perpetual capital securities	**1,192**	1,486

(b) Dividends

	2017 HK$ million	2016 HK$ million
Interim dividend, paid of HK$0.78 per share (2016 – HK$0.735 per share)	**3,009**	2,837
Final dividend, proposed of HK$2.07 per share (2016 – HK$1.945 per share)	**7,985**	7,503
	10,994	10,340

In 2017, the calculation of the interim dividend and final dividend is based on 3,857,678,500 shares (2016 – 3,859,678,500 shares for interim dividend and 3,857,678,500 shares for final dividend) in issue.

11 Other comprehensive income (losses)

	2017		
	Before-tax amount HK$ million	Tax effect HK$ million	Net-of-tax amount HK$ million
Available-for-sale investments			
Valuation gains recognised directly in reserves	**149**	**–**	**149**
Valuation gains previously in reserves recognised in income statement	**(36)**	**–**	**(36)**
Remeasurement of defined benefit obligations recognised directly in reserves	**1,730**	**(213)**	**1,517**
Cash flow hedges (forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts)			
Losses recognised directly in reserves	**(114)**	**(50)**	**(164)**
Losses previously in reserves recognised in initial cost of non-financial items	**1**	**–**	**1**
Losses on net investment hedges (forward foreign currency contracts) recognised directly in reserves	**(4,683)**	**–**	**(4,683)**
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	**4,625**	**–**	**4,625**
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	**40**	**–**	**40**
Share of other comprehensive income of associated companies	**3,167**	**–**	**3,167**
Share of other comprehensive income of joint ventures	**10,315**	**–**	**10,315**
	15,194	**(263)**	**14,931**

	2016		
	Before-tax amount HK$ million	Tax effect HK$ million	Net-of-tax amount HK$ million
Available-for-sale investments			
Valuation losses recognised directly in reserves	(537)	–	(537)
Valuation losses previously in reserves recognised in income statement	541	–	541
Remeasurement of defined benefit obligations recognised directly in reserves	(2,239)	328	(1,911)
Cash flow hedges (forward foreign currency contracts and interest rate swap contracts)			
Losses recognised directly in reserves	(1,411)	188	(1,223)
Gains previously in reserves recognised in initial cost of non-financial items	(13)	2	(11)
Gains on net investment hedges (forward foreign currency contracts) recognised directly in reserves	6,112	–	6,112
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(18,423)	–	(18,423)
Gains previously in exchange and other reserves related to subsidiaries disposed during the year recognised in income statement	(209)	–	(209)
Share of other comprehensive income (losses) of associated companies	(541)	–	(541)
Share of other comprehensive income (losses) of joint ventures	(11,663)	–	(11,663)
	(28,383)	518	(27,865)

12 Fixed assets

	Land and buildings HK$ million	Telecom-munications network assets HK$ million	Aircraft HK$ million	Other assets [(a)] HK$ million	Total HK$ million
Cost					
At 1 January 2016	26,294	30,091	14,274	117,203	187,862
Additions	1,125	1,113	1	17,807	20,046
Relating to subsidiaries acquired (see note 33(c))	26	1,690	–	400	2,116
Disposals	(4)	(92)	(188)	(442)	(726)
Relating to subsidiaries disposed (see note 33(d))	(1,391)	(4,854)	(14,087)	(4,496)	(24,828)
Transfer from (to) other assets	32	–	–	(2,394)	(2,362)
Transfer between categories	219	6,088	–	(6,097)	210
Exchange translation differences	(1,934)	(1,975)	–	(15,074)	(18,983)
At 31 December 2016 and 1 January 2017	**24,367**	**32,061**	**–**	**106,907**	**163,335**
Additions	**1,632**	**3,336**	**–**	**18,553**	**23,521**
Relating to subsidiaries acquired (see note 33(c))	**4**	**334**	**–**	**107**	**445**
Disposals	**(71)**	**(2,797)**	**–**	**(959)**	**(3,827)**
Relating to subsidiaries disposed (see note 33(d))	**(35)**	**(7,618)**	**–**	**(625)**	**(8,278)**
Transfer between categories	**(44)**	**5,244**	**–**	**(4,935)**	**265**
Exchange translation differences	**1,396**	**2,393**	**–**	**9,102**	**12,891**
At 31 December 2017	**27,249**	**32,953**	**–**	**128,150**	**188,352**
Accumulated depreciation and impairment					
At 1 January 2016	442	1,997	623	4,945	8,007
Charge for the year	1,114	4,041	642	7,465	13,262
Disposals	(2)	(42)	(7)	(172)	(223)
Relating to subsidiaries disposed (see note 33(d))	(22)	(760)	(1,258)	(56)	(2,096)
Transfer from (to) other assets	3	–	–	(410)	(407)
Transfer between categories	18	334	–	(142)	210
Exchange translation differences	(106)	(258)	–	(652)	(1,016)
At 31 December 2016 and 1 January 2017	**1,447**	**5,312**	**–**	**10,978**	**17,737**
Charge for the year	**1,015**	**5,848**	**–**	**7,816**	**14,679**
Disposals	**(23)**	**(2,753)**	**–**	**(696)**	**(3,472)**
Relating to subsidiaries disposed (see note 33(d))	**(5)**	**(1,406)**	**–**	**(134)**	**(1,545)**
Transfer between categories	**(177)**	**165**	**–**	**277**	**265**
Exchange translation differences	**146**	**727**	**–**	**1,026**	**1,899**
At 31 December 2017	**2,403**	**7,893**	**–**	**19,267**	**29,563**
Net book value					
At 31 December 2017	**24,846**	**25,060**	**–**	**108,883**	**158,789**
At 31 December 2016	22,920	26,749	–	95,929	145,598
At 1 January 2016	25,852	28,094	13,651	112,258	179,855

(a) Cost and net book value of other assets include HK$22,937 million (2016 – HK$19,303 million) and HK$19,287 million (2016 – HK$17,306 million) respectively relate to the business of Ports and Related Services, and HK$80,475 million (2016 – HK$68,749 million) and HK$72,599 million (2016 – HK$64,421 million) respectively relate to the business of Infrastructure.

12 Fixed assets (continued)

The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases of fixed assets is as follows:

	2017 **HK$ million**	2016 HK$ million
Within 1 year	**3,317**	3,744
After 1 year, but within 5 years	**5,199**	7,194
After 5 years	**1,468**	1,909

13 Investment properties

	2017 **HK$ million**	2016 HK$ million
Valuation		
At 1 January	**344**	334
Increase in fair value of investment properties	**16**	10
At 31 December	**360**	344

Investment properties have been fair valued as at 31 December 2017 and 31 December 2016 by DTZ Debenham Tie Leung Limited, professional valuers.

As at 31 December 2017 and 2016, the fair value of investment properties which reflects the highest and best use was arrived at by reference to comparable market transactions and also taking reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

As at 31 December 2017 and 2016, the Group's aggregate future minimum lease receivable under non-cancellable operating leases is not material.

14 Leasehold land

	2017 HK$ million	2016 HK$ million
Net book value		
At 1 January	**8,155**	7,215
Additions	**149**	–
Relating to subsidiaries acquired (see note 33(c))	**105**	1,877
Amortisation for the year	**(428)**	(416)
Relating to subsidiaries disposed (see note 33(d))	**–**	(257)
Exchange translation differences	**324**	(264)
At 31 December	**8,305**	8,155

15 Telecommunications licences

	2017 HK$ million	2016 HK$ million
Net book value		
At 1 January	**23,936**	32,608
Additions	**216**	4,013
Relating to subsidiaries acquired (see note 33(c))	**1,962**	–
Amortisation for the year	**(998)**	(823)
Relating to subsidiaries disposed (see note 33(d))	**–**	(8,899)
Exchange translation differences	**2,155**	(2,963)
At 31 December	**27,271**	23,936
Cost	**29,507**	25,027
Accumulated amortisation and impairment	**(2,236)**	(1,091)
	27,271	23,936

The carrying amount of telecommunications licences primarily arises from the acquisition of HWL's businesses pursuant to the Merger Proposal in 2015.

The Group's telecommunications licences in the UK are considered to have an indefinite useful life and their carrying amount at 31 December 2017 is £1,555 million (2016 – £1,359 million).

16 Brand names and other rights

	Brand names HK$ million	Other rights HK$ million	Total HK$ million
Net book value			
At 1 January 2016	66,172	16,061	82,233
Additions	–	487	487
Transfer from other assets	–	2,304	2,304
Amortisation for the year	(12)	(1,501)	(1,513)
Relating to subsidiaries disposed (see note 33(d))	(2,099)	(2,234)	(4,333)
Exchange translation differences	(3,941)	(1,612)	(5,553)
At 31 December 2016 and 1 January 2017	**60,120**	**13,505**	**73,625**
Additions	**–**	**29**	**29**
Relating to subsidiaries acquired (see note 33(c))	**–**	**134**	**134**
Amortisation for the year	**(12)**	**(988)**	**(1,000)**
Relating to subsidiaries disposed (see note 33(d))	**–**	**(503)**	**(503)**
Exchange translation differences	**2,677**	**1,023**	**3,700**
At 31 December 2017	**62,785**	**13,200**	**75,985**
Cost	**62,817**	**15,625**	**78,442**
Accumulated amortisation	**(32)**	**(2,425)**	**(2,457)**
	62,785	**13,200**	**75,985**

The carrying amount of brand names and other rights primarily arises from the acquisition of HWL's businesses pursuant to the Merger Proposal in 2015. At 31 December 2017,

- brand names relate to Retail of approximately HK$51 billion (2016 – HK$49 billion) and Telecommunications of approximately HK$12 billion (2016 – HK$11 billion) are considered to have an indefinite useful life; and

- other rights, which include rights of use of telecommunications network infrastructure sites of HK$711 million (2016 – HK$750 million), operating and service content rights of HK$9,903 million (2016 – HK$10,000 million), resource consents and customer lists of HK$2,586 million (2016 – HK$2,755 million) are amortised over their finite useful lives.

17 Goodwill

	2017 HK$ million	2016 HK$ million
Cost		
At 1 January	**254,748**	261,449
Relating to subsidiaries acquired (see note 33(c))	**1,271**	27
Relating to subsidiaries disposed (see note 33(d))	**(5,929)**	–
Exchange translation differences	**5,244**	(6,728)
At 31 December	**255,334**	254,748

Goodwill primarily arises from the acquisition of HWL's businesses pursuant to the Merger Proposal in 2015. As at 31 December 2017, the carrying amount of goodwill has been mainly allocated to Retail of approximately HK$114 billion (2016 – HK$114 billion) and CKI of approximately HK$39 billion (2016 – HK$39 billion).

Goodwill and assets with indefinite useful lives (telecommunication licences and brand names) are allocated to business units and divisions as described in notes 15, 16 and in this note. In assessing whether these assets have suffered any impairment, the carrying value of the respective business unit or division on which these assets are allocated is compared with its recoverable amount, which is the higher of the asset's fair value less costs to dispose and value in use. The recoverable amounts are determined, where applicable, by reference to the prevailing trading prices and with consideration for premium over the Group's controlling block of shares held (Level 3 of the HKFRS 13 fair value hierarchy), or by utilising cash flow projections based on the latest approved financial budgets for 5 years discounted to present value at a pre-tax rate of 3% to 8% (2016 – 3% to 9%) and where applicable, in the calculation, the cash flows beyond the 5 year period have been extrapolated using a growth rate of 1% to 4% (2016 – 1% to 4%) per annum. The Group prepared the financial budgets reflecting current and prior year performances, market development expectations, including the expected market share and growth momentum, and where available and relevant, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Key assumptions, where applicable, include the expected growth in revenues and gross margin, inventory level, volume and operating costs, timing of future capital expenditures, growth rates and selection of discount rates and, where applicable, for the fair value less cost of disposal calculation, the prevailing trading prices, the earning multiple and control premium that can be realised for the estimated fair value. A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the respective business units and divisions. The results of the tests undertaken as at 31 December 2017 and 2016 indicated no impairment charge was necessary.

18 Associated companies

	2017 HK$ million	2016 HK$ million
Unlisted shares	**8,917**	8,553
Listed shares, Hong Kong	**64,408**	65,803
Listed shares, outside Hong Kong	**78,202**	78,095
Share of undistributed post acquisition reserves	**(10,341)**	(6,636)
	141,186	145,815
Amounts due from (net with amounts due to) associated companies [(a)]	**4,157**	4,591
	145,343	150,406

The market value of the above listed investments at 31 December 2017 was HK$116,870 million (2016 – HK$114,919 million), inclusive of HK$43,574 million (2016 – HK$38,080 million) and HK$53,505 million (2016 – HK$56,703 million) for material associated companies, namely Husky Energy and Power Assets Holdings Limited ("Power Assets") respectively.

(a) Amounts due from (net with amounts due to) associated companies

	2017 HK$ million	2016 HK$ million
Amounts due from associated companies [(i)]		
Interest free	**340**	148
Interest bearing at fixed rates [(ii)]	**3,444**	3,667
Interest bearing at floating rates [(iii)]	**907**	1,310
	4,691	5,125
Amount due to an associated company [(iv)]		
Interest free	**534**	534
Amounts due from (net with amounts due to) associated companies	**4,157**	4,591

(i) At 31 December 2017 and 2016, the amounts due from associated companies are unsecured and have no fixed terms of repayment except for HK$592 million which are repayable within one to four years (2016 – HK$982 million which are repayable within one to five years).

(ii) At 31 December 2017, HK$3,444 million (2016 – HK$3,667 million) bear interests at fixed rates ranging from approximately 10.9% to 11.2% (2016 – 6.5% to 11.2%) per annum.

(iii) At 31 December 2017, HK$907 million (2016 – HK$1,310 million) bear interests at floating rates ranging from approximately 2.0% to 2.3% (2016 – 1.9% to 8.5%) per annum with reference to Euro Interbank Offered Rate, Hong Kong Interbank Offered Rate and London Interbank Offered Rate, as applicable.

(iv) At 31 December 2017 and 2016, the amount due to an associated company is unsecured and has no fixed terms of repayment.

18 Associated companies (continued)

There are no material contingent liabilities relating to the Group's interests in the associated companies, save as for those disclosed in note 37.

Set out below are additional information in respect of the Group's material associated companies in 2017:

	2017 Material associated companies	
	Husky Energy HK$ million	Power Assets HK$ million
Dividends received from associated companies	–	12,685
Gross amount of the following items of the associated companies (b):		
Total revenue	111,858	1,420
EBITDA	22,378	19,243
EBIT	6,726	14,121
Other comprehensive income	4,780	1,482
Total comprehensive income	10,547	9,801
Current assets	34,145	25,574
Non-current assets	228,164	118,935
Current liabilities	21,323	6,832
Non-current liabilities	79,853	4,589
Net assets (net of preferred shares, perpetual capital securities and non-controlling interests)	156,695	133,088
Reconciliation to the carrying amount of the Group's interests in associated companies:		
Group's interest	40.2%	38.0%
Group's share of net assets, and its carrying amount	62,976	50,591

	Husky Energy HK$ million	Power Assets HK$ million	Other associated companies HK$ million	2017 Total HK$ million
Group's share of the following items of the associated companies (b):				
Profits less losses after tax	2,345	3,214	1,238	6,797
Other comprehensive income	1,922	586	659	3,167
Total comprehensive income	4,267	3,800	1,897	9,964

18 Associated companies (continued)

Set out below are additional information in respect of the Group's material associated companies in 2016:

	2016 Material associated companies	
	Husky Energy HK$ million	Power Assets HK$ million
Dividends received from associated companies	690 [c]	2,257
Gross amount of the following items of the associated companies [b]:		
Total revenue	75,827	1,288
EBITDA	23,106	15,290
EBIT	8,534	11,168
Other comprehensive income (losses)	4,395	(5,798)
Total comprehensive income	10,565	619
Current assets	25,001	61,871
Non-current assets	219,245	105,083
Current liabilities	18,487	2,641
Non-current liabilities	75,210	8,725
Net assets (net of preferred shares, perpetual capital securities and non-controlling interests)	146,125	155,588
Reconciliation to the carrying amount of the Group's interests in associated companies:		
Group's interest	40.2%	38.9%
Group's share of net assets, and its carrying amount	58,709	60,479

	Husky Energy HK$ million	Power Assets HK$ million	Other associated companies HK$ million	2016 Total HK$ million
Group's share of the following items of the associated companies [b]:				
Profits less losses after tax	2,479	2,494	1,389	6,362
Other comprehensive income (losses)	1,766	(2,253)	(54)	(541)
Total comprehensive income	4,245	241	1,335	5,821

(b) After translation into Hong Kong dollars and consolidation adjustments.

(c) Represented stock dividends received from Husky Energy in January 2016.

Particulars regarding the principal associated companies are set forth on pages 263 to 266.

19 Interests in joint ventures

	2017 HK$ million	2016 HK$ million
Unlisted shares	**113,091**	100,255
Share of undistributed post acquisition reserves	**9,491**	(7,302)
	122,582	92,953
Amounts due from (net with amounts due to) joint ventures [a]	**39,552**	13,300
	162,134	106,253

(a) Amounts due from (net with amounts due to) joint ventures

	2017 HK$ million	2016 HK$ million
Amounts due from joint ventures [i]		
Interest free	**2,137**	2,409
Interest bearing at fixed rates [ii]	**20,101**	8,235
Interest bearing at floating rates [iii]	**17,699**	2,733
	39,937	13,377
Amounts due to joint ventures [iv]		
Interest free	**385**	77
Amounts due from (net with amounts due to) joint ventures	**39,552**	13,300

(i) At 31 December 2017 and 2016, the amounts due from joint ventures are unsecured except for HK$133 million (2016 – HK$104 million) and have no fixed terms of repayment except for HK$1,807 million which are repayable within one to two years (2016 – HK$460 million) which are repayable within one to three years) and HK$164 million (2016 – nil) which is repayable in 2027.

(ii) At 31 December 2017, HK$20,101 million (2016 – HK$8,235 million) bear interests at fixed rates ranging from approximately 4.9% to 16.0% (2016 – 8.0% to 11.0%) per annum.

(iii) At 31 December 2017, HK$17,699 million (2016 – HK$2,733 million) bear interests at floating rates ranging from approximately 1.7% to 6.5% (2016 – 1.8% to 6.6%) per annum with reference to Australian Bank Bill Swap Reference Rate, Euro Interbank Offered Rate, Hong Kong Interbank Offered Rate, Hong Kong Prime rate and London Interbank Offered Rate, as applicable.

(iv) At 31 December 2017 and 2016, the amounts due to joint ventures are unsecured and have no fixed terms of repayment.

19 Interests in joint ventures (continued)

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save as for those disclosed in note 37.

Set out below are the aggregate amount of the Group's share of the following items of joint ventures:

	2017 HK$ million	2016 HK$ million
Profits less losses after tax [b]	12,500	10,251
Other comprehensive income (losses)	10,315	(11,663)
Total comprehensive income (losses)	22,815	(1,412)
Capital commitments	2,247	1,862

(b) From the second half of 2012, VHA is undergoing a shareholder-sponsored restructuring under the leadership of the other shareholder under the applicable terms of the shareholders' agreement. HTAL's share of VHA's results for the current year is a loss of HK$11 million (2016: a loss of HK$371 million). This item is presented within the consolidated income statement line item titled other operating expenses (see note 2(af)) to separately identify it.

Particulars regarding the principal joint ventures are set forth on pages 263 to 266.

20 Deferred tax

	2017 HK$ million	2016 HK$ million
Deferred tax assets	20,195	15,856
Deferred tax liabilities	25,583	23,692
Net deferred tax liabilities	(5,388)	(7,836)

Movements in net deferred tax assets (liabilities) are summarised as follows:

	2017 HK$ million	2016 HK$ million
At 1 January	(7,836)	(5,076)
Relating to subsidiaries acquired (see note 33(c))	249	2
Relating to subsidiaries disposed (see note 33(d))	657	(2,004)
Transfer to current tax	(235)	175
Net credit (charge) to other comprehensive income	(263)	518
Net credit (charge) to the income statement		
Unused tax losses	1,218	(653)
Accelerated depreciation allowances	(181)	161
Fair value adjustments arising from acquisitions	732	(194)
Withholding tax on undistributed profits	89	(116)
Other temporary differences	741	(415)
Exchange translation differences	(559)	(234)
At 31 December	(5,388)	(7,836)

20 Deferred tax (continued)

Analysis of net deferred tax assets (liabilities):

	2017 HK$ million	2016 HK$ million
Unused tax losses	**16,687**	13,846
Accelerated depreciation allowances	**(9,588)**	(9,181)
Fair value adjustments arising from acquisitions	**(8,905)**	(9,582)
Revaluation of investment properties and other investments	**119**	126
Withholding tax on undistributed profits	**(461)**	(587)
Other temporary differences	**(3,240)**	(2,458)
	(5,388)	(7,836)

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associates, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the consolidated statement of financial position are determined after appropriate offset.

At 31 December 2017, the Group has recognised accumulated deferred tax assets amounting to HK$20,195 million (2016 – HK$15,856 million) of which HK$18,015 million (2016 – HK$14,270 million) relates to **3** Group Europe.

Note 3(e) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unused tax losses carried forward.

The Group has not recognised deferred tax assets of HK$13,354 million at 31 December 2017 (2016 – HK$13,837 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK$55,385 million (2016 – HK$53,193 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK$31,053 million (2016 – HK$32,464 million) can be carried forward indefinitely and the balances expire in the following years:

	2017 HK$ million	2016 HK$ million
In the first year	**6,677**	2,404
In the second year	**4,414**	6,525
In the third year	**6,015**	3,947
In the fourth year	**2,097**	4,610
After the fourth year	**5,129**	3,243
	24,332	20,729

21 Other non-current assets

	2017 HK$ million	2016 HK$ million
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	**179**	165
Available-for-sale investments		
Unlisted equity securities	**2,649**	1,059
Fair value hedges		
Interest rate swaps	**45**	119
Cash flow hedges		
Interest rate swaps	**31**	–
Forward foreign exchange contracts	**293**	196
Other contracts	**–**	2
Net investment hedges	**1,791**	3,199
Other derivative financial instruments	**192**	356
	5,180	5,096

The carrying values of the unlisted debt securities approximate the fair values as these investments bear floating interest rates and are repriced within one to six-month periods at the prevailing market interest rates.

Unlisted equity securities where there is a history of dividends are carried at fair value based on the discounted present value of expected future dividends. The value of the remaining unlisted equity securities are not significant to the Group.

22 Liquid funds and other listed investments

	2017 HK$ million	2016 HK$ million
Available-for-sale investments		
Managed funds, outside Hong Kong	**4,916**	2,932
Listed / traded debt securities, outside Hong Kong	**1,168**	1,184
Listed equity securities, Hong Kong	**1,546**	1,621
Listed equity securities, outside Hong Kong	**25**	58
	7,655	5,795
Financial assets at fair value through profit or loss	**158**	159
	7,813	5,954

Components of managed funds, outside Hong Kong are as follows:

	2017 HK$ million	2016 HK$ million
Listed debt securities	**4,697**	2,765
Listed equity securities	**169**	151
Cash and cash equivalents	**50**	16
	4,916	2,932

Included in listed / traded debt securities outside Hong Kong as at 31 December 2017 and 2016 are notes issued by listed associated company, Husky Energy at a principal amount of US$25 million mature in 2019.

The fair values of the available-for-sale investments and financial assets designated as "at fair value through profit or loss" are based on quoted market prices.

At 31 December, liquid funds and other listed investments are denominated in the following currencies:

	2017		2016	
	Available-for-sale investments Percentage	Financial assets at fair value through profit or loss Percentage	Available-for-sale investments Percentage	Financial assets at fair value through profit or loss Percentage
HK dollars	**20%**	**–**	28%	–
US dollars	**65%**	**71%**	54%	69%
Other currencies	**15%**	**29%**	18%	31%
	100%	**100%**	100%	100%

22 Liquid funds and other listed investments (continued)

Listed / traded debt securities as at 31 December presented above are analysed as follows:

	2017 Percentage	2016 Percentage
Credit ratings		
Aaa / AAA	19%	12%
Aa1 / AA+	60%	58%
Aa3 / AA-	–	2%
Other investment grades	4%	6%
Unrated	17%	22%
	100%	100%
Sectorial		
US Treasury notes	56%	58%
Government and government guaranteed notes	17%	4%
Husky Energy notes	4%	6%
Financial institutions notes	1%	3%
Others	22%	29%
	100%	100%
Weighted average maturity	2.4 years	2 years
Weighted average effective yield	1.42%	2.35%

23 Cash and cash equivalents

	2017 HK$ million	2016 HK$ million
Cash at bank and in hand	27,356	25,461
Short term bank deposits	133,114	130,809
	160,470	156,270

The carrying amounts of cash and cash equivalents approximate their fair values.

24 Trade and other receivables

	2017 HK$ million	2016 HK$ million
Trade receivables	**14,132**	13,202
Less: provision for estimated impairment losses for bad debts	**(2,586)**	(2,615)
Trade receivables – net	**11,546**	10,587
Other receivables and prepayments	**39,812**	34,470
Fair value hedges		
Interest rate swaps	**9**	2
Cash flow hedges		
Forward foreign exchange contracts	**1**	8
Net investment hedges	**–**	3,282
Other derivative financial instruments	**–**	23
	51,368	48,372

Trade and other receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses for bad debts where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days. As stated above trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, net of provision for estimated impairment losses for bad debts. Given the profile of our customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 4% of the Group's revenue for the year ended 31 December 2017 (2016 - less than 4%).

(a) At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2017 HK$ million	2016 HK$ million
Less than 31 days	**8,271**	7,260
Within 31 to 60 days	**1,779**	1,889
Within 61 to 90 days	**797**	771
Over 90 days	**3,285**	3,282
	14,132	13,202

24 Trade and other receivables (continued)

(b) As at 31 December 2017, out of the trade receivables of HK$14,132 million (2016 – HK$13,202 million), HK$8,628 million (2016 – HK$8,665 million) are impaired and it is assessed that portion of these receivables is expected to be recoverable. The amount of the provision for estimated impairment losses for bad debts is HK$2,586 million (2016 – HK$2,615 million). The ageing analysis of these trade receivables is as follows:

	2017 HK$ million	2016 HK$ million
Not past due	**3,825**	3,878
Past due less than 31 days	**742**	985
Past due within 31 to 60 days	**575**	636
Past due within 61 to 90 days	**420**	504
Past due over 90 days	**3,066**	2,662
	8,628	8,665

Movements on the provision for estimated impairment losses for bad debts are as follows:

	2017 HK$ million	2016 HK$ million
At 1 January	**2,615**	3,767
Additions	**1,283**	1,845
Utilisations	**(1,133)**	(782)
Write back	**(303)**	(255)
Relating to subsidiaries disposed	**(62)**	(1,410)
Exchange translation differences	**186**	(550)
At 31 December	**2,586**	2,615

The ageing analysis of trade receivables not impaired is as follows:

	2017 HK$ million	2016 HK$ million
Not past due	**3,002**	2,887
Past due less than 31 days	**1,704**	989
Past due within 31 to 60 days	**343**	273
Past due within 61 to 90 days	**137**	129
Past due over 90 days	**318**	259
	5,504	4,537

25 Trade and other payables

	2017 HK$ million	2016 HK$ million
Trade payables	**19,252**	17,380
Other payables and accruals	**69,144**	64,002
Provisions (see note 26)	**1,014**	744
Interest free loans from non-controlling shareholders	**389**	927
Cash flow hedges		
Interest rate swaps	**11**	–
Forward foreign exchange contracts	**2**	1
Other contracts	**10**	–
Net investment hedges	**396**	3
Other derivative financial instruments	**10**	41
	90,228	83,098

The Group's five largest suppliers accounted for less than 18% of the Group's cost of purchases for the year ended 31 December 2017 (2016 – less than 22%).

At 31 December, the ageing analysis of the trade payables is as follows:

	2017 HK$ million	2016 HK$ million
Less than 31 days	**12,994**	11,648
Within 31 to 60 days	**3,623**	3,015
Within 61 to 90 days	**1,500**	1,327
Over 90 days	**1,135**	1,390
	19,252	17,380

26 Provisions

	Provision for commitments, onerous contracts and other guarantees HK$ million	Closure obligation HK$ million	Assets retirement obligation HK$ million	Others HK$ million	Total HK$ million
At 1 January 2016	34,233	493	817	524	36,067
Additions	–	15	6	104	125
Interest accretion	–	6	24	–	30
Utilisations	(1,767)	(80)	(107)	(24)	(1,978)
Write back	–	(46)	–	(69)	(115)
Relating to subsidiaries disposed	–	–	(62)	(95)	(157)
Exchange translation differences	26	(77)	(67)	(7)	(125)
At 31 December 2016 and 1 January 2017	**32,492**	**311**	**611**	**433**	**33,847**
Additions	**–**	**12**	**20**	**636**	**668**
Interest accretion	**–**	**–**	**29**	**–**	**29**
Utilisations	**(5,486)**	**(98)**	**–**	**(1)**	**(5,585)**
Write back	**–**	**(75)**	**–**	**(256)**	**(331)**
Relating to subsidiaries acquired	**–**	**–**	**34**	**–**	**34**
Relating to subsidiaries disposed	**–**	**–**	**(34)**	**–**	**(34)**
Exchange translation differences	**314**	**33**	**32**	**19**	**398**
At 31 December 2017	**27,320**	**183**	**692**	**831**	**29,026**

Provisions are analysed as:

	2017 HK$ million	2016 HK$ million
Current portion (see note 25)	**1,014**	744
Non-current portion (see note 30)	**28,012**	33,103
	29,026	33,847

The provision for closure obligations represents costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located. The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value.

27 Bank and other debts

The carrying amount of bank and other debts comprises items measured at amortised cost and an element of fair value which is due to movements in interest rates. The following is an analysis of the carrying amount of the bank and other debts:

	2017			2016		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans	**19,080**	**92,091**	**111,171**	20,612	64,371	84,983
Other loans	**249**	**1,279**	**1,528**	669	1,569	2,238
Notes and bonds	**2,377**	**207,740**	**210,117**	50,312	154,514	204,826
Total principal amount of bank and other debts	**21,706**	**301,110**	**322,816**	71,593	220,454	292,047
Unamortised fair value adjustments arising from acquisitions	**2**	**10,337**	**10,339**	336	11,647	11,983
Total bank and other debts before the following items [(i)]	**21,708**	**311,447**	**333,155**	71,929	232,101	304,030
Unamortised loan facilities fees and premiums or discounts related to debts	**(5)**	**(822)**	**(827)**	–	(603)	(603)
Adjustments to bank and other debts pursuant to unrealised gains (losses) on interest rate swap contracts	**9**	**(349)**	**(340)**	(49)	(238)	(287)
	21,712	**310,276**	**331,988**	71,880	231,260	303,140

(i) See note 31(c)(i).

27 Bank and other debts (continued)

Analysis of principal amount of bank and other debts:

	2017			2016		
	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans	19,080	92,091	111,171	20,612	64,371	84,983
Other loans	249	1,279	1,528	669	1,569	2,238
Notes and bonds						
HK$500 million notes, 4.88% due 2018	500	–	500	–	500	500
HK$500 million notes, 4.3% due 2020	–	500	500	–	500	500
HK$500 million notes, 4.35% due 2020	–	500	500	–	500	500
HK$300 million notes, 3.9% due 2020	–	300	300	–	300	300
HK$400 million notes, 3.45% due 2021	–	400	400	–	400	400
HK$300 million notes, 3.35% due 2021	–	300	300	–	300	300
HK$260 million notes, 4% due 2027	–	260	260	–	260	260
US$300 million notes, LIBOR* + 0.7% due 2017	–	–	–	2,340	–	2,340
US$492 million notes - Series B, 7.45% due 2017	–	–	–	3,837	–	3,837
US$1,000 million notes, 2% due 2017	–	–	–	7,800	–	7,800
US$1,000 million notes, 3.5% due 2017	–	–	–	7,800	–	7,800
US$2,000 million notes, 1.625% due 2017	–	–	–	15,600	–	15,600
US$1,000 million notes, 5.75% due 2019	–	7,800	7,800	–	7,800	7,800
US$1,500 million notes, 7.625% due 2019	–	11,700	11,700	–	11,700	11,700
US$1,000 million notes, 2.25% due 2020	–	7,800	7,800	–	–	–
US$750 million notes, 1.875% due 2021	–	5,850	5,850	–	5,850	5,850
US$1,500 million notes, 4.625% due 2022	–	11,700	11,700	–	11,700	11,700
US$1,000 million notes, 2.875% due 2022	–	7,800	7,800	–	–	–
US$500 million notes, 3.25% due 2022	–	3,900	3,900	–	3,900	3,900
US$750 million notes, 2.75% due 2023	–	5,850	5,850	–	–	–
US$1,500 million notes, 3.625% due 2024	–	11,700	11,700	–	11,700	11,700
US$500 million notes, 2.75% due 2026	–	3,900	3,900	–	3,900	3,900
US$309 million notes - Series C, 7.5% due 2027	–	2,410	2,410	–	2,410	2,410
US$500 million notes, 3.25% due 2027	–	3,900	3,900	–	–	–
US$800 million notes, 3.5% due 2027	–	6,240	6,240	–	–	–
US$1,039 million notes, 7.45% due 2033	–	8,107	8,107	–	8,107	8,107
US$25 million notes - Series D, 6.988% due 2037	–	196	196	–	196	196
SGD320 million notes, 3.408% due 2018	1,859	–	1,859	–	1,718	1,718
EUR1,250 million notes, 2.5% due 2017	–	–	–	10,100	–	10,100
EUR1,500 million notes, 1.375% due 2021	–	13,890	13,890	–	12,120	12,120
EUR750 million notes, 3.625% due 2022	–	6,945	6,945	–	6,060	6,060
EUR1,350 million notes, 1.25% due 2023	–	12,501	12,501	–	10,908	10,908
EUR600 million bonds, 1% due 2024	–	5,556	5,556	–	–	–

27 Bank and other debts (continued)

Analysis of principal amount of bank and other debts (continued):

	2017			2016		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
EUR1,000 million notes, 0.875% due 2024	–	9,260	9,260	–	8,080	8,080
EUR650 million notes, 2% due 2028	–	6,019	6,019	–	5,252	5,252
GBP113 million bonds, 5.625% due 2017	–	–	–	1,088	–	1,088
GBP180 million bonds, 6% due 2017	–	–	–	1,732	–	1,732
GBP300 million bonds, 5.831% due 2020	–	3,144	3,144	–	2,886	2,886
GBP100 million notes, 5.82% due 2021	–	1,048	1,048	–	962	962
GBP350 million bonds, 6.875% due 2023	–	3,668	3,668	–	3,367	3,367
GBP400 million bonds, 6.359% due 2025	–	4,192	4,192	–	3,848	3,848
GBP33 million notes, 2.56% due 2026	–	346	346	–	317	317
GBP300 million bonds, 1.625% due 2026	–	3,144	3,144	–	2,886	2,886
GBP303 million bonds, 5.625% due 2026	–	3,175	3,175	–	2,914	2,914
GBP300 million bonds, 2.375% due 2027	–	3,144	3,144	–	–	–
GBP45 million notes, 2.56% due 2028	–	471	471	–	433	433
GBP90 million notes, 3.54% due 2030	–	943	943	–	866	866
GBP22 million notes, 2.83% due 2031	–	230	230	–	212	212
GBP350 million bonds, 5.625% due 2033	–	3,668	3,668	–	3,367	3,367
GBP246 million (2016 – GBP247 million) bonds, 5.87526% due 2034	17	2,558	2,575	11	2,364	2,375
GBP400 million bonds, 6.697% due 2035	–	4,192	4,192	–	3,848	3,848
GBP50 million notes, 5.01% due 2036	–	524	524	–	481	481
GBP100 million notes, LIBOR* + 2.33% due 2036	–	1,048	1,048	–	962	962
GBP215 million (2016 – GBP207 million) bonds, RPI# + 2.033% due 2036	–	2,252	2,252	–	1,997	1,997
GBP58 million (2016 – GBP59 million) bonds, 6.627% due 2037	1	612	613	4	562	566
GBP100 million notes, 3.19% due 2037	–	1,048	1,048	–	–	–
GBP84 million (2016 – GBP82 million) bonds, RPI# + 1.6274% due 2041	–	886	886	–	786	786
GBP360 million bonds, 5.125% due 2042	–	3,773	3,773	–	3,463	3,463
GBP400 million bonds, 3.529% due 2042	–	4,192	4,192	–	–	–
GBP140 million (2016 – GBP135 million) bonds, RPI# + 1.7118% due 2049	–	1,467	1,467	–	1,301	1,301
GBP140 million (2016 – GBP135 million) bonds, RPI# + 1.7484% due 2053	–	1,467	1,467	–	1,301	1,301
JPY3,000 million notes, 1.75% due 2019	–	211	211	–	205	205
JPY15,000 million notes, 2.6% due 2027	–	1,053	1,053	–	1,025	1,025
	2,377	207,740	210,117	50,312	154,514	204,826
	21,706	301,110	322,816	71,593	220,454	292,047

* LIBOR represents the London Interbank Offered Rate

\# RPI represents UK Retail Price Index

27 Bank and other debts (continued)

Bank and other debts at principal amount are repayable as follows:

	2017			2016		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans						
Current portion	**19,080**	**–**	**19,080**	20,612	–	20,612
After 1 year, but within 2 years	**–**	**7,937**	**7,937**	–	8,097	8,097
After 2 years, but within 5 years	**–**	**79,418**	**79,418**	–	52,669	52,669
After 5 years	**–**	**4,736**	**4,736**	–	3,605	3,605
	19,080	**92,091**	**111,171**	20,612	64,371	84,983
Other loans						
Current portion	**249**	**–**	**249**	669	–	669
After 1 year, but within 2 years	**–**	**256**	**256**	–	218	218
After 2 years, but within 5 years	**–**	**412**	**412**	–	528	528
After 5 years	**–**	**611**	**611**	–	823	823
	249	**1,279**	**1,528**	669	1,569	2,238
Notes and bonds						
Current portion	**2,377**	**–**	**2,377**	50,312	–	50,312
After 1 year, but within 2 years	**–**	**19,736**	**19,736**	–	2,235	2,235
After 2 years, but within 5 years	**–**	**64,655**	**64,655**	–	43,761	43,761
After 5 years	**–**	**123,349**	**123,349**	–	108,518	108,518
	2,377	**207,740**	**210,117**	50,312	154,514	204,826
	21,706	**301,110**	**322,816**	71,593	220,454	292,047

The bank and other debts of the Group as at 31 December 2017 are secured to the extent of HK$25,986 million (2016 – HK$19,920 million).

Borrowings with principal amount of HK$116,333 million (2016 – HK$91,799 million) bear interest at floating interest rates and borrowings with principal amount of HK$206,483 million (2016 – HK$200,248 million) bear interest at fixed interest rates.

27 Bank and other debts (continued)

Borrowings at principal amount are denominated in the following currencies (inclusive of the effect of hedging transactions):

	2017 Percentage	2016 Percentage
US dollars	**35%**	41%
Euro	**28%**	27%
HK dollars	**5%**	5%
British Pounds	**22%**	21%
Other currencies	**10%**	6%
	100%	100%

Derivative financial instruments are principally utilised by the Group in the management of its foreign currency and interest rate exposures. The Group has entered into interest rate swap agreements with banks and other financial institutions mainly to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. At 31 December 2017, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK$9,600 million (2016 – HK$25,200 million).

In addition, interest rate swap agreements with notional amount of HK$27,950 million (2016 – HK$8,678 million) were entered to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings.

As at 31 December 2017, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$23,010 million (2016 – nil) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses.

27 Bank and other debts (continued)

(a) The analysis of derivative financial instruments utilised by the Group in the management of its interest rate and foreign currency exposures are as follows:

	2017			2016		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Fair value hedges						
Derivative financial assets						
Interest rate swaps (see notes 21 and 24)	**9**	**45**	**54**	2	119	121
Derivative financial liabilities						
Interest rate swaps (see note 30)	**–**	**(37)**	**(37)**	–	–	–
	9	**8**	**17**	2	119	121
Cash flow hedges						
Derivative financial assets						
Interest rate swaps (see note 21)	**–**	**31**	**31**	–	–	–
Forward foreign exchange contracts (see notes 21 and 24)	**1**	**293**	**294**	8	196	204
Other contracts (see note 21)	**–**	**–**	**–**	–	2	2
	1	**324**	**325**	8	198	206
Derivative financial liabilities						
Interest rate swaps (see notes 25 and 30)	**(11)**	**(532)**	**(543)**	–	(550)	(550)
Cross currency interest rate swaps (see note 30)	**–**	**(1,888)**	**(1,888)**	–	–	–
Forward foreign exchange contracts (see notes 25 and 30)	**(2)**	**(1)**	**(3)**	(1)	–	(1)
Other contracts (see notes 25 and 30)	**(10)**	**(374)**	**(384)**	–	(402)	(402)
	(23)	**(2,795)**	**(2,818)**	(1)	(952)	(953)
	(22)	**(2,471)**	**(2,493)**	7	(754)	(747)
Net investment hedges						
Derivative financial assets (see notes 21 and 24)	**–**	**1,791**	**1,791**	3,282	3,199	6,481
Derivative financial liabilities (see notes 25 and 30)	**(396)**	**(895)**	**(1,291)**	(3)	–	(3)
	(396)	**896**	**500**	3,279	3,199	6,478

28 Interest bearing loans from non-controlling shareholders

	2017 HK$ million	2016 HK$ million
Interest bearing loans from non-controlling shareholders	3,143	4,283

At 31 December 2017, these loans bear interest at rates ranging from 2.3% to 11% per annum (2016 – Stockholm Interbank Offered Rate +1.73% to 11%). The carrying amounts of the borrowings approximate their fair values.

29 Pension plans

	2017 HK$ million	2016 HK$ million
Defined benefit assets	–	–
Defined benefit liabilities	3,770	5,369
Net defined benefit liabilities	3,770	5,369

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or contributory career average pay plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2017	2016
Discount rates	0.15% - 2.55%	0.29% - 2.80%
Future salary increases	1.0% - 4.0%	0.5% - 4.0%
Interest credited on two principal plans in Hong Kong	5.0% - 6.0%	5.0% - 6.0%

The amount recognised in the consolidated statement of financial position is determined as follows:

	2017 HK$ million	2016 HK$ million
Present value of defined benefit obligations	31,528	29,392
Fair value of plan assets	27,761	24,026
	3,767	5,366
Restrictions on assets recognised	3	3
Net defined benefit liabilities	3,770	5,369

29 Pension plans (continued)

(a) Defined benefit plans (continued)

Movements in net defined benefit liabilities and its components are as follows:

	Present value of defined benefit obligations HK$ million	Fair value of plan assets HK$ million	Asset ceiling HK$ million	Net defined benefit liabilities HK$ million
At 1 January 2017	29,392	(24,026)	3	5,369
Net charge (credit) to the income statement				
Current service cost	724	40	–	764
Past service cost and gains and losses on settlements	(115)	–	–	(115)
Interest cost (income)	745	(614)	–	131
	1,354	(574)	–	780
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in demographic assumptions	(434)	–	–	(434)
Actuarial loss arising from change in financial assumptions	233	–	–	233
Actuarial gain arising from experience adjustment	(139)	–	–	(139)
Return on plan assets excluding interest income	–	(1,548)	–	(1,548)
Exchange translation differences	2,622	(2,171)	–	451
	2,282	(3,719)	–	(1,437)
Contributions paid by the employer	–	(886)	–	(886)
Contributions paid by the employee	112	(112)	–	–
Benefits paid	(1,552)	1,552	–	–
Relating to subsidiaries acquired (see note 33(c))	11	–	–	11
Transfer from (to) other liabilities	(71)	4	–	(67)
At 31 December 2017	31,528	(27,761)	3	3,770

29 Pension plans (continued)

(a) Defined benefit plans (continued)

	Present value of defined benefit obligations HK$ million	Fair value of plan assets HK$ million	Asset ceiling HK$ million	Net defined benefit liabilities HK$ million
At 1 January 2016	28,823	(24,760)	3	4,066
Net charge (credit) to the income statement				
Current service cost	624	44	–	668
Past service cost and gains and losses on settlements	(331)	–	–	(331)
Interest cost (income)	830	(741)	–	89
	1,123	(697)	–	426
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in demographic assumptions	(49)	–	–	(49)
Actuarial loss arising from change in financial assumptions	4,721	–	–	4,721
Actuarial gain arising from experience adjustment	(425)	–	–	(425)
Return on plan assets excluding interest income	–	(1,962)	–	(1,962)
Exchange translation differences	(3,473)	3,077	–	(396)
	774	1,115	–	1,889
Contributions paid by the employer	–	(862)	–	(862)
Contributions paid by the employee	100	(100)	–	–
Benefits paid	(1,266)	1,266	–	–
Relating to subsidiaries disposed (see note 33(d))	(146)	–	–	(146)
Transfer from (to) other liabilities	(16)	12	–	(4)
At 31 December 2016	29,392	(24,026)	3	5,369

The net defined benefit liabilities presented above represent the deficit calculated in accordance with Hong Kong Accounting Standard 19 "Employee Benefits" ("HKAS 19") and is the difference between the present value of the defined benefit obligation and the fair value of plan assets. Management appointed actuaries to carry out a valuation of these pension plans to determine the pension obligation and the fair value of the plan assets that are required to be disclosed and accounted for in the financial statements in accordance with HKAS 19 (the "accounting actuarial valuations"). The realisation of the deficit disclosed above is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. The accounting actuarial valuations are not used for the purposes of determining the funding contributions to the defined benefit pension plans. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. Funding requirements of the Group's major defined benefit pension plans are detailed below.

29 Pension plans (continued)

(a) Defined benefit plans (continued)

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 31 May 2017 reported a funding level of 125% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 5% per annum, salary increases of 4% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and William Chow, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2017, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$20 million (2016 – HK$15 million) were used to reduce the current year's level of contributions and HK$2 million forfeited contribution was available at 31 December 2017 (2016 – HK$1 million) to reduce future years' contributions.

The Group operates three contributory defined benefit pension plans for its ports operation in the United Kingdom. The plans are all final salary in nature and they are not open to new entrants. Of the three plans, the Port of Felixstowe Pension Plan ("Felixstowe Scheme") is the principal plan. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 December 2015 reported a funding level of 86% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP7.5 million and 2.7% of active members' pensionable salaries in 2016 and agreed to make additional contributions of GBP7.5 million per annum until 30 June 2023 and 2.7% of active members' pensionable salaries per annum until 30 September 2018 to eliminate the shortfall by 30 June 2023. The valuation used the projected unit credit method and the main assumptions in the valuation are a pre-retirement discount rates of 5% per annum; post-retirement discount rate of 4.45% per annum for non-pensioners and 2.9% per annum for pensioners; pensionable earnings increases of 2.8% per annum; pre-retirement Retail Price Index ("RPI") inflation of 2.8% per annum; post-retirement RPI inflation of 4.05% per annum for non-pensioners and 2.6% per annum for pensioners; pre-retirement Consumer Price Index ("CPI") inflation of 1.8% per annum; post-retirement CPI inflation of 3.05% per annum for non-pensioners and 1.6% per annum for pensioners; and pension increases of 2% to 3.5% per annum for non-pensioners and 1.4% to 2.55% per annum for pensioners. The valuation was prepared by Lloyd Cleaver, a Fellow of the Institute and Faculty of Actuaries, of Towers Watson Limited.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit payable under the plans in return for actuarially determined contributions based on tariffs and conditions agreed for the term of the contracts. As the risk of providing past pension benefits is underwritten by the insurance companies, the Group does not carry funding risk relating to past service. The annual contribution to provide current year benefits varies in accordance with annual actuarial calculations.

The Group operates a defined benefit pension plan for certain of its retail operation in the United Kingdom. It is not open to new entrants. With effect from 28 February 2010, accrual of future defined benefits for all active members was ceased and the final salary linkage was also severed. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 March 2015 reported a funding level of 75% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP5.4 million in 2016 and GBP11 million in 2017 (included a GBP5.5 million additional voluntary contribution), with further contribution of GBP11 million (included a GBP5.5 million additional voluntary contribution) expected to be paid in 2018 and agreed to make additional contributions of GBP5.5 million per annum until 31 December 2023, to eliminate the shortfall by 31 December 2023. The valuation used the projected unit credit method and the main assumptions in the valuation are investment returns of 2.85% to 4.7% per annum and pension increases of 2.05% to 3.25% per annum. The valuation was prepared by Paul Jayson, a Fellow of the Institute and Faculty of Actuaries, of Barnett Waddingham LLP.

In addition, the Group operates three defined benefit pension plans for certain of its infrastructure operation in the United Kingdom. Of the three plans, the Northumbrian Water Pension Scheme ("NWPS") is the principal plan and it closed to new entrants on 1 January 2008. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 December 2016 reported a funding level of 76.7% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employer has since made additional contributions to fund the deficit of GBP11.1 million per annum until 31 March 2017, GBP11.4 million per annum from 1 April 2017 until 31 March 2031, increasing in line with RPI, with the first increase in April 2018. In addition, the sponsoring employer will pay GBP2.6 million per annum from 1 April 2021 to 31 March 2031, increasing in line with RPI, with the first increase in April 2022 until 31 March 2031. These contributions, together with additional investment returns of 0.6% per annum above the discount rate, are expected to eliminate the shortfall by 31 March 2022. The valuation used the projected unit credit method and the main assumptions in the valuation are pre-retirement discount rate of 3.3% per annum; post-retirement discount rate of 2.4% per annum; RPI inflation of 3.5% per annum; CPI inflation of 2.5%; and pension increases of 2% to 3.5% per annum. The valuation was prepared by Gavin Hamill, a Fellow of the Institute and Faculty of Actuaries, of Towers Watson Limited.

29 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2017 Percentage	2016 Percentage
Equity instruments		
Consumer markets and manufacturing	**8%**	8%
Energy and utilities	**3%**	3%
Financial institutions and insurance	**7%**	7%
Telecommunications and information technology	**4%**	3%
Units trust and equity instrument funds	**4%**	4%
Others	**10%**	10%
	36%	35%
Debt instruments		
US Treasury notes	**–**	1%
Government and government guaranteed notes	**14%**	15%
Financial institutions notes	**1%**	2%
Others	**7%**	8%
	22%	26%
Qualifying insurance policies	**20%**	20%
Properties	**8%**	9%
Other assets	**14%**	10%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2017 Percentage	2016 Percentage
Aaa / AAA	**5%**	8%
Aa1 / AA+	**4%**	8%
Aa2 / AA	**61%**	49%
Aa3 / AA-	**–**	1%
A1 / A+	**1%**	1%
A2 / A	**8%**	10%
Other investment grades	**13%**	19%
No investment grades	**8%**	4%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

Fair value of plan assets of HK$27,761 million (2016 – HK$24,026 million) includes investments in the Company's shares with a fair value of HK$36 million (2016 – HK$27 million).

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, and the liquidity requirements of the plans.

29 Pension plans (continued)

(a) Defined benefit plans (continued)

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2017 is 18 years (2016 – 18 years).

The Group expects to make contributions of HK$980 million (2016 – HK$924 million) to the defined benefit plans next year.

HKAS 19 "Employee Benefits" requires disclosure of a sensitivity analysis for the significant actuarial assumptions, used to determine the present value of the defined benefit obligations, that shows the effects of a hypothetical change in the relevant actuarial assumption at the end of the reporting period on defined benefit obligations.

The effect that is disclosed in the following assumes that (a) a hypothetical change of the relevant actuarial assumption had occurred at the end of the reporting period and had applied to the relevant actuarial assumption in existence on that date; and (b) the sensitivity analysis for each type of actuarial assumption does not reflect inter-dependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with HKAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations from hypothetical instantaneous changes in one actuarial assumption (e.g. discount rate or future salary increase), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g. discount rate or future salary increase) to vary and therefore it is important to note that the hypothetical amounts so generated do not present a projection of likely future events and profits or losses.

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 3.7% or increase by 3.9% respectively (2016 – decrease by 3.9% or increase by 3.8% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.3% or decrease by 0.3% respectively (2016 – increase by 0.5% or decrease by 0.4% respectively).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK$1,197 million (2016 – HK$1,039 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK$15 million (2016 – HK$9 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2017 (2016 – nil) to reduce future years' contributions.

30 Other non-current liabilities

	2017 HK$ million	2016 HK$ million
Fair value hedges		
Interest rate swaps	**37**	–
Cash flow hedges		
Interest rate swaps	**532**	550
Cross currency interest rate swaps	**1,888**	–
Forward foreign exchange contracts	**1**	–
Other contracts	**374**	402
Net investment hedges	**895**	–
Other derivative financial instruments	**4,059**	1,810
Obligations for telecommunications licences and other rights	**5,670**	5,850
Other non-current liabilities	**9,580**	5,644
Provisions (see note 26)	**28,012**	33,103
	51,048	47,359

31 Share capital, share premium, perpetual capital securities and capital management

(a) Share capital and share premium

	Number of shares	Share capital HK$ million	Share premium HK$ million	Total HK$ million
At 1 January 2016	3,859,678,500	3,860	244,691	248,551
Buy-back and cancellation of issued shares [i]	(2,000,000)	(2)	(186)	(188)
At 31 December 2016, 1 January and 31 December 2017	**3,857,678,500**	**3,858**	**244,505**	**248,363**

(i) The Company acquired a total of 2,000,000 of its own shares through purchases on the Stock Exchange on 17 and 18 November 2016. The purchased shares were subsequently cancelled. The total amount paid to acquire the shares was approximately HK$189 million and had been deducted from share capital, share premium and retained profit of HK$2 million, HK$186 million and HK$1 million, respectively.

31 Share capital, share premium, perpetual capital securities and capital management (continued)

(b) Perpetual capital securities

	2017 HK$ million	2016 HK$ million
US$1,000 million issued in 2012	–	7,870
HK$1,000 million issued in 2012	–	1,025
US$425.3 million issued in 2013*	3,373	3,373
EUR1,750 million issued in 2013	18,266	18,242
US$1,000 million issued in 2017	7,842	–
	29,481	30,510

In May 2012, July 2012, January 2013, May 2013 and May 2017, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amount of US$1,000 million (approximately HK$7,800 million), HK$1,000 million, US$500 million (approximately HK$3,875 million), EUR1,750 million (approximately HK$17,879 million) and US$1,000 million (approximately HK$7,800 million) respectively for cash.

During the year, the Group had redeemed US$1,000 million (approximately HK$7,800 million) and HK$1,000 million nominal amount of perpetual capital securities that were originally issued in May 2012 and July 2012 respectively. During the year ended 31 December 2016, the Group had redeemed SGD730 million nominal amount of perpetual capital securities that were originally issued in September 2011.

These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

* US$74.7 million nominal values of perpetual capital securities were repurchased during the year ended 31 December 2013.

31 Share capital, share premium, perpetual capital securities and capital management (continued)

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2017, total equity amounted to HK$591,547 million (2016 – HK$544,190 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK$164,872 million (2016 – HK$141,806 million). The Group's net debt to net total capital ratio increased to 21.7% from 20.5% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the end of the reporting period.

Net debt / Net total capital ratios (i) at 31 December:

	2017	2016
A1 — excluding interest-bearing loans from non-controlling shareholders from debt	**21.7%**	20.5%
A2 — as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**22.1%**	21.7%
B1 — including interest-bearing loans from non-controlling shareholders as debt	**22.1%**	21.1%
B2 — as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**22.5%**	22.3%

(i) Net debt is defined on the consolidated statement of cash flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

32 Reserves

	Attributable to ordinary shareholders			
	Retained profit HK$ million	Exchange reserve HK$ million	Others [(a)] HK$ million	Total HK$ million
At 1 January 2017	520,616	(30,832)	(343,978)	145,806
Profit for the year	35,100	–	–	35,100
Other comprehensive income (losses)				
Available-for-sale investments				
Valuation gains recognised directly in reserves	–	–	145	145
Valuation gains previously in reserves recognised in income statement	–	–	(36)	(36)
Remeasurement of defined benefit obligations recognised directly in reserves	1,268	–	–	1,268
Cash flow hedges (forward foreign currency contracts, cross currency interest rate swap contracts and interest rate swap contracts)				
Losses recognised directly in reserves	–	–	(134)	(134)
Losses previously in reserves recognised in initial cost of non-financial items	–	–	1	1
Losses on net investment hedges (forward foreign currency contracts) recognised directly in reserves	–	(3,847)	–	(3,847)
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	–	2,551	–	2,551
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	–	20	2	22
Gains previously in other reserves related to subsidiaries disposed during the year transferred directly to retained profit	9	–	(9)	–
Share of other comprehensive income (losses) of associated companies	101	2,897	(48)	2,950
Share of other comprehensive income of joint ventures	178	8,569	242	8,989
Tax relating to components of other comprehensive income (losses)	(151)	–	(43)	(194)
Other comprehensive income, net of tax	1,405	10,190	120	11,715
Dividends paid relating to 2016	(7,503)	–	–	(7,503)
Dividends paid relating to 2017	(3,009)	–	–	(3,009)
Transaction costs in relation to issuance of perpetual capital securities	(62)	–	–	(62)
Transaction costs in relation to issuance of shares of a subsidiary	(41)	–	–	(41)
Transaction costs in relation to equity contribution from non-controlling interests	(14)	–	–	(14)
Share option schemes and long term incentive plans of subsidiary companies	–	–	9	9
Unclaimed dividends write back of a subsidiary	6	–	–	6
Relating to purchase of non-controlling interests	–	–	(342)	(342)
Relating to partial disposal of subsidiary companies	–	–	28	28
At 31 December 2017	546,498	(20,642)	(344,163)	181,693

32 Reserves (continued)

	Attributable to ordinary shareholders			
	Retained profit HK$ million	Exchange reserve HK$ million	Others [(a)] HK$ million	Total HK$ million
At 1 January 2016	500,909	(13,986)	(342,039)	144,884
Profit for the year	33,008	–	–	33,008
Other comprehensive income (losses)				
Available-for-sale investments				
Valuation losses recognised directly in reserves	–	–	(506)	(506)
Valuation losses previously in reserves recognised in income statement	–	–	462	462
Remeasurement of defined benefit obligations recognised directly in reserves	(1,590)	–	–	(1,590)
Cash flow hedges (forward foreign currency contracts and interest rate swap contracts)				
Losses recognised directly in reserves	–	–	(1,180)	(1,180)
Gains previously in reserves recognised in initial cost of non-financial items	–	–	(12)	(12)
Gains on net investment hedges (forward foreign currency contracts) recognised directly in reserves	–	5,128	–	5,128
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(15,590)	–	(15,590)
Gains previously in exchange and other reserves related to subsidiaries disposed during the year recognised in income statement	(323)	(24)	194	(153)
Share of other comprehensive income (losses) of associated companies	(453)	659	(175)	31
Share of other comprehensive income (losses) of joint ventures	(1,101)	(7,021)	(1,281)	(9,403)
Tax relating to components of other comprehensive income (losses)	232	–	153	385
Other comprehensive income (losses), net of tax	(3,235)	(16,848)	(2,345)	(22,428)
Dividends paid relating to 2015	(7,140)	–	–	(7,140)
Dividends paid relating to 2016	(2,837)	–	–	(2,837)
Transaction costs in relation to equity contribution from non-controlling interests	(87)	–	–	(87)
Buy-back and cancellation of issued shares (see note 31(a)(i))	(1)	–	–	(1)
Share option schemes and long term incentive plans of subsidiary companies	–	–	5	5
Unclaimed dividends write back of a subsidiary	5	–	–	5
Relating to purchase of non-controlling interests	–	–	(1,065)	(1,065)
Relating to partial disposal of subsidiary companies	(6)	2	1,466	1,462
At 31 December 2016	520,616	(30,832)	(343,978)	145,806

(a) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 31 December 2017, revaluation reserve deficit amounted to HK$503 million (1 January 2017 — HK$792 million and 1 January 2016 - HK$763 million), hedging reserve deficit amounted to HK$2,094 million (1 January 2017 — HK$1,982 million and 1 January 2016 - surplus of HK$673 million) and other capital reserves deficit amounted to HK$341,566 million (1 January 2017 — HK$341,204 million and 1 January 2016 - HK$341,949 million). Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cash flow hedges are included in the hedging reserve.

33 Notes to consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	2017 HK$ million	2016 HK$ million
Profit after tax	**43,602**	41,912
Less: share of profits less losses of		
Associated companies	**(6,797)**	(6,362)
Joint ventures	**(12,500)**	(10,251)
	24,305	25,299
Adjustments for:		
Current tax charge	**5,415**	3,334
Deferred tax (credit) charge	**(2,599)**	1,217
Interest expenses and other finance costs	**8,274**	7,118
Depreciation and amortisation	**17,105**	16,014
Others	**11**	371
EBITDA of Company and subsidiaries (i)	**52,511**	53,353
Loss on disposal of other unlisted investments	**–**	25
Loss (profit) on disposal of fixed assets	**(1,943)**	116
Dividends received from associated companies and joint ventures	**19,029**	8,747
Profit on disposal of subsidiaries, associated companies and joint ventures	**(2,829)**	(401)
Other non-cash items	**1,369**	211
	68,137	62,051

33 Notes to consolidated statement of cash flows (continued)

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital (continued)

(i) Reconciliation of EBITDA:

	2017 HK$ million	2016 HK$ million
EBITDA of Company and subsidiaries	**52,511**	53,353
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of		
Associated companies	**6,797**	6,362
Joint ventures	**12,500**	10,251
Adjustments for:		
Depreciation and amortisation	**19,921**	15,646
Interest expenses and other finance costs	**9,750**	6,160
Current tax charge	**2,483**	2,913
Deferred tax charge	**756**	552
Non-controlling interests	**388**	370
Others	**(11)**	(371)
	52,584	41,883
EBITDA (see notes 5(b) and 5(m))	**105,095**	95,236

(b) Changes in working capital

	2017 HK$ million	2016 HK$ million
Increase in inventories	**(1,825)**	(581)
Increase in debtors and prepayments	**(5,320)**	(3,046)
Increase (decrease) in creditors	**2,771**	(605)
Other non-cash items	**4,078**	(4,618)
	(296)	(8,850)

33 Notes to consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the years.

	2017 HK$ million	2016 HK$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	**3,925**	874
Fair value of investments held by the Company prior to acquisition	**–**	1,350
	3,925	2,224
Fair value		
Fixed assets	**445**	2,116
Leasehold land	**105**	1,877
Telecommunications licences	**1,962**	–
Brand names and other rights	**134**	–
Deferred tax assets	**249**	2
Cash and cash equivalents	**201**	541
Trade and other receivables	**195**	2,473
Inventories	**4**	72
Creditors and current tax liabilities	**(504)**	(4,314)
Bank and other debts	**(20)**	(39)
Pension obligations	**(11)**	–
Net identifiable assets acquired	**2,760**	2,728
Non-controlling interests	**(106)**	(531)
	2,654	2,197
Goodwill	**1,271**	27
Total consideration	**3,925**	2,224
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	**3,925**	874
Cash and cash equivalents acquired	**(201)**	(541)
Total net cash outflow	**3,724**	333

The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level.

Acquisition related costs of approximately HK$58 million (2016 – HK$4 million) had been charged to income statement during the year and included in the line item titled other operating expenses.

The contribution to the Group's revenue and profit before tax from these subsidiaries acquired during the year ended 31 December 2017 and 2016 since the respective date of acquisition are not material.

33 Notes to consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2017 HK$ million	2016 HK$ million
Consideration received or receivable		
Cash and cash equivalents	**14,556**	6,995
Non-cash consideration	**1,920**	24,224
Total disposal consideration	**16,476**	31,219
Carrying amount of net assets disposed	**(13,764)**	(30,971)
Cumulative exchange gain in respect of the net assets of the subsidiaries and related hedging instruments and other reserves reclassified from equity to profit or loss on loss of control of subsidiaries	**4**	153
Gain on disposal*	**2,716**	401
Net cash inflow (outflow) on disposal of subsidiaries		
Cash and cash equivalents received as consideration	**14,556**	6,995
Less: Cash and cash equivalents disposed	**(355)**	(4,148)
Total net cash consideration	**14,201**	2,847
Analysis of assets and liabilities over which control was lost		
Fixed assets	**6,733**	22,732
Leasehold land	**–**	257
Telecommunications licences	**–**	8,899
Goodwill	**5,929**	–
Brand names and other rights	**503**	4,333
Associated companies	**673**	–
Interests in joint ventures	**(1)**	1,450
Deferred tax assets	**–**	2,033
Liquid funds and other listed investments	**4**	–
Trade and other receivables	**1,850**	7,229
Inventories	**5**	268
Creditors and current tax liabilities	**(1,630)**	(9,919)
Bank and other debts	**(9)**	(10,228)
Deferred tax liabilities	**(657)**	(29)
Pension obligations	**–**	(146)
Non-controlling interests	**9**	(56)
Net assets (excluding cash and cash equivalents) disposed	**13,409**	26,823
Cash and cash equivalents disposed	**355**	4,148
Net assets disposed	**13,764**	30,971

* The gains on disposal for the years ended 31 December 2017 and 2016 are recognised in the consolidated income statement and are included in the line item titled other operating expenses.

The effect on the Group's results from the subsidiaries disposed are not material for the years ended 31 December 2017 and 2016.

33 Notes to consolidated statement of cash flows (continued)

(e) Reconciliation of liabilities arising from financing activities

	Bank and other debt HK$ million	Interest bearing loans from non-controlling shareholders HK$ million	Interest free loans from non-controlling shareholders HK$ million	Total HK$ million
At 1 January 2016	303,552	4,827	951	309,330
Financing cash flows				
New borrowings	76,306	–	–	76,306
Repayment of borrowings	(45,365)	–	–	(45,365)
Net loans from (to) non-controlling shareholders	–	62	(3)	59
Non-cash changes				
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 7)	99	–	–	99
Gain arising on adjustment for hedged items in a designated fair value hedge (see note 35(h))	(690)	–	–	(690)
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 7(a))	(2,741)	–	–	(2,741)
Relating to subsidiaries acquired (see note 33(c))	39	–	–	39
Relating to subsidiaries disposed (see note 33(d))	(10,228)	–	–	(10,228)
Exchange translation differences	(17,832)	(606)	(21)	(18,459)
At 31 December 2016 and 1 January 2017	**303,140**	**4,283**	**927**	**308,350**
Financing cash flows				
New borrowings	**100,488**	**–**	**–**	**100,488**
Repayment of borrowings	**(87,674)**	**–**	**–**	**(87,674)**
Net loans to non-controlling shareholders	**–**	**(1,523)**	**(616)**	**(2,139)**
Non-cash changes				
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 7)	**210**	**–**	**–**	**210**
Gain arising on adjustment for hedged items in a designated fair value hedges (see note 35(h))	**(103)**	**–**	**–**	**(103)**
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 7(a))	**(1,725)**	**–**	**–**	**(1,725)**
Relating to subsidiaries acquired (see note 33(c))	**20**	**–**	**–**	**20**
Relating to subsidiaries disposed (see note 33(d))	**(9)**	**–**	**–**	**(9)**
Exchange translation differences	**17,641**	**383**	**78**	**18,102**
At 31 December 2017	**331,988**	**3,143**	**389**	**335,520**

34 Share-based payments

The Company does not have a share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies are not material to the Group.

35 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents, liquid funds and other listed investments and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. The Group uses interest rate and foreign currency swaps and forward contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's exposure to interest rate and foreign exchange rate fluctuations. In limited circumstances, the Group also enters into swaps and forward contracts relating to oil and gas prices to hedge earnings and cash flow in Husky Energy. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

(a) Cash management and funding

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

The Group continues to maintain a robust financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK$168,283 million at 31 December 2017 (2016 – HK$162,224 million), mainly reflecting the cash arising from positive funds from operations from the Group's businesses and cash from new borrowings, including floating rate loans of AUD1,550 million (approximately HK$9,207 million), floating rate loans of US$700 million (approximately HK$5,460 million) and guaranteed bonds of EUR600 million (approximately HK$5,516 million) by listed subsidiary CKI and proceeds from HTHKH's disposal of its fixed-line telecommunication business of HK$14,244 million, partly offset by the acquisitions of DUET Group of AUD2,976 million (approximately HK$17,275 million), ista of EUR1,543 million (approximately HK$14,236 million), Reliance of CAD715 million (approximately HK$4,458 million) and UK Broadband Limited of GBP292 million (approximately HK$2,952 million), dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, the repayment and early repayment of certain borrowings and capex and investment spendings. Liquid assets were denominated as to 23% in HK dollars, 53% in US dollars, 7% in Renminbi, 4% in Euro, 7% in British Pounds and 6% in other currencies (2016 – 18% were denominated in HK dollars, 54% in US dollars, 6% in Renminbi, 8% in Euro, 6% in British Pounds and 8% in other currencies).

Cash and cash equivalents represented 95% (2016 – 96%) of the liquid assets, US Treasury notes and listed / traded debt securities 4% (2016 – 3%) and listed equity securities 1% (2016 – 1%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of US Treasury notes of 56% (2016 – 58%), government and government guaranteed notes of 17% (2016 – 4%), notes issued by the Group's associated company, Husky Energy of 4% (2016 – 6%), notes issued by financial institutions of 1% (2016 – 3%), and others of 22% (2016 – 29%). Of these US Treasury notes and listed / traded debt securities, 79% (2016 – 70%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 2.4 years (2016 – 2.0 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

35 Financial risk management (continued)

(b) Interest rate exposure

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

At 31 December 2017, approximately 36% (2016 – approximately 31%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 64% (2016 – approximately 69%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$9,600 million (2016 – approximately HK$25,200 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$27,950 million (2016 – HK$8,678 million) principal amount of floating interest rate borrowings that were used to finance long term investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 30% (2016 – approximately 37%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 70% (2016 – approximately 63%) were at fixed rates at 31 December 2017. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

(c) Foreign currency exposure

For overseas subsidiaries, associated companies and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to its underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in overseas subsidiaries and associated companies, except in relation to certain infrastructure investments. At 31 December 2017, the Group had foreign exchange forward contracts with banks to hedge these infrastructure investments. The total notional amount of these net investment hedges amounted to HK$59,430 million (2016 – HK$41,929 million).

The Group has operations in over 50 countries and conducts businesses in over 50 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation gains or losses on its foreign currency earnings. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings. At times of significant exchange rate volatility and where appropriate opportunities arise, the Group may prudently enter into forward foreign currency contracts and currency swaps for selective foreign currencies for a portion of its budgeted foreign currency earnings to limit potential downside foreign currency exposure on its earnings. In 2017, the Group entered into hedges which are accounted for as fair value through profit or loss by ways of forward contracts against British Pounds, Euro and Renminbi currency risks. These contracts resulted in realised hedging losses of HK$1,173 million during the year which were fully offset by translation gains against the hedged rates on the Group's attributable earnings in those currencies in 2017. All forward contracts for hedging earnings have been fully settled and no foreign currency hedge have been entered into in respect of expected 2018 foreign currency earnings.

As at 31 December 2017, the Group's total principal amount of bank and other debts are denominated as follows: 42% in US dollars, 21% in Euro, 5% in HK dollars, 22% in British Pounds and 10% in other currencies (2016 - 41% in US dollars, 27% in Euro, 5% in HK dollars, 21% in British Pounds and 6% in other currencies). The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$23,010 million (2016 – nil) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 35% in US dollars, 28% in Euro, 5% in HK dollars, 22% in British Pounds and 10% in other currencies (2016 – 41% in US dollars, 27% in Euro, 5% in HK dollars, 21% in British Pounds and 6% in other currencies).

35 Financial risk management (continued)

(d) Credit exposure

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

The Group is also exposed to counterparties credit risk from its operating activities, particularly in its ports businesses. Such risks are continuously monitored by the local operational management.

(e) Market price risk

The Group's main market price risk exposures relate to listed / traded debt and equity securities as described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed / traded debt and equity securities represented approximately 5% (2016 – approximately 4%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analyses

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

(i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

35 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis (continued)

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair values. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair values (arising from gain or loss from remeasurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 23)
- some of the listed debt securities and managed funds (see note 22) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 22) that bear interest at floating rate
- some of the bank and other debts (see note 27) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 28)

Under these assumptions, the impact of a hypothetical 100 basis points (2016 – 100 basis points) increase in market interest rate at 31 December 2017, with all other variables held constant:

- profit for the year would increase by HK$674 million due to increase in interest income (2016 – HK$366 million);
- total equity would increase by HK$674 million due to increase in interest income (2016 – HK$366 million); and
- total equity would increase by HK$728 million due to change in fair value of derivative financial instruments (2016 – nil).

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward foreign exchange contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair values. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7. Changes in the fair value of foreign currency cash flow hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

35 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis (continued)

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 23)
- some of the liquid funds and other listed investments (see note 22)
- some of the bank and other debts (see note 27)

Under these assumptions, the impact of a hypothetical 5% weakening of HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

	2017		2016	
	Hypothetical increase (decrease) in profit after tax HK$ million	**Hypothetical increase (decrease) in total equity HK$ million**	Hypothetical increase (decrease) in profit after tax HK$ million	Hypothetical increase (decrease) in total equity HK$ million
Euro	**20**	**(340)**	(191)	(213)
British Pounds	**76**	**(1,248)**	(41)	(1,647)
Australian dollars	**64**	**(359)**	151	(39)
Renminbi	**12**	**12**	(44)	(44)
US dollars	**2,281**	**2,281**	1,367	1,367
Japanese Yen	**(104)**	**(104)**	(103)	(103)

(iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair values. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- available-for-sale investments (see note 22)
- financial assets at fair value through profit or loss (see note 22)

35 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(iii) Other price sensitivity analysis (continued)

Under these assumptions, the impact of a hypothetical 5% increase in the market price of the Group's available-for-sale investments and financial assets at fair value through profit or loss at the end of the reporting period, with all other variables held constant:

- profit for the year would increase by HK$8 million (2016 – HK$8 million) due to increase in gains on financial assets at fair value through profit or loss;
- total equity would increase by HK$8 million (2016 – HK$8 million) due to increase in gains on financial assets at fair value through profit or loss; and
- total equity would increase by HK$383 million (2016 – HK$290 million) due to increase in gains on available-for-sale investments which are recognised in other comprehensive income.

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million	Difference from carrying amounts HK$ million	Carrying amounts HK$ million
At 31 December 2017						
Trade payables	19,252	–	–	19,252	–	19,252
Other payables and accruals	69,144	–	–	69,144	–	69,144
Interest free loans from non-controlling shareholders	389	–	–	389	–	389
Bank loans	19,080	87,355	4,736	111,171	(291)	110,880
Other loans	249	668	611	1,528	(3)	1,525
Notes and bonds	2,377	84,391	123,349	210,117	9,466	219,583
Interest bearing loans from non-controlling shareholders	–	956	2,187	3,143	–	3,143
Obligations for telecommunications licences and other rights	836	3,402	1,877	6,115	(445)	5,670
	111,327	176,772	132,760	420,859	8,727	429,586

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$9,738 million in "within 1 year" maturity band, HK$28,580 million in "after 1 year, but within 5 years" maturity band, and HK$32,138 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

35 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2017				
Fair value hedges:				
Interest rate swaps				
Net inflow (outflow)	(74)	50	–	(24)
Cash flow hedges:				
Interest rate swaps				
Net outflow	(165)	(329)	(64)	(558)
Cross currency interest rate swaps				
Net inflow (outflow)	513	(2,347)	–	(1,834)
Forward foreign exchange contracts				
Inflow	380	9	–	389
Outflow	(380)	(9)	–	(389)
Other contracts				
Net outflow	(23)	(87)	(339)	(449)
Net investment hedges				
Inflow	16,952	9,791	13,684	40,427
Outflow	(17,187)	(9,752)	(13,872)	(40,811)
Other derivative financial instruments				
Net outflow	(263)	(3,182)	(659)	(4,104)

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million	Difference from carrying amounts HK$ million	Carrying amounts HK$ million
At 31 December 2016						
Trade payables	17,380	–	–	17,380	–	17,380
Other payables and accruals	64,002	–	–	64,002	–	64,002
Interest free loans from non-controlling shareholders	927	–	–	927	–	927
Bank loans	20,612	60,766	3,605	84,983	(362)	84,621
Other loans	669	746	823	2,238	–	2,238
Notes and bonds	50,312	45,996	108,518	204,826	11,455	216,281
Interest bearing loans from non-controlling shareholders	–	1,593	2,690	4,283	–	4,283
Obligations for telecommunications licences and other rights	610	3,179	2,871	6,660	(810)	5,850
	154,512	112,280	118,507	385,299	10,283	395,582

35 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities (continued):

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$8,665 million in "within 1 year" maturity band, HK$25,348 million in "after 1 year, but within 5 years" maturity band, and HK$31,882 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2016				
Cash flow hedges:				
Interest rate swaps				
Net outflow	(118)	(277)	(264)	(659)
Forward foreign exchange contracts				
Inflow	127	–	–	127
Outflow	(131)	–	–	(131)
Other contracts				
Net outflow	(9)	(119)	(376)	(504)
Net investment hedges				
Inflow	786	–	–	786
Outflow	(792)	–	–	(792)
Other derivative financial instruments				
Net outflow	(254)	(968)	(1,132)	(2,354)

(h) In accordance with the disclosure requirement of HKFRS 7, other gains and losses recognised in income statement include the following items:

	2017 HK$ million	2016 HK$ million
Change in fair value of financial assets at fair value through profit or loss	**2**	64
Losses arising on derivatives in a designated fair value hedge	**(103)**	(690)
Gains arising on adjustment for hedged items in a designated fair value hedge	**103**	690
Interest income on available-for-sale financial assets	**62**	85

35 Financial risk management (continued)

(i) Carrying amounts and fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

	2017		2016	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Financial assets				
Loans and receivables *				
Trade receivables (see note 24)	**11,546**	**11,546**	10,587	10,587
Other receivables and prepayments (see note 24)	**39,812**	**39,812**	34,470	34,470
Unlisted debt securities (see note 21)	**179**	**179**	165	165
	51,537	**51,537**	45,222	45,222
Available-for-sale investments #				
Unlisted equity securities (see note 21)	**2,649**	**2,649**	1,059	1,059
Managed funds, outside Hong Kong (see note 22)	**4,916**	**4,916**	2,932	2,932
Listed / traded debt securities, outside Hong Kong (see note 22)	**1,168**	**1,168**	1,184	1,184
Listed equity securities, Hong Kong (see note 22)	**1,546**	**1,546**	1,621	1,621
Listed equity securities, outside Hong Kong (see note 22)	**25**	**25**	58	58
Financial assets at fair value through profit or loss # (see note 22)	**158**	**158**	159	159
	10,462	**10,462**	7,013	7,013
Fair value hedges #				
Interest rate swaps (see notes 21 and 24)	**54**	**54**	121	121
Cash flow hedges #				
Interest rate swaps (see note 21)	**31**	**31**	–	–
Forward foreign exchange contracts (see notes 21 and 24)	**294**	**294**	204	204
Other contracts (see note 21)	**–**	**–**	2	2
Net investment hedges # (see notes 21 and 24)	**1,791**	**1,791**	6,481	6,481
Other derivative financial instruments # (see notes 21 and 24)	**192**	**192**	379	379
	2,362	**2,362**	7,187	7,187
	64,361	**64,361**	59,422	59,422

35 Financial risk management (continued)

(i) Carrying amounts and fair values of financial assets and financial liabilities (continued)

	2017		2016	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Financial liabilities				
Financial liabilities *				
Trade payables (see note 25)	**19,252**	**19,252**	17,380	17,380
Other payables and accruals (see note 25)	**69,144**	**69,144**	64,002	64,002
Bank and other debts (see note 27)	**331,988**	**341,334**	303,140	311,083
Interest free loans from non-controlling shareholders (see note 25)	**389**	**389**	927	927
Interest bearing loans from non-controlling shareholders (see note 28)	**3,143**	**3,143**	4,283	4,283
Obligations for telecommunications licences and other rights (see note 30)	**5,670**	**5,670**	5,850	5,850
	429,586	**438,932**	395,582	403,525
Fair value hedges #				
Interest rate swaps (see note 30)	**37**	**37**	–	–
Cash flow hedges #				
Interest rate swaps (see notes 25 and 30)	**543**	**543**	550	550
Cross currency interest rate swaps (see note 30)	**1,888**	**1,888**	–	–
Forward foreign exchange contracts (see notes 25 and 30)	**3**	**3**	1	1
Other contracts (see notes 25 and 30)	**384**	**384**	402	402
Net investment hedges # (see notes 25 and 30)	**1,291**	**1,291**	3	3
Other derivative financial instruments # (see notes 25 and 30)	**4,069**	**4,069**	1,851	1,851
	8,215	**8,215**	2,807	2,807
	437,801	**447,147**	398,389	406,332

* carried at amortised cost (see note 35(j)(ii) below)

\# carried at fair value (see note 35(j)(i) below)

35 Financial risk management (continued)

(j) Fair value measurements

(i) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
At 31 December 2017				
Financial assets				
Available-for-sale investments				
Unlisted equity securities (see note 21)	–	–	2,649	2,649
Managed funds, outside Hong Kong (see note 22)	4,916	–	–	4,916
Listed / traded debt securities, outside Hong Kong (see note 22)	212	956	–	1,168
Listed equity securities, Hong Kong (see note 22)	1,546	–	–	1,546
Listed equity securities, outside Hong Kong (see note 22)	25	–	–	25
Financial assets at fair value through profit or loss (see note 22)	112	46	–	158
	6,811	1,002	2,649	10,462
Fair value hedges				
Interest rate swaps (see notes 21 and 24)	–	54	–	54
Cash flow hedges				
Interest rate swaps (see note 21)	–	31	–	31
Forward foreign exchange contracts (see notes 21 and 24)	–	294	–	294
Net investment hedges (see note 21)	–	1,791	–	1,791
Other derivative financial instruments (see note 21)	–	192	–	192
	–	2,362	–	2,362
Financial liabilities				
Fair value hedges				
Interest rate swaps (see note 30)	–	(37)	–	(37)
Cash flow hedges				
Interest rate swaps (see notes 25 and 30)	–	(543)	–	(543)
Cross currency interest rate swaps (see note 30)	–	(1,888)	–	(1,888)
Forward foreign exchange contracts (see notes 25 and 30)	–	(3)	–	(3)
Other contracts (see notes 25 and 30)	–	(384)	–	(384)
Net investment hedges (see notes 25 and 30)	–	(1,291)	–	(1,291)
Other derivative financial instruments (see notes 25 and 30)	–	(4,069)	–	(4,069)
	–	(8,215)	–	(8,215)

35 Financial risk management (continued)

(j) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
At 31 December 2016				
Financial assets				
Available-for-sale investments				
Unlisted equity securities (see note 21)	–	–	1,059	1,059
Managed funds, outside Hong Kong (see note 22)	2,932	–	–	2,932
Listed / traded debt securities, outside Hong Kong (see note 22)	326	858	–	1,184
Listed equity securities, Hong Kong (see note 22)	1,621	–	–	1,621
Listed equity securities, outside Hong Kong (see note 22)	58	–	–	58
Financial assets at fair value through profit or loss (see note 22)	110	49	–	159
	5,047	907	1,059	7,013
Fair value hedges				
Interest rate swaps (see notes 21 and 24)	–	121	–	121
Cash flow hedges				
Forward foreign exchange contracts (see notes 21 and 24)	–	204	–	204
Other contracts (see note 21)	–	2	–	2
Net investment hedges (see notes 21 and 24)	–	6,481	–	6,481
Other derivative financial instruments (see notes 21 and 24)	–	379	–	379
	–	7,187	–	7,187
Financial liabilities				
Cash flow hedges				
Interest rate swaps (see note 30)	–	(550)	–	(550)
Forward foreign exchange contracts (see note 25)	–	(1)	–	(1)
Other contracts (see note 30)	–	(402)	–	(402)
Net investment hedges (see note 25)	–	(3)	–	(3)
Other derivative financial instruments (see notes 25 and 30)	–	(1,851)	–	(1,851)
	–	(2,807)	–	(2,807)

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the year ended 31 December 2017 and 2016, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

35 Financial risk management (continued)

(j) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	2017 HK$ million	2016 HK$ million
At 1 January	**1,059**	1,518
Total gains (losses) recognised in		
Income statement	**–**	(26)
Other comprehensive income	**46**	(388)
Additions	**130**	75
Relating to subsidiaries disposed	**1,413**	–
Disposals	**(18)**	(43)
Exchange translation differences	**19**	(77)
At 31 December	**2,649**	1,059
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**–**	(26)

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

(ii) Financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required

Except for bank and other debts as detailed in the table 35(i) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated statement of financial position approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK$ million	**Level 2 HK$ million**	**Level 3 HK$ million**	**Total HK$ million**
At 31 December 2017				
Bank and other debts	**214,297**	**127,037**	**–**	**341,334**

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
At 31 December 2016				
Bank and other debts	214,108	96,975	–	311,083

The fair value of the bank and other debts included in level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

35 Financial risk management (continued)

(k) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

The following tables set out the carrying amounts of recognised financial assets and recognised financial liabilities that:

(1) are offset in the Group's consolidated statement of financial position; or

(2) are subject to an enforceable master netting arrangements or similar agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2017						
Financial assets						
Trade receivables	**57**	**(3)**	**54**	**(35)**	**–**	**19**
Other receivables and prepayments	**994**	**(568)**	**426**	**–**	**–**	**426**
Cash flow hedges						
Forward foreign exchange contracts	**2**	**–**	**2**	**(2)**	**–**	**–**
Net investment hedges	**487**	**–**	**487**	**(275)**	**–**	**212**
Other derivative financial instruments	**192**	**–**	**192**	**(82)**	**–**	**110**
	1,732	**(571)**	**1,161**	**(394)**	**–**	**767**
Financial liabilities						
Trade payables	**(4,355)**	**571**	**(3,784)**	**–**	**–**	**(3,784)**
Other payables and accruals	**(43)**	**–**	**(43)**	**35**	**–**	**(8)**
Cash flow hedges						
Forward foreign exchange contracts	**(2)**	**–**	**(2)**	**2**	**–**	**–**
Net investment hedges	**(275)**	**–**	**(275)**	**275**	**–**	**–**
Other derivative financial instruments	**(539)**	**–**	**(539)**	**82**	**–**	**(457)**
	(5,214)	**571**	**(4,643)**	**394**	**–**	**(4,249)**
At 31 December 2016						
Financial assets						
Trade receivables	42	(3)	39	(27)	–	12
Other receivables and prepayments	696	(386)	310	–	–	310
Cash flow hedges						
Forward foreign exchange contracts	196	–	196	(1)	–	195
Net investment hedges	1,144	–	1,144	(3)	–	1,141
Other derivative financial instruments	301	–	301	(299)	–	2
	2,379	(389)	1,990	(330)	–	1,660
Financial liabilities						
Trade payables	(3,648)	389	(3,259)	–	–	(3,259)
Other payables and accruals	(41)	–	(41)	27	–	(14)
Cash flow hedges						
Forward foreign exchange contracts	(1)	–	(1)	1	–	–
Net investment hedges	(3)	–	(3)	3	–	–
Other derivative financial instruments	(299)	–	(299)	299	–	–
	(3,992)	389	(3,603)	330	–	(3,273)

36 Pledge of assets

At 31 December 2017, assets of the Group totalling HK$27,990 million (2016 - HK$24,994 million) were pledged as security for bank and other debts.

37 Contingent liabilities

At 31 December 2017, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK$3,911 million (2016 - HK$3,797 million).

The amount utilised by its associated companies and joint ventures are as follows:

	2017 HK$ million	2016 HK$ million
To associated companies	**2,687**	2,470
To joint ventures	**623**	593

At 31 December 2017, the Group had provided performance and other guarantees of HK$3,307 million (2016 - HK$3,950 million).

38 Commitments

The Group's outstanding commitments contracted for at 31 December 2017, where material, not provided for in the financial statements at 31 December 2017 are as follows:

Capital commitments

(a) Ports and Related Services — HK$73 million (2016 - HK$674 million)
(b) **3** Group Europe — HK$3,271 million (2016 - HK$3,038 million)
(c) Telecommunications, Hong Kong and Asia — HK$1,836 million (2016 - HK$699 million)
(d) Other fixed assets — HK$187 million (2016 - HK$184 million)

Operating lease commitments — future aggregate minimum lease payments for land and buildings leases

(a) In the first year — HK$11,494 million (2016 - HK$9,888 million)
(b) In the second to fifth years inclusive — HK$21,947 million (2016 - HK$17,614 million)
(c) After the fifth year — HK$41,343 million (2016 - HK$29,938 million)

Operating lease commitments — future aggregate minimum lease payments for other assets

(a) In the first year — HK$1,041 million (2016 - HK$1,290 million)
(b) In the second to fifth years inclusive — HK$2,528 million (2016 - HK$3,351 million)
(c) After the fifth year — HK$400 million (2016 - HK$377 million)

39 Related parties transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and joint ventures are disclosed in notes 18 and 19. In addition, during 2015, the acquisition of HWL resulted in the consolidation of traded debt securities outside Hong Kong issued by listed associated company, Husky Energy with a principal amount of US$25 million which will mature in 2019.

No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation).

40 Legal proceedings

As at 31 December 2017, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

41 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK$), the functional currency of the Company. The translation into US dollars (US$) of these financial statements as of, and for the year ended, 31 December 2017, is for convenience only and has been made at the rate of HK$7.8 to US$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

42 Profit before tax

Profit before tax is shown after crediting and charging the following items:

	2017 HK$ million	2016 HK$ million
Credits:		
Share of profits less losses of associated companies		
Listed	**6,042**	5,735
Unlisted	**755**	627
	6,797	6,362
Dividend and interest income from managed funds and other investments		
Listed	**91**	126
Unlisted	**141**	144
Charges:		
Depreciation and amortisation		
Fixed assets	**14,679**	13,262
Leasehold land	**428**	416
Telecommunications licences	**998**	823
Brand names and other rights	**1,000**	1,513
	17,105	16,014
Inventories write-off	**1,181**	1,114
Operating leases		
Properties	**17,081**	18,129
Hire of plant and machinery	**2,023**	1,939
Auditors' remuneration		
Audit and audit related work – PricewaterhouseCoopers	**163**	210
– other auditors	**17**	19
Non-audit work – PricewaterhouseCoopers	**35**	26
– other auditors	**63**	46

43 Statement of financial position of the Company, as at 31 December 2017

	2017 **HK$ million**	2016 HK$ million
Non-current assets		
Subsidiary companies – Unlisted shares [(a)]	**355,164**	355,164
Current assets		
Amounts due from subsidiary companies [(b)]	**9,292**	9,397
Other receivables	**176**	28
Cash	**6**	7
Current liabilities		
Other payables and accruals	**47**	43
Net current assets	**9,427**	9,389
Net assets	**364,591**	364,553
Capital and reserves		
Share capital (see note 31(a))	**3,858**	3,858
Share premium (see note 31(a))	**244,505**	244,505
Reserves – Retained profit [(c)]	**116,228**	116,190
Shareholders' funds	**364,591**	364,553

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

43 Statement of financial position of the Company, as at 31 December 2017 (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 263 to 266.

(b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.

(c) Reserves — Retained profit

	HK$ million
At 1 January 2016	115,973
Profit for the year	10,195
Buy-back and cancellation of issued shares (see note 31(a)(i))	(1)
Dividends paid relating to 2015	(7,140)
Dividends paid relating to 2016	(2,837)
At 31 December 2016	**116,190**
Profit for the year	**10,550**
Dividends paid relating to 2016	**(7,503)**
Dividends paid relating to 2017	**(3,009)**
At 31 December 2017	**116,228**

(d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(e) The net profit of the Company is HK$10,550 million (2016 – HK$10,195 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.

(f) At 31 December 2017, the Company's share premium and retained profit amounted to HK$244,505 million (2016 – HK$244,505 million) and HK$116,228 million (2016 – HK$116,190 million) respectively, and subject to a solvency test, they are available for distribution to shareholders.

44 Approval of financial statements

The financial statements set out on pages 164 to 266 were approved and authorised for issue by the Board of Directors on 16 March 2018.

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2017

	Subsidiary and associated companies and joint ventures	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
	Alexandria International Container Terminals Company S.A.E.	Egypt	USD	30,000,000	64	Container terminal operating
	Amsterdam Port Holdings B.V.	Netherlands	EUR	170,704	80	Holding company
	Brisbane Container Terminals Pty Limited	Australia	AUD	34,100,000	80	Container terminal operating
	Buenos Aires Container Terminal Services S.A.	Argentina	ARS	321,528,668	80	Container terminal operating
	ECT Delta Terminal B.V.	Netherlands	EUR	18,000	71	Stevedoring activities
	Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP	145,695,000	80	Cruise terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	80	Container terminal operating
	Europe Container Terminals B.V.	Netherlands	EUR	45,000,000	75	Holding company
	Euromax Terminal Rotterdam B.V.	Netherlands	EUR	100,000	49	Stevedoring activities
	Freeport Container Port Limited	Bahamas	BSD	2,000	41	Container terminal operating
	Gdynia Container Terminal S.A.	Poland	PLN	11,379,300	80	Container terminal operating and rental of port real estate
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	80	Container terminal operating
✡	Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	50	Ship repairing, general engineering and tug operations
✡	惠州港業股份有限公司	China	RMB	300,000,000	27	Container terminal operating
✡ ⌘	Huizhou Quanwan Port Development Co., Ltd.	China	RMB	359,300,000	40	Port related land development
	Hutchison Ajman International Terminals Limited - F.Z.E.	United Arab Emirates	AED	60,000,000	80	Container terminal operating
	Hutchison Port Holdings Limited	British Virgin Islands / Hong Kong	USD	26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Korea Terminals Limited	South Korea	WON	4,107,500,000	80	Container terminal operating
	Hutchison Laemchabang Terminal Limited	Thailand	THB	1,000,000,000	64	Container terminal operating
✧ ❋ #	Hutchison Port Holdings Trust	Singapore / China	USD	8,797,780,935	30	Container port business trust
	Hutchison Port Investments Limited	Cayman Islands	USD	74,870,807	80	Holding company
	Hutchison Ports Investments S.à r.l.	Luxembourg	EUR	12,750	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Ports RAK Limited	British Virgin Islands / United Arab Emriates	USD	10,000	48	Container terminal operating
	Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP	138,623,200	80	Container terminal operating
	International Ports Services Co. Ltd.	Saudi Arabia	SAR	2,000,000	41	Container terminal operating
✡ ⌘	Jiangmen International Container Terminals Limited	China	USD	14,461,665	40	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	PKR	1,109,384,220	80	Container terminal operating

	Subsidiary and associated companies and joint ventures	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services (continued)					
	Korea International Terminals Limited	South Korea	WON	45,005,000,000	71	Container terminal operating
	L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP	78,560,628	80	Container terminal operating
	Maritime Transport Services Limited	United Kingdom	GBP	13,921,323	64	Container terminal operating
✡ ⌘	Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
	NAWAH for Ports Management Company, LLC	Iraq	IQD	10,000,000	41	Container terminal operating
✡ ⌘	寧波北侖國際集裝箱碼頭有限公司	China	RMB	700,000,000	39	Container terminal operating
	Oman International Container Terminal L.L.C.	Oman	OMR	4,000,000	52	Container terminal operating
	Panama Ports Company, S.A.	Panama	USD	10,000,000	72	Container terminal operating
	Port of Felixstowe Limited	United Kingdom	GBP	100,002	80	Container terminal operating
✡	PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,000	39	Container terminal operating
✡	River Trade Terminal Co. Ltd.	British Virgin Islands / Hong Kong	USD	1	40	River trade terminal operation
	Saigon International Terminals Vietnam Limited	Vietnam	USD	80,084,000	56	Container terminal operating
✡ ⌘ +	上海明東集裝箱碼頭有限公司	China	RMB	4,000,000,000	40	Container terminal operating
⌘	Shantou International Container Terminals Limited	China	USD	88,000,000	56	Container terminal operating
	South Asia Pakistan Terminals Limited	Pakistan	PKR	5,763,773,300	72	Container terminal operating
	Sydney International Container Terminals Pty Ltd	Australia	AUD	49,000,001	80	Container terminal operating
	Talleres Navales del Golfo, S.A. de C.V.	Mexico	MXP	143,700,000	80	Marine construction and ship repair yard
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	2,208,492,000	53	Container terminal operating
	Terminal Catalunya, S.A.	Spain	EUR	2,342,800	80	Container terminal operating
	Thai Laemchabang Terminal Co., Ltd.	Thailand	THB	800,000,000	70	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	64	Container terminal operating
❋ # +	Westports Holdings Berhad	Malaysia	MYR	341,000,000	19	Holding company
# ⌘	Xiamen Haicang International Container Terminals Limited	China	RMB	555,515,000	39	Container terminal operating
# ⌘	Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	39	Container terminal operating
	Retail					
	A.S. Watson Holdings Limited	Cayman Islands	HKD	1,000,000	75	Holding company
	A.S. Watson (Europe) Retail Holdings B.V.	Netherlands	EUR	18,001	75	Investment holding in retail businesses
	A.S. Watson Retail (HK) Limited	Hong Kong	HKD	100,000,000	75	Retailing
✡ +	Dirk Rossmann GmbH	Germany	EUR	12,000,000	30	Retailing
⌘	廣州屈臣氏個人用品商店有限公司	China	HKD	71,600,000	71	Retailing
	PARKnSHOP (HK) Limited	Hong Kong	HKD	100,000,000	75	Supermarket operating
✡	Rossmann Supermarkety Drogeryjne Polska Sp. z o.o.	Poland	PLN	26,442,892	53	Retailing
	Superdrug Stores plc	United Kingdom	GBP	22,000,000	75	Retailing
⌖	武漢屈臣氏個人用品商店有限公司	China	RMB	55,930,000	75	Retailing

	Subsidiary and associated companies and joint ventures	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Infrastructure and energy					
✡	Australian Gas Networks Limited	Australia	AUD	879,082,753	62	Natural gas distribution
✡ +	AVR-Afvalverwerking B.V.	Netherlands	EUR	1	61	Producing energy from waste
❋ +	CK Infrastructure Holdings Limited	Bermuda / Hong Kong	HKD	2,650,676,042	76	Holding Company
✡ +	CK William UK Holdings Limited	United Kingdom	GBP	2,049,000,000	30	Investment holding in electricity distribution and generation, and gas transmissions and distribution businesses
✡ +	CKP (Canada) Holidngs Limited	Canada	CAD	1,143,862,830	19	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services
+	Enviro Waste Services Limited	New Zealand	NZD	84,768,736	76	Waste management services
❋ # +	Husky Energy Inc.	Canada	CAD	7,293,299,861	40	Investment in oil and gas
✡ +	Northern Gas Networks Holdings Limited	United Kingdom	GBP	71,670,980	36	Gas distribution
+	Northumbrian Water Group Limited	United Kingdom	GBP	161	70	Water & sewerage businesses
❋ # +	Power Assets Holdings Limited	Hong Kong	HKD	6,610,008,417	29	Investment holdings in energy and utility-related businesses
✡ +	Trionista TopCo GmbH	Germany	EUR	25,000	26	Sub-metering and related services
✡ +	UK Power Networks Holdings Limited	United Kingdom	GBP	10,000,000	30	Electricity distribution
+	Eversholt UK Rails Limited	United Kingdom	GBP	102	88	Holding company in leasing of rolling stock
✡ +	Wales & West Gas Networks (Holdings) Limited	United Kingdom	GBP	290,272,506	53	Gas distribution
	Telecommunications					
	Hi3G Access AB	Sweden	SEK	10,000,000	60	Mobile telecommunications services
	Hi3G Denmark ApS	Denmark	DKK	64,375,000	60	Mobile telecommunications services
	Hutchison 3G Ireland Holdings Limited	United Kingdom	EUR	2	100	Holding company of mobile telecommunications services
	Hutchison 3G UK Limited	United Kingdom	GBP	201	100	Mobile telecommunications services
	Hutchison Drei Austria GmbH	Austria	EUR	34,882,960	100	Mobile telecommunications services
❋	Hutchison Telecommunications (Australia) Limited	Australia	AUD	4,204,487,847	88	Holding company
❋	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands / Hong Kong	HKD	1,204,724,052	66	Holding company of mobile telecommunications services
	Hutchison Telephone Company Limited	Hong Kong	HKD	2,730,684,340	50	Mobile telecommunications services
	PT. Hutchison 3 Indonesia	Indonesia	IDR	651,156,000,000	65	Mobile telecommunications services
	Vietnamobile Telecommunications Joint Stock Company	Vietnam	VND	9,348,000,000,000	49	Mobile telecommunications services
✡	VIP - CKH Luxembourg S.à r.l.	Luxembourg	EUR	50,000	50	Mobile telecommunications services
✡ +	Vodafone Hutchison Australia Pty Limited	Australia	AUD	6,046,889,713	44	Telecommunications services

Principal Subsidiary and Associated Companies and Joint Ventures
at 31 December 2017

	Subsidiary and associated companies and joint ventures	Place of incorporation/ principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Finance & investments and others					
	Cheung Kong (Holdings) Limited	Hong Kong	HKD	10,488,733,666	100	Holding company
	CK Hutchison Global Investments Limited	British Virgin Islands	USD	2	100	Holding company
❋ # +	CK Life Sciences Int'l., (Holdings) Inc.	Cayman Islands / Hong Kong	HKD	961,107,240	45	Holding company of nutraceuticals, pharmaceuticals and agriculture-related businesses
✡ ⌘	Guangzhou Aircraft Maintenance Engineering Company Limited	China	USD	65,000,000	50	Aircraft maintenance
❋	Hutchison China MediTech Limited	Cayman Islands / China	USD	66,447,037	60	Holding company of healthcare businesses
	Hutchison International Limited	Hong Kong	HKD	727,966,526	100	Holding company & corporate
	Hutchison Whampoa (China) Limited	Hong Kong	HKD	15,100,000	100	Investment holding & China businesses
	Hutchison Whampoa Europe Investments S.à r.l.	Luxembourg	EUR	1,764,026,975	100	Holding company
	Hutchison Whampoa Limited	Hong Kong	HKD	29,424,795,590	100	Holding company
	Marionnaud Parfumeries S.A.S.	France	EUR	351,575,833	100	Investment holding in perfume retailing businesses
#	Metro Broadcast Corporation Limited	Hong Kong	HKD	1,000,452	24	Radio broadcasting
❋ #	TOM Group Limited	Cayman Islands / Hong Kong	HKD	389,327,056	37	Media and technology

The above table lists the principal subsidiary and associated companies and joint ventures of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

Except Cheung Kong (Holdings) Limited and CK Hutchsion Global Investments Limited which are 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and joint ventures are held indirectly.

❋ Company listed on the Stock Exchange of Hong Kong except Hutchison Port Holdings Trust which is listed on Singapore Stock Exchange, Westports Holdings Berhad which is listed on the Bursa Malaysia Securities Berhad, Husky Energy Inc. which is listed on the Toronto Stock Exchange, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange and Hutchison China MediTech Limited which is listed on the AIM of the London Stock Exchange and in the form of American Depositary Shares on the Nasdaq Stock Market.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

Associated companies

✡ Joint ventures

⌘ Equity joint venture registered under PRC law

⧳ Wholly owned foreign enterprise (WOFE) registered under PRC law

✧ The share capital of Hutchison Port Holdings Trust is in a form of trust units.

+ The accounts of these subsidiary and associated companies and joint ventures have been audited by firms other than PricewaterhouseCoopers. The aggregate net assets and revenue (excluding share of associated companies and joint ventures) attributable to shareholders of these companies not audited by PricewaterhouseCoopers amounted to approximately 22% and 9% of the Group's respective items.

Ten Year Summary

	2008	2009	2010	2011	2012	2013	2014	2015	2016	**2017**
CONSOLIDATED INCOME STATEMENT										
HK$ million										
Revenue [1]	13,322	20,316	25,291	34,538	21,379	21,480	26,384	176,094	259,842	**248,515**
Profit attributable to ordinary shareholders of the Company [1]	12,721	20,304	26,750	45,957	32,036	35,260	53,869	118,570	33,008	**35,100**
Dividends	5,675	6,254	6,833	7,319	7,319	8,060	24,676	9,842	10,340	**10,994**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
HK$ million										
Non-current assets										
Fixed assets	11,624	10,696	10,399	11,233	10,145	9,977	17,454	179,855	145,598	**158,789**
Investment properties	15,670	19,433	21,170	25,180	29,656	28,777	33,285	334	344	**360**
Leasehold land	–	–	–	–	–	–	–	7,215	8,155	**8,305**
Telecommunications licences	–	–	–	–	–	–	–	32,608	23,936	**27,271**
Brand names and other rights	–	–	–	–	–	–	–	82,233	73,625	**75,985**
Goodwill	–	–	–	–	–	–	–	261,449	254,748	**255,334**
Associated companies	145,524	148,185	154,568	178,606	187,348	196,812	216,841	148,372	150,406	**145,343**
Interests in joint ventures	30,207	33,650	40,671	56,929	63,303	65,659	68,754	92,425	106,253	**162,134**
Deferred tax assets	–	–	–	–	–	–	–	20,986	15,856	**20,195**
Other non-current assets	1,586	1,192	1,062	1,206	1,100	1,564	1,272	4,238	5,096	**5,180**
Liquid funds and other listed investments	4,185	6,278	8,577	7,301	10,828	8,843	10,210	10,255	5,954	**7,813**
	208,796	219,434	236,447	280,455	302,380	311,632	347,816	839,970	789,971	**866,709**
Current assets	76,230	79,231	93,877	92,006	104,345	117,205	110,125	192,974	223,494	**233,546**
Total assets	285,026	298,665	330,324	372,461	406,725	428,837	457,941	1,032,944	1,013,465	**1,100,255**
Current liabilities	19,571	22,776	34,705	35,031	20,189	15,466	31,350	130,303	157,312	**114,888**
Non-current liabilities										
Bank and other debts	31,258	25,279	22,027	23,020	43,001	39,452	19,522	270,536	231,260	**310,276**
Interest bearing loans from non-controlling shareholders	–	–	–	–	–	–	–	4,827	4,283	**3,143**
Deferred tax liabilities	598	664	761	850	820	986	1,022	26,062	23,692	**25,583**
Pension obligations	–	–	–	–	–	–	–	4,066	5,369	**3,770**
Other non-current liabilities	2,000	–	–	–	63	112	–	48,039	47,359	**51,048**
	33,856	25,943	22,788	23,870	43,884	40,550	20,544	353,530	311,963	**393,820**
Net assets	231,599	249,946	272,831	313,560	342,652	372,821	406,047	549,111	544,190	**591,547**
Capital and reserves										
Share capital	1,158	1,158	1,158	1,158	1,158	1,158	10,489 [2]	3,860	3,858	**3,858**
Share premium	9,331	9,331	9,331	9,331	9,331	9,331	–	244,691	244,505	**244,505**
Perpetual capital securities	–	–	–	4,648	5,652	9,048	9,045	35,153	30,510	**29,481**
Reserves	216,759	235,646	258,521	295,211	323,354	350,192	383,656	144,884	145,806	**181,693**
Total ordinary shareholders' funds and perpetual capital securities	227,248	246,135	269,010	310,348	339,495	369,729	403,190	428,588	424,679	**459,537**
Non-controlling interests	4,351	3,811	3,821	3,212	3,157	3,092	2,857	120,523	119,511	**132,010**
Total equity	231,599	249,946	272,831	313,560	342,652	372,821	406,047	549,111	544,190	**591,547**

Ten Year Summary

	2008	2009	2010	2011	2012	2013	2014	2015	2016	**2017**
PERFORMANCE DATA										
Earnings per share for profit attributable to ordinary shareholders of the Company – (HK$)	5.49	8.77	11.55	19.84	13.83	15.22	23.26	36.91	8.55	**9.10**
Dividends per share – (HK$) (3)	2.45	2.70	2.95	3.16	3.16	3.48	3.65	2.55	2.68	**2.85**
Special dividends per share – (HK$)	–	–	–	–	–	–	7.00	–	–	**–**
Dividend cover (3)	2.2	3.2	3.9	6.3	4.4	4.4	6.4	14.5	3.2	**3.2**
Return on average ordinary shareholders' funds (%)	5.6%	8.6%	10.4%	16.0%	10.0%	10.2%	14.3%	30.1%	8.4%	**8.5%**
Current ratio	3.9	3.5	2.7	2.6	5.2	7.6	3.5	1.5	1.4	**2.0**
Net debt – (HK$ million) (4)	28,033	12,861	1,172	18,502	15,868	Note 5	Note 5	172,580	141,806	**164,872**
Net debt / Net total capital (%) (4)	10.8%	4.9%	0.4%	5.6%	4.4%	N/A	N/A	23.7%	20.5%	**21.7%**
Net assets attributable to ordinary shareholders of the Company per share – book value (HK$)	98.1	106.3	116.1	132.0	144.1	155.7	170.2	101.9	102.2	**111.5**
Number of shares (million)	2,316.2	2,316.2	2,316.2	2,316.2	2,316.2	2,316.2	2,316.2	3,859.7	3,857.7	**3,857.7**

Certain line item descriptions have been updated and certain comparative amounts have been reclassified to conform to the current year presentation.

(1) Amounts shown above are the aggregate total arising from continuing and discontinuing operations in 2015.

(2) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the amounts standing to the credit of the share premium account created under the sections 48B and 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32) have become part of the Cheung Kong's share capital.

(3) Exclude special dividend of HK$7 per share in 2014.

(4) See note 31(c)(i) to the financial statements.

(5) Net cash in 2014 and 2013 amounted to HK$6,433 million and HK$1,510 million respectively.

Information for Shareholders

LISTING	The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited
STOCK CODES	The Stock Exchange of Hong Kong Limited: 1 Bloomberg: 1 HK Reuters: 1.HK
PUBLIC FLOAT CAPITALISATION	Approximately HK$262,274 million (approximately 69% of the issued share capital of the Company) as at 31 December 2017
FINANCIAL CALENDAR	Payment of 2017 Interim Dividend: 14 September 2017 2017 Final Results Announcement: 16 March 2018 Record Date for 2017 Final Dividend: 16 May 2018 Payment of 2017 Final Dividend: 31 May 2018
REGISTERED OFFICE	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
PRINCIPAL PLACE OF BUSINESS	12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong
PRINCIPAL EXECUTIVE OFFICE	22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong Telephone: +852 2128 1188 Facsimile: +852 2128 1705
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman, KY1-1102, Cayman Islands
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 Wanchai, Hong Kong Telephone: +852 2862 8628 Facsimile: +852 2865 0990
INVESTOR INFORMATION	Corporate press releases, financial reports and other investor information on the Group are available on the website of the Company
INVESTOR RELATIONS CONTACT	Please direct enquiries to: Group Investor Relations 22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong Telephone: +852 2128 1188 Facsimile: +852 2128 1705 Email: ir@ckh.com.hk
WEBSITE ADDRESS	www.ckh.com.hk

長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

22nd Floor, Hutchison House, 10 Harcourt Road, Hong Kong
Telephone: +852 2128 1188
Facsimile: +852 2128 1705
www.ckh.com.hk