Hutchison Whampoa Limited

stock code: 13

2011 Annual Report

A New Dawn

Corporate Information

Hutchison Whampoa Limited

BOARD OF DIRECTORS

Chairman

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

Deputy Chairman

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

Group Managing Director

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

Executive Directors

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

Frank John SIXT, MA, LLL
Group Finance Director

LAI Kai Ming, Dominic, BSc, MBA

KAM Hing Lam, BSc, MBA

Non-executive Director

George Colin MAGNUS, OBE, BBS, MA

Independent Non-executive Directors

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

Holger KLUGE, BCom, MBA

Margaret LEUNG KO May Yee, JP

William Elkin MOCATTA, FCA
Alternate to Michael David Kadoorie

William SHURNIAK, SOM, LLD (Hon)

WONG Chung Hin, CBE, JP

AUDIT COMMITTEE

WONG Chung Hin *(Chairman)*

Holger KLUGE

William SHURNIAK

REMUNERATION COMMITTEE

WONG Chung Hin *(Chairman)*

LI Ka-shing

Holger KLUGE

COMPANY SECRETARY

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

AUDITOR

PricewaterhouseCoopers

BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

Bank of China (Hong Kong) Limited

Contents

Corporate Profile

Hutchison Whampoa Limited (the "Group") is a renowned multinational conglomerate committed to development, innovation and technology in many different sectors. We operate a variety of businesses in 53 countries across the world with over a quarter million employees. We have a strong commitment to the highest standards of corporate governance, transparency and accountability, which has been recognised by numerous international awards and commendations. Our operations consist of six core businesses – ports and related services, property and hotels, retail, infrastructure, energy, and telecommunications.

Ports and Related Services

We are one of the world's largest privately owned container terminal operators, holding interests in 52 ports comprising 269 operational berths in 26 countries, including container terminals operating in six of the 10 busiest container ports in the world. In 2011, our ports handled a total throughput of 75.1 million twenty-foot equivalent units. We also engage in mid-stream operations, river trade, cruise terminal operations and ports related logistics services.

Property and Hotels

We develop and invest in leading real estate projects, ranging from landmark office buildings to luxury residential properties. We hold a rental property portfolio of approximately 13.8 million square feet of office, commercial, industrial and residential premises, primarily in Hong Kong, as well as interests in a number of joint-venture developments in Mainland China and selective overseas markets. We also have ownership interests in 12 premium hotels in Hong Kong, the Mainland and the Bahamas.

Retail

A S Watson ("ASW") is one of the world's leading health and beauty retailers with over 10,000 retail stores in 33 markets worldwide. Its diverse retail portfolio comprises health and beauty products, luxury perfumeries and cosmetics, supermarkets, consumer electronics and electrical appliances, and airport retailing. ASW also manufactures and distributes bottled water and beverage products in Hong Kong and the Mainland.

Infrastructure

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

Energy

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

Telecommunications

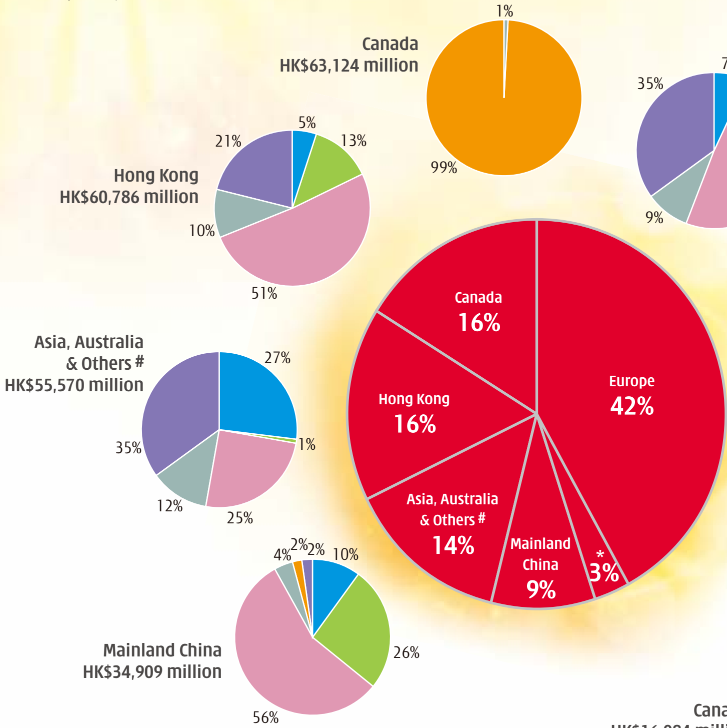
We are a leading global operator of mobile telecommunications and data services, and one of the first third-generation ("3G") mobile operators in the world. We are also a major owner and operator of fibre-optic fixed-line networks in Hong Kong, serving as a telecommunications gateway to the Mainland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

Analyses of Core Business Segments by Geographical Location

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

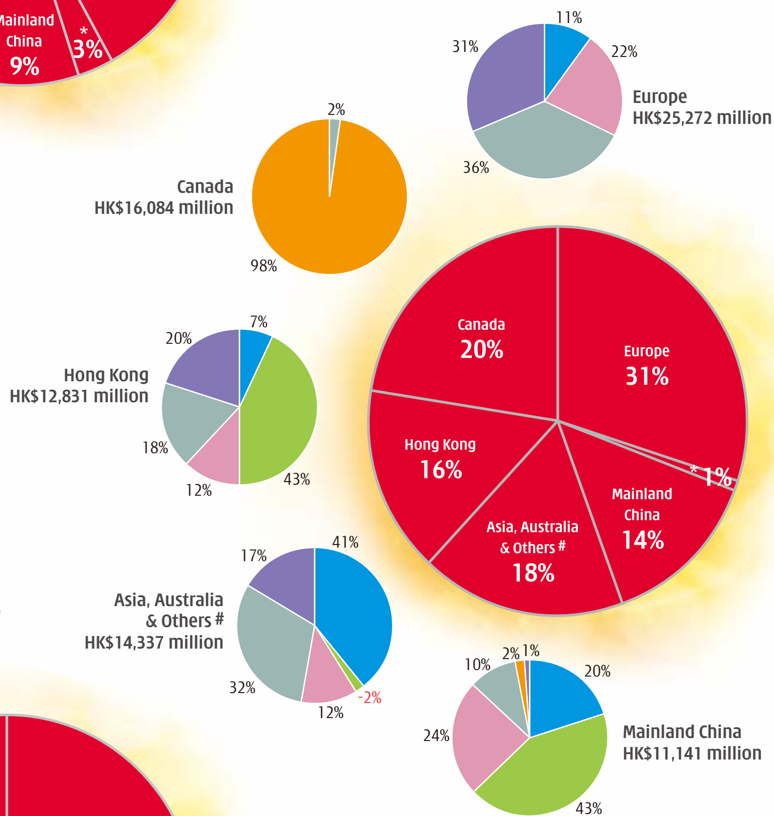
2011 Total Revenue

HK$387,717 million



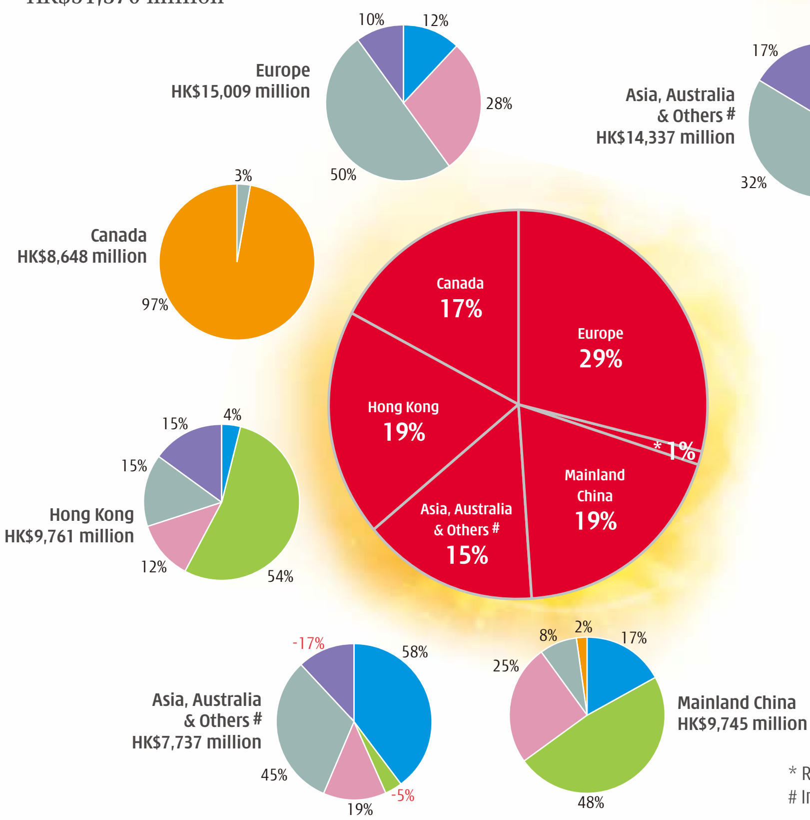
2011 EBITDA

HK$80,352 million



2011 EBIT

HK$51,370 million



* Represents contributions from Finance & Investments and Others
# Includes Panama, Mexico and Middle East

Analyses by Core Business Segments

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

	2011 HK$ millions	%	2010 Restated [5] HK$ millions	%	Change
Total Revenue [1]					
Ports and related services [1]	**32,518**	**8%**	29,118	9%	**+12%**
Hutchison Ports Group other than HPH Trust operations	*29,194*	*7%*	*26,150*	*8%*	*+12%*
HPH Trust / HPH Trust operations	*3,324*	*1%*	*2,968*	*1%*	*+12%*
Property and hotels	**17,226**	**4%**	16,159	5%	**+7%**
Retail	**143,564**	**37%**	123,177	38%	**+17%**
Cheung Kong Infrastructure	**30,427**	**8%**	18,265	6%	**+67%**
Husky Energy	**63,027**	**16%**	44,640	14%	**+41%**
Hutchison Telecommunications Hong Kong Holdings	**13,407**	**4%**	9,880	3%	**+36%**
Hutchison Asia Telecommunications	**2,332**	**1%**	2,486	1%	**-6%**
3 Group	**74,288**	**19%**	64,205	20%	**+16%**
Finance & Investments and Others	**10,928**	**3%**	8,809	3%	**+24%**
Total Comparable Revenue	**387,717**	**100%**	316,739	99%	**+22%**
Reconciliation item [3]	**–**	**–**	2,357	1%	**N/A**
Total Reported Revenue	**387,717**	**100%**	319,096	100%	**+22%**
EBITDA [1] [2]					
Ports and related services [1]	**11,745**	**14%**	10,285	17%	**+14%**
Hutchison Ports Group other than HPH Trust operations	*9,874*	*12%*	*8,634*	*14%*	*+14%*
HPH Trust / HPH Trust operations	*1,871*	*2%*	*1,651*	*3%*	*+13%*
Property and hotels	**9,903**	**12%**	9,279	15%	**+7%**
Retail	**11,724**	**15%**	10,081	16%	**+16%**
Cheung Kong Infrastructure	**17,242**	**22%**	11,007	18%	**+57%**
Husky Energy	**16,053**	**20%**	8,987	15%	**+79%**
Hutchison Telecommunications Hong Kong Holdings	**2,616**	**3%**	2,171	4%	**+20%**
Hutchison Asia Telecommunications	**(142)**	**–**	(1,893)	-3%	**+92%**
3 Group	**10,524**	**13%**	8,718	14%	**+21%**
Finance & Investments and Others	**687**	**1%**	1,067	2%	**-36%**
Comparable EBITDA before profits on disposal of investments & others and property revaluation	**80,352**	**100%**	59,702	98%	**+35%**
Reconciliation item [3]	**–**	**–**	1,310	2%	**N/A**
Reported EBITDA before profits on disposal of investments & others and property revaluation	**80,352**	**100%**	61,012	100%	**+32%**
EBIT [1] [2]					
Ports and related services [1]	**8,226**	**16%**	7,207	18%	**+14%**
Hutchison Ports Group other than HPH Trust operations	*6,937*	*13%*	*5,877*	*15%*	*+18%*
HPH Trust / HPH Trust operations	*1,289*	*3%*	*1,330*	*3%*	*-3%*
Property and hotels	**9,517**	**18%**	8,847	23%	**+8%**
Retail	**9,330**	**18%**	7,866	20%	**+19%**
Cheung Kong Infrastructure	**13,478**	**26%**	8,454	22%	**+59%**
Husky energy	**8,614**	**17%**	3,073	8%	**+180%**
Hutchison Telecommunications Hong Kong Holdings	**1,435**	**3%**	1,090	3%	**+32%**
Hutchison Asia Telecommunications	**(1,181)**	**-2%**	(2,688)	-7%	**+56%**
3 Group	**1,481**	**3%**	2,931	8%	**-49%**
Finance & Investments and Others	**470**	**1%**	810	2%	**-42%**
Comparable EBIT before profits on disposal of investments & others and property revaluation	**51,370**	**100%**	37,590	97%	**+37%**
Reconciliation item [3]	**–**	**–**	1,058	3%	**N/A**
Reported EBIT before profits on disposal of investments & others and property revaluation	**51,370**	**100%**	38,648	100%	**+33%**

(1) Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earnings before interest expenses and other finance costs and tax ("EBIT") include the Group's share of associated companies' and jointly controlled entities' revenue, EBITDA and EBIT respectively and are adjusted to reflect the Group's effective interest in HPH Trust / HPH Trust operations in the two years.

(2) EBITDA and EBIT are defined in the Notes to the Accounts - Operating segment information (See note 5(m) and 5(n) to the accounts).

(3) To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT for 2010 only reflect the Group's share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 so that the year-on-year changes can be calculated on a like-for-like basis. The reconciliation item in 2010 represents the Group's actual effective share in excess of the Group's share of the respective item based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 as calculated above.

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

(5) The comparatives have been restated to reflect the effect of adoption of new and revised accounting policies in 2011 (See note 1 to the accounts).

(6) Attributable landbank includes interests held directly by the Group and its share of interests held by joint ventures, associates and jointly controlled entities.

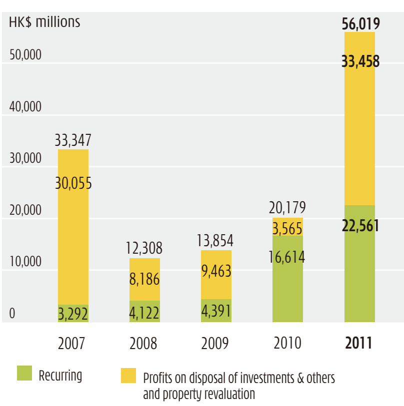
(7) Oil and gas reserves disclosures for 2010 and 2011 have been prepared in accordance with Canadian Securities Administrators' National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" ("NI 51-101") effective 31 December 2010 ("Canadian method"). In prior years Husky Energy applied for and was granted an exemption from certain provisions of NI 51-101, which permitted Husky Energy to present oil and gas reserves disclosures in accordance with the rules of the United States Securities and Exchange Commission guidelines and the United States Financial Accounting Standards Board ("SEC method"). Accordingly, the 2010 and 2011 figures are shown under the Canadian method, while 2007 to 2009 are shown under the SEC method.

(8) Partner Communications was disposed during 2009.

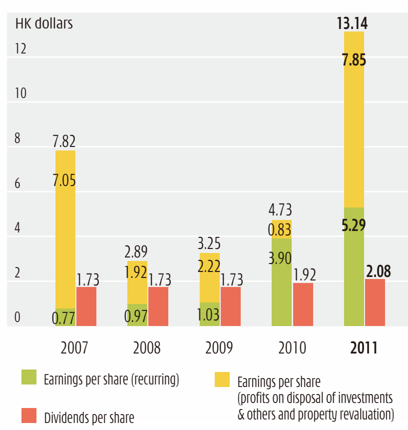
Key Financial Information

	2011 HK$ millions	2010 Restated [5] HK$ millions	Change
Reported profit attributable to ordinary shareholders of the Company	**56,019**	20,179	**+178%**
Reported earnings per share (HK$)	**13.14**	4.73	**+178%**
Recurring profit attributable to ordinary shareholders of the Company	**22,561**	16,614	**+36%**
Recurring earnings per share (HK$)	**5.29**	3.90	**+36%**
Dividends per share (HK$)	**2.08**	1.92	**+8.3%**
Total assets	**720,544**	721,301	**–**
Net assets	**398,783**	357,259	**+12%**
Net assets attributable to shareholders of the Company per ordinary share (HK$)	**80.7**	70.0	**+15%**
Funds from operations before capital expenditures and working capital changes ("FFO")	**29,112**	32,882	**-11%**
Proceeds on disposal / de-recognition of subsidiary companies	**35,609**	(69)	**+51,707%**
Capital expenditures – Fixed assets, investment properties and others	**25,231**	22,198	**+14%**
Capital expenditures – Telecommunications licences	**5,693**	146	**+3,799%**
Total cash, liquid funds and other listed investments	**86,778**	116,237	**-25%**
Total principal amount of bank and other debts	**213,854**	247,362	**-14%**
Net debt [4]	**127,076**	131,125	**-3%**
Net debt to net total capital ratio [4]	**23.8%**	26.0%	**-2.2%**
Credit rating:			
Moody's	**A3**	A3	
Standard & Poor's	**A-**	A-	
Fitch	**A-**	A-	

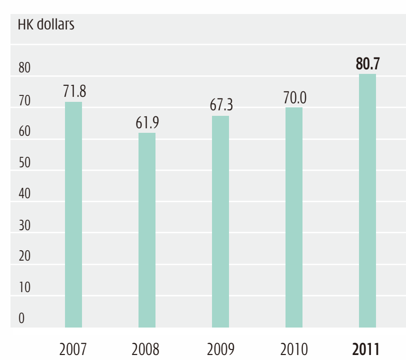
Profit Attributable to Ordinary Shareholders



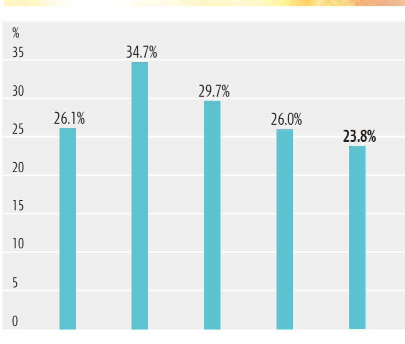
Earnings and Dividends per Ordinary Share



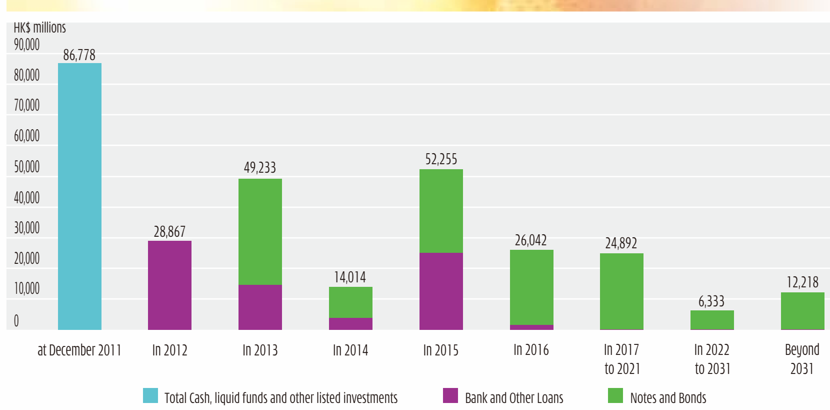
Net Assets Attributable to Shareholders of the Company per Ordinary Share



Net Debt to Net Total Capital Ratio

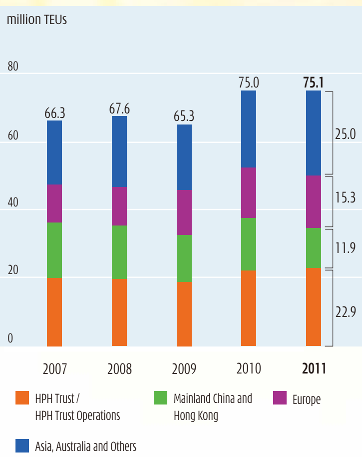


Debt Maturity Profile at 31 December 2011



Key Business Indicators

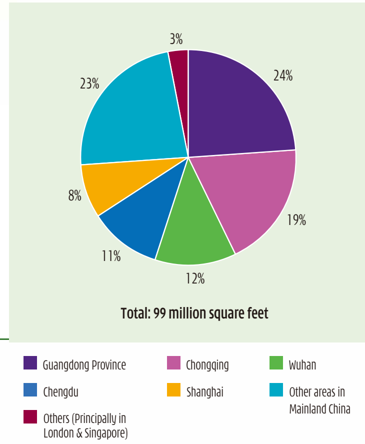
Total Container Throughput by Subdivision



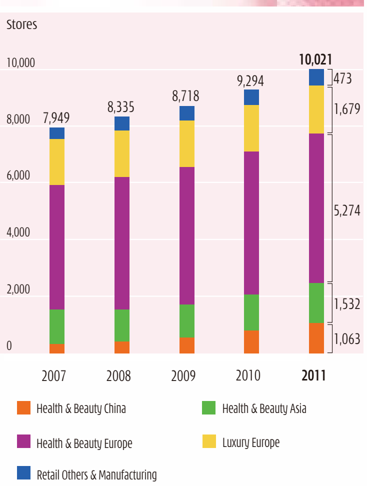
Ports and Related Services:
"Annual throughput totalled 75.1 million twenty-foot equivalent units."

Property and Hotels:
"Current attributable landbank is approximately 99 million square feet. Mainland China land cost is approximately RMB208 per square foot." (6)

Gross Floor Area of Development Projects by Geographical Location

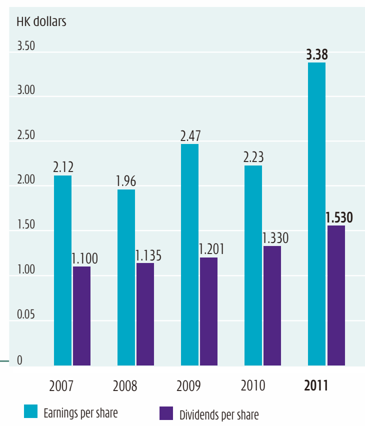


Total Retail Store Numbers by Subdivision



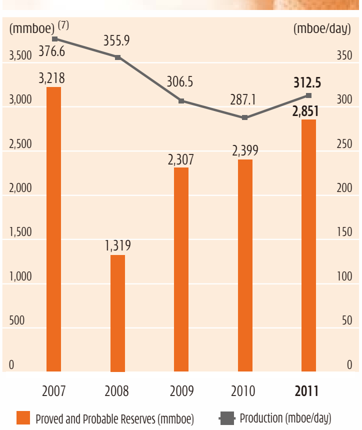
Retail:
"Over 10,000 retail stores worldwide with Watsons China stores exceeding 1,000 in 2011."

Earnings and Dividends per Share



Infrastructure:
"Stable profit contribution and announced total dividend for the year of HK$1.530 per share."

Proved and Probable Reserves & Production



Energy:
"Proved and probable reserves of 2,851 mmboe and strong production in 2011 at an average of 312.5 mboe/day." (7)

Registered 3G Customers and 3 Group's EBITDA

Telecommunications:
"Registered 3G customer base currently totals 31.6 million with data consumption exceeding 19,621 terabytes in the month of December 2011."

Business Highlights

January to June

- Hutchison Port Holdings ("HPH") successfully executes the establishment and Initial Public Offering ("IPO") of the HPH Trust. Initial principal assets of HPH Trust include the Group's interests in the operators and owners of deep-water container ports in Hong Kong and Yantian. The IPO, with gross proceeds of approximately US$5.45 billion, remains the largest ever IPO in Singapore and South East Asia to date. HPH Trust reports that its net profit after tax is in line with projection, while its cashflow for the year is better than projected.

- CKI and Power Assets acquire Meridian Cogeneration Plant in Saskatchewan, Canada from Husky Energy and TransAlta Cogeneration, LP for HK$718 million.

- Hongkong Electric Holdings Limited officially changes the company name to "Power Assets Holdings Limited" to reflect a new strategic focus.

- Husky Energy completes acquisitions totalling C$874 million of oil and natural gas properties in Alberta and northeast British Columbia, adding production in regions with established company infrastructure.

- ASW rebrands its 212-store retail network in Ukraine from DC to Watsons.

- Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") wins a bid for the 900MHz spectrum in the auction held by the Office of the Telecommunications Authority, resulting in additional bandwidth that optimises its network performance.

- Hutchison Whampoa Properties injects its interest in Beijing Oriental Plaza, an investment property in the Mainland, to the Hui Xian REIT.

- **3** Ireland announces a €38 million contract with BT Communications Ireland Limited for a substantial fibre network expansion plan, which will allow higher broadband speeds and enable **3** Ireland to deliver up to 100Mb per second to meet the needs of data-savvy Irish consumers.

- **3** Italia, in partnership with TIM, Vodafone, Wind, Poste Mobile and Fastweb, launches a shared, unique platform, available to all the operators' customers, to buy digital contents and digital services through phone credit.

July to December

- HPH is appointed by the New South Wales Government of Australia as operator of the Enfield Intermodal Logistics Centre, 18km from Port Botany.

- The Port of Felixstowe, the UK's largest container port, opens a new deep-water shipping terminal. The new terminal, consisting of two berths, is the first stage of a £1 billion plus inward investment programme in the Group's UK ports.

- **3** Austria completes its HSPA+ network upgrade, which sees its 3G network covering 94 per cent of the population with speeds of up to 42Mbps.

- HTHKH and certain members of the Conexus Mobile Alliance in Asia agree with Vodafone to form a strategic alliance. HTHKH will become the preferred non-equity partner of Vodafone in Hong Kong in roaming and global corporate sales services.

- At offshore Atlantic Canada, first oil is achieved from a two-well pilot programme at Husky Energy's West White Rose satellite field. The programme is designed to provide additional information in order to refine a full development plan for the West White Rose field.

- A consortium led by CKI completes the acquisition of Northumbrian Water Group Limited ("Northumbrian Water") at an enterprise value of £4.8 billion, which adds to CKI's comprehensive portfolio including gas and electricity distribution, water and waste water services, and electricity generation in the UK. The consortium's members include CKI, Cheung Kong (Holdings) Limited and the Li Ka Shing Foundation. Northumbrian Water operates a water supply, sewerage and waste water business in the UK.

- HPH signs an agreement with Ajman Port Authority that paves the way for the development and operation of Ajman Port in the United Arab Emirates for a concession period of 10 years.

- HPH starts its civil works at Berth 11, the Port of Brisbane's newest container terminal.

- **3** Austria launches the Group's first 4G commercial LTE network in Europe. The company is awarded the top position of mobile networks in all three German-speaking countries (Germany, Austria and Switzerland) by Connect, the organisation which runs annual formal tests of mobile networks.

- Hutchison Whampoa Properties continues to expand its landbank in the Mainland during the year, acquiring prime sites in Changchun and Foshan with a total area of 233,750 square metres.

- In the LTE spectrum auction, **3** Italia has gained a block in 1800MHz and four blocks in 2600MHz with a total bidding amount of €305 million.

- ASW opens its 1,000th Watsons Your Personal Store in the Mainland, with a plan to triple the number of stores in the Mainland by the end of 2016. Globally ASW has expanded its retail network to over 10,000 stores by the end of 2011.

- Hutchison China MediTech Limited ("Chi-Med") announces its subsidiary Hutchison MediPharma Limited ("HMP") and AstraZeneca PLC have entered into a global licensing, co-development, and commercialisation agreement for Volitinib, a novel targeted therapy for cancer treatment. Volitinib has been discovered and developed in the Mainland by HMP.

- An independent evaluation of Husky Energy's emerging oil sands portfolio is completed in 2011, which adds approximately 10 billion barrels of best estimate contingent resources.

Chairman's Statement

The Group's operations performed very well during 2011 despite global economic uncertainty that affected all of the markets and sectors in which we operate to varying degrees. The Group also substantially strengthened its balance sheet during the year through successful equity capital markets transactions. In addition, the Group completed one major infrastructure acquisition and continued to explore merger and acquisition opportunities to expand our asset and earnings base for the future.

The resilience of the Group's businesses was clearly demonstrated by strong recurring revenue, earnings and cashflow growth. All core operating divisions reported increases in their recurring contributions.

Results

The Group's profit attributable to ordinary shareholders for the year was HK$56,019 million, a 178% increase compared to last year's restated profit of HK$20,179 million. Earnings per share were HK$13.14 as compared to 2010 restated of HK$4.73.

Excluding the profits on investment property revaluation after tax of HK$590 million and the disposal of investments and others of HK$32,868 million, profit attributable to ordinary shareholders totalled HK$22,561 million in 2011, 36% higher than the restated results in 2010 and recurring earnings per share were HK$5.29.

Dividends

The Board recommends the payment of a final dividend of HK$1.53 per share, an 8.5% increase (2010 – HK$1.41 per share), payable on Monday, 11 June 2012 to those persons registered as shareholders of the Company on Thursday, 31 May 2012, being the record date for determining the shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK$0.55 per share, the full year dividend amounts to HK$2.08 per share (2010 – HK$1.92 per share), an 8.3% increase.

Ports and Related Services

The ports and related services division handled 75.1 million twenty-foot equivalent units during the year. Although throughput growth was flat, total revenue of HK$32,518 million, EBITDA of HK$11,745 million and EBIT of HK$8,226 million were 12%, 14% and 14% higher respectively than last year when analysed on a like-for-like basis [(1)].

In the first quarter of 2011, the ports division successfully executed the establishment and IPO of the HPH Trust, resulting in a gain of HK$44,290 million and a significant strengthening of the Group's overall balance sheet and liquidity profile. In the second quarter of 2011, following the IPO of the HPH Trust, a strategic review of its ports portfolio, and assessment of the market opportunities, the Group recognised impairment charges on certain port assets totalling HK$7,110 million.

In the second half of 2011, the division started commercial operation of two new deep-water berths in the Port of Felixstowe, the UK's largest container port, and acquired operating rights to four berths in Ajman Port in the United Arab Emirates under a ten-year concession agreement.

Going forward, the division will continue to invest in increased productivity and cost efficiency, as well as in selective expansion of its global footprint. In 2012, the division will open six new berths including the first three of five berths in the first phase of Terminal Catalunya's new Muelle Prat terminal in Barcelona, Spain, which will be one of the most modern semi-automated facilities in the world and will serve Southern Europe in addition to Spain. It will also bring into service the first of two berths at the new Huizhou International Container Terminal in the Mainland and one additional berth in Westports Malaysia. The division's greenfield port in Brisbane, Australia will commence operation in the fourth quarter of 2012. In addition to the six new berths to be opened in 2012, nine berths are expected to come into operation in 2013, including two berths from the division's greenfield port in Sydney, Australia.

Note 1: To enable a better comparison of underlying performance, revenue, EBITDA and EBIT for 2010 only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 so that the year-on-year changes can be calculated on a like-for-like basis.

Property and Hotels

The property and hotels division reported total revenue of HK$17,226 million, a 7% increase compared to 2010. EBITDA and EBIT increased 7% and 8% to HK$9,903 million and HK$9,517 million respectively.

The division's 12.0 million square foot portfolio of rental properties in Hong Kong, together with our attributable share of 1.8 million square foot portfolio in the Mainland and overseas, reported a solid occupancy profile and steady rental growth although reported revenue declined by 2% due to the sale of Beijing Oriental Plaza to Hui Xian REIT. Together these contributed HK$3,859 million in revenue, HK$3,526 million in EBITDA and HK$3,478 million in EBIT. Our portfolio is of a high quality and is well located, and I expect, will continue to perform well in 2012 despite some increasing pressure on office rentals in Hong Kong.

The division's hotel portfolio of 9,370 rooms in 12 hotels, which includes over 6,000 rooms in 8 hotels in Hong Kong, reported strong revenue growth and very strong earnings growth. This reflects both healthy tourist arrivals in Hong Kong as well as a strong focus on productivity and cost efficiency which has resulted in some of our hotels achieving the highest average returns per square foot among all our investment properties.

Our residential property development activities are principally focused on the Mainland, where Government initiatives aimed at preventing residential property price inflation resulted in a slowdown in 2011. During 2011, we sold an attributable interest of approximately 6 million square feet of developed properties and we also added an attributable interest of approximately 6 million square feet to our landbank. The division's current attributable interest in landbank is approximately 99 million developable square feet, largely held through jointly controlled entities with Cheung Kong (Holdings) Ltd. Together, market conditions permitting, we expect to complete an attributable share of approximately 13.2 million square feet in gross floor area of residential and commercial properties during 2012 in Hong Kong and Singapore as well as in 13 cities in the Mainland including Chengdu, Shenzhen, Guangzhou, Xian and Dongguan.

Retail

The retail division delivered a very strong contribution to revenue, cashflow and earnings growth in 2011. Total revenue of HK$143,564 million was 17% higher than last year. EBITDA increased 16% to HK$11,724 million and EBIT increased 19% to HK$9,330 million.

The division's performance in Europe, despite the uncertain economic conditions there, was particularly satisfying. The division's operations in Europe overall maintained both total sales and like-for-like sales growth and operating margin growth in difficult environments.

The division also reported very strong growth in Asia, and in the Mainland, where it opened its 1,000th store, and now has a presence in 180 cities. Total store numbers worldwide exceeded 10,000 for the first time in 2011, a major milestone for the Group.

Looking into 2012 and beyond, I expect the A S Watson Group to continue to grow its retail store number, particularly in Asia and the Mainland, where economic growth is expected to be robust.

Cheung Kong Infrastructure

Cheung Kong Infrastructure Holdings Limited ("CKI"), our Hong Kong listed subsidiary, announced revenues (including its share of jointly controlled entities' revenue) of HK$5,025 million and profit attributable to shareholders of HK$7,745 million, a growth of 21% and 54% respectively over last year.

CKI's investments in UK Power Networks Holdings Limited, which completed in the last quarter of 2010 and Northumbrian Water Group Limited which completed in October 2011 provided positive profit contributions, resulting in a very significant year-on-year increase in CKI's reported earnings and earnings per share, and a corresponding increased contribution to the Group. Looking forward, CKI's earnings in 2012 will benefit from the first full year of profit contribution from Northumbrian Water in 2012.

Husky Energy

Husky Energy, our associated company listed in Canada, announced revenues, net of royalties, of C$23,364 million, 37% above last year, driven by strong production growth, higher realised crude oil prices and stronger refinery margins. Average production in 2011 was 312,500 barrels of oil equivalent per day ("BOEs per day") compared to 287,100 BOEs per day in 2010, a reversal of the trend of declining production in the last few years. Net earnings of C$2,224 million in 2011 were 135% higher than last year and correspondingly, Husky Energy's contribution to the Group increased significantly compared to 2010.

Husky Energy is currently undertaking two very substantial capital projects in Deep Water Natural Gas development (Liwan 29/26 project) in the South China Sea and Oil Sands development (Sunrise Energy Project) in Canada. The Liwan project is expected to begin production in late 2013 / early 2014. Sunrise Energy Project will begin production mid 2014. Both projects are presently on schedule and on budget. Production from the Liwan 3-1 and Liuhua 34-2 fields of the Liwan 29/26 project is expected to ramp up through 2014 towards approximately 300 million cubic feet per day; while the first phase of the Sunrise Energy Project is expected to produce approximately 60,000 barrels per day (30,000 barrels per day net to Husky Energy). Husky Energy estimates the total petroleum-initially-in-place for Block 29/26 to be in the range of 2.6 to 3.0 trillion cubic feet of gas of which Husky Energy's share is 49% and the Sunrise Energy Project to have approximately 3.7 billion barrels of proved, probable and possible bitumen reserves of which Husky Energy's share is 50%.

Hutchison Telecommunications Hong Kong

Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), our Hong Kong listed telecommunications subsidiary operating in Hong Kong and in Macau announced revenue of HK$13,407 million, an increase of 36% over last year. EBITDA of HK$2,616 million and EBIT of HK$1,435 million, increased 20% and 32% respectively over last year. The announced net profit attributable to shareholders was HK$1,020 million and earnings per share was 21.17 HK cents, an increase of 35% compared to last year.

HTHKH has established leading market shares in its mobile businesses, particularly in the smartphone segment. As of 31 December 2011, active mobile customers were over 3.5 million in Hong Kong and Macau. Fixed line operations have also continued to grow in line with increasing data traffic across all networks in Hong Kong.

In 2012, HTHKH's mobile operation in Hong Kong plans to launch Long Term Evolution service and has acquired additional spectrum to ensure that they are well positioned to continue to lead in providing customers' rapidly increasing requirements for high speed data.

Hutchison Asia Telecommunications

As of 31 December 2011, Hutchison Asia Telecommunications ("HAT") had a customer base of over 34.2 million and reported total revenue of HK$2,332 million, LBITDA of HK$142 million and LBIT of HK$1,181 million.

During 2011, HAT completed the disposal of its Thailand operation and completed major supplier agreements to significantly enhance its networks in Indonesia and Sri Lanka. In 2012, HAT expects to offer services to a larger addressable customer base, particularly in Indonesia.

The Group has also recognised a one-time impairment charge of HK$2,997 million in relation to HAT's assets in Vietnam in view of an ongoing reassessment of the business opportunity in that country.

3 Group

3 Group reported total revenue of HK$74,288 million, a 16% increase. The Group's registered 3G customer base increased 7% during the year and currently totals over 31.6 million customers. All **3** Group operations, except Hutchison Telecommunications (Australia) Limited ("HTAL"), achieved solid improvements in the underlying operating results for the year reporting a 21% growth in EBITDA to HK$10,524 million. **3** Group also achieved a second year of EBIT positive results and reported EBIT of HK$1,481 million. This represents a 49% reduction compared to last year due to lower one-off gains being recognised by **3** UK and **3** Italia in 2011. The improvement in **3** Group's underlying operating results reflects the increased contribution from its rapidly growing market share of the smartphone and mobile broadband market segments in all countries where **3** Group operates. However, the improvements in the profits of **3** Group were affected by HTAL's poor performance, as reported in the first half of 2011, due to network performance issues in late 2010 and early 2011. HTAL has invested a significant amount on capital expenditure in 2011, amounting to approximately A$400 million, driven by its accelerated network improvement plans. There will be a continuing focus in 2012 to improve HTAL's financial performance.

The Group also recognised a one-time write-off of HK$1,315 million as a result of a review process by **3** UK on its fixed asset base, following the near finalisation of network integration processes.

In February 2012, **3** Austria entered into a binding agreement to acquire a 100% interest of Orange Austria and a subsequent onward sale of the Yesss! brand and certain other assets to Telekom Austria Group for a net consideration of approximately €900 million. However, the completion of the transaction remains subject to regulatory approvals. If the transaction completes, **3** Austria will have a combined customer base of 2.8 million customers and the combined operations will generate revenues, together with operational synergies and efficiencies, which should result in corresponding increases in **3** Austria's contribution to **3** Group.

Despite Europe being affected by economic and financial uncertainties, **3** Group has maintained its growth momentum in the smartphone and mobile broadband market segments this year and will make an improved earnings contribution to the Group's results in 2012.

Finance & Investments and Others

Contribution from this division represents returns earned on the Group's holdings of cash and liquid investments as well as results of other small operating units. The decline in contribution in 2011 was mainly due to one-time treasury profits recognised in 2010 that included profits from the disposal of certain listed equity investments, partly offset by an increase in interest income as a result of rising market interest rates in 2011.

During 2011, the Group repaid debts as they matured and repaid early certain other long-term borrowings and notes totalling HK$42,014 million. The Group's consolidated net debt position benefited from the net cash proceeds of approximately HK$45,000 million arising from the IPO of HPH Trust on 18 March 2011. At 31 December 2011, the Group's consolidated cash and liquid investments totalled HK$86,778 million and consolidated debt amounted to HK$213,854 million, resulting in consolidated net debt of HK$127,076 million and net debt to net total capital ratio of 23.8% at 31 December 2011.

In 2012, the Group has continued to take precautionary steps to extend the maturity of its debts with two issues of 5 and 10 year notes totalling HK$19,500 million.

Outlook

In 2011, uncertain economic conditions affected most markets and geographies to varying degrees. Our core businesses and operations, which are spread over 53 countries, demonstrated resilience with revenue and earning contribution growth in the year. A measure of uncertainty is expected to remain in 2012. Monetary tightening in the Mainland, which has successfully curbed inflation, will slow the rate of growth in the short term but growth will continue to increase in the long term. However, given the nature and the geographical spread of our businesses and their track record, I expect, barring unforeseen material adverse developments in major markets, the Group will continue to grow its recurrent earnings and maintain a strong financial position and liquidity in 2012. I am confident of the Group's prospects.

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

Li Ka-shing
Chairman

Hong Kong, 29 March 2012

Operations Review

Consolidated Operating Results

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

Audited Results for the year ended 31 December 2011 Highlights

	2011 HK$ millions	2010 Restated [1] HK$ millions	Change
Total revenue [2] [3]	**387,717**	319,096	**+22%**
EBITDA [2] [3]	**80,352**	61,012	**+32%**
EBIT [2] [3]	**51,370**	38,648	**+33%**
Profit attributable to ordinary shareholders, before property revaluation and profits on disposal of investments and others	**22,561**	16,614	**+36%**
Property revaluation after tax	**590**	3,565	**-83%**
Profit attributable to ordinary shareholders, before profits on disposal of investments and others	**23,151**	20,179	**+15%**
Profits on disposal of investments and others after tax	**32,868**	–	
Profit attributable to ordinary shareholders	**56,019**	20,179	**+178%**
Earnings per share	**HK$13.14**	HK$4.73	**+178%**
Recurring earnings per share [4]	**HK$5.29**	HK$3.90	**+36%**
Final dividend per share	**HK$1.53**	HK$1.41	**+8.5%**
Full year dividend per share	**HK$2.08**	HK$1.92	**+8.3%**

The Group reported total revenue, including the Group's share of associated companies' and jointly controlled entities' revenue, of HK$387,717 million, an increase of 22% compared to 2010. Adjusted to exclude non-comparable items in both years, revenue on a comparable basis rose 22%. EBITDA and EBIT, before property revaluation gains and profits on disposal of investments and others, were HK$80,352 million and HK$51,370 million respectively, 32% and 33% respectively higher than in 2010.

The Group's results also include profit on investment properties revaluation after tax of HK$590 million (2010 – HK$3,565 million) as well as profits on disposal of investments and others after tax of HK$32,868 million (2010 – nil). The profits on disposal of investments and others after tax comprises of a gain on Initial Public Offering ("IPO") of Hutchison Port Holdings Trust ("HPH Trust") of HK$44,290 million, partly offset by impairment charges on certain port assets of HK$7,110 million and on Vietnam telecommunications assets of HK$2,997 million, and a write-off of fixed assets of HK$1,315 million by **3** UK.

Total profit attributable to ordinary shareholders for the year was HK$56,019 million, a 178% increase compared to last year's restated profit of HK$20,179 million. Excluding the profits on investment properties revaluation and on disposal of investments and others, profit attributable to ordinary shareholders totalled HK$22,561 million in 2011, 36% higher than the HK$16,614 million for 2010 as restated.

Note 1: 2010 results have been restated to reflect the Group's early adoption of amendments to HKAS 12 . See note 1 to the accounts.

Note 2: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earnings before interest expenses and other finance costs and tax ("EBIT") include the Group's share of associated companies' and jointly controlled entities' revenue, EBITDA and EBIT respectively and adjusted to reflect the Group's effective interest in HPH Trust / HPH Trust operations in the two years.

Note 3: To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT for 2010 only reflect the Group's share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 so that the year-on-year changes can be calculated on a like-for-like basis. The reconciliation item in 2010 represents the Group's actual effective share in excess of the Group' share of the respective item based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 as calculated above.

Note 4: Recurring earnings per share is calculated based on profits attributable to ordinary shareholders excluding the profits on investment property revaluation after tax of HK$590 million and disposal of investments and others after tax of HK$32,868 million.

Note 5: Represents information including the Company, its subsidiary companies and its proportionate share of associated companies' and jointly controlled entities' respective items.

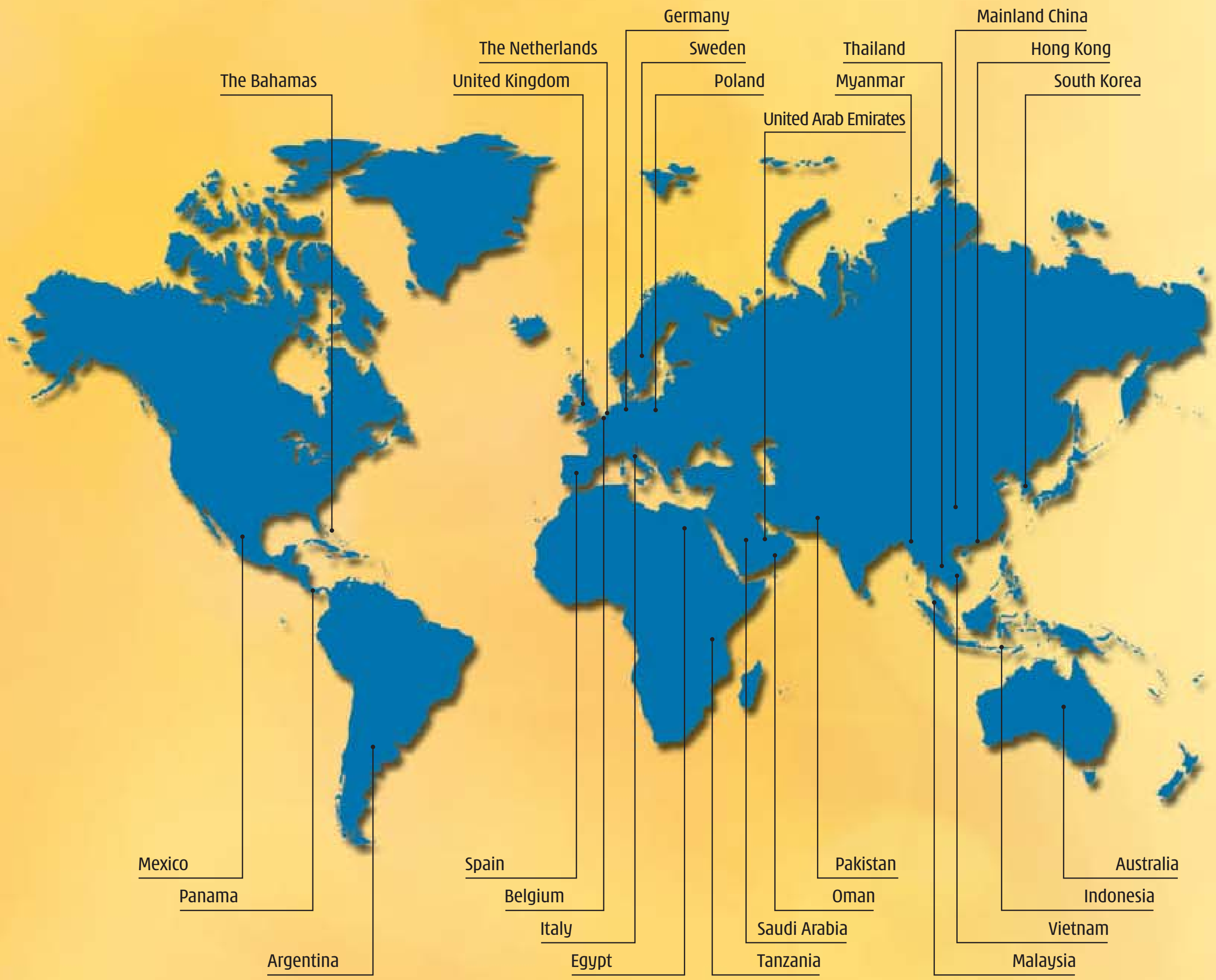
Financial Performance Summary

	2011 HK$ millions	%	2010 Restated [1] HK$ millions	%	Change
Total revenue [2][3]					
Ports and related services	**32,518**	**8%**	29,118	9%	**+12%**
Hutchison Ports Group other than HPH Trust operations	*29,194*	*7%*	*26,150*	*8%*	*+12%*
HPH Trust / HPH Trust operations	*3,324*	*1%*	*2,968*	*1%*	*+12%*
Property and hotels	**17,226**	**4%**	16,159	5%	**+7%**
Retail	**143,564**	**37%**	123,177	38%	**+17%**
Cheung Kong Infrastructure	**30,427**	**8%**	18,265	6%	**+67%**
Husky Energy	**63,027**	**16%**	44,640	14%	**+41%**
Hutchison Telecommunications Hong Kong Holdings	**13,407**	**4%**	9,880	3%	**+36%**
Hutchison Asia Telecommunications	**2,332**	**1%**	2,486	1%	**-6%**
3 Group	**74,288**	**19%**	64,205	20%	**+16%**
Finance & Investments and others	**10,928**	**3%**	8,809	3%	**+24%**
Total comparable revenue	**387,717**	**100%**	316,739	99%	**+22%**
Reconciliation item [3]	**–**	**–**	2,357	1%	**N/A**
Total Reported Revenue	**387,717**	**100%**	319,096	100%	**+22%**
EBITDA [2][3]					
Ports and related services	**11,745**	**14%**	10,285	17%	**+14%**
Hutchison Ports Group other than HPH Trust operations	*9,874*	*12%*	*8,634*	*14%*	*+14%*
HPH Trust / HPH Trust operations	*1,871*	*2%*	*1,651*	*3%*	*+13%*
Property and hotels	**9,903**	**12%**	9,279	15%	**+7%**
Retail	**11,724**	**15%**	10,081	16%	**+16%**
Cheung Kong Infrastructure	**17,242**	**22%**	11,007	18%	**+57%**
Husky Energy	**16,053**	**20%**	8,987	15%	**+79%**
Hutchison Telecommunications Hong Kong Holdings	**2,616**	**3%**	2,171	4%	**+20%**
Hutchison Asia Telecommunications	**(142)**	**–**	(1,893)	-3%	**+92%**
3 Group	**10,524**	**13%**	8,718	14%	**+21%**
Finance & Investments and others	**687**	**1%**	1,067	2%	**-36%**
Comparable EBITDA before profits on disposal of investments & others and property revaluation	**80,352**	**100%**	59,702	98%	**+35%**
Reconciliation item [3]	**–**	**–**	1,310	2%	**N/A**
Reported EBITDA before profits on disposal of investments & others and property revaluation	**80,352**	**100%**	61,012	100%	**+32%**
EBIT [2][3]					
Ports and related services	**8,226**	**16%**	7,207	18%	**+14%**
Hutchison Ports Group other than HPH Trust operations	*6,937*	*13%*	*5,877*	*15%*	*+18%*
HPH Trust / HPH Trust operations	*1,289*	*3%*	*1,330*	*3%*	*-3%*
Property and hotels	**9,517**	**18%**	8,847	23%	**+8%**
Retail	**9,330**	**18%**	7,866	20%	**+19%**
Cheung Kong Infrastructure	**13,478**	**26%**	8,454	22%	**+59%**
Husky Energy	**8,614**	**17%**	3,073	8%	**+180%**
Hutchison Telecommunications Hong Kong Holdings	**1,435**	**3%**	1,090	3%	**+32%**
Hutchison Asia Telecommunications	**(1,181)**	**-2%**	(2,688)	-7%	**+56%**
3 Group	**1,481**	**3%**	2,931	8%	**-49%**
Finance & Investments and others	**470**	**1%**	810	2%	**-42%**
Comparable EBIT before profits on disposal of investments & others and property revaluation	**51,370**	**100%**	37,590	97%	**+37%**
Reconciliation item [3]	**–**	**–**	1,058	3%	**N/A**
Reported EBIT before profits on disposal of investments & others and property revaluation	**51,370**	**100%**	38,648	100%	**+33%**
Change in fair value of investment properties	**780**		4,198		**-81%**
Total EBIT	**52,150**		42,846		**+22%**
Interest expenses and finance costs [5]	**(14,804)**		(12,306)		**-20%**
Profit before tax	**37,346**		30,540		**+22%**
Tax [5]					
Current tax	**(7,284)**		(5,508)		**-32%**
Deferred tax	**44**		(2,653)		**+102%**
Profit after tax	**30,106**		22,379		**+35%**
Non-controlling interests and perpetual capital securities holders interests	**(6,955)**		(2,200)		**-216%**
Profit attributable to ordinary shareholders before profits on disposal of investments and others	**23,151**		20,179		**+15%**
Profits on disposal of investments and others attributable to ordinary shareholders	**32,868**		–		
Profit attributable to ordinary shareholders	**56,019**		20,179		**+178%**

Ports
and Related Services

This division is one of the world's leading port investors, developers and operators, and has interests in 52 ports comprising 269 operational berths in 26 countries.

Europe Container Terminals in the Netherlands.



- Total revenue increased 12% to HK$32,518 million.
- EBITDA increased 14% to HK$11,745 million.
- EBIT increased 14% to HK$8,226 million.
- Annual throughput of 75.1 million twenty-foot equivalent units ("TEUs").

Group Performance

The Group operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 27.6% interest in the HPH Trust operations, which together handled a total of 75.1 million TEUs in 2011.

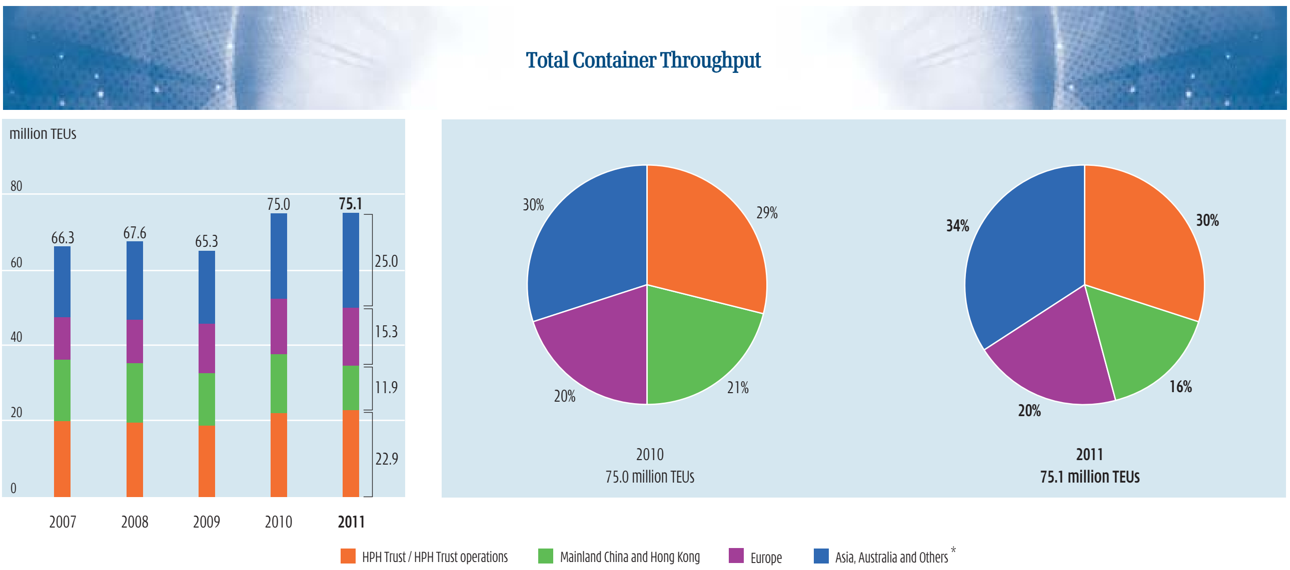
The Group reduced its effective share of interest in Kwai Tsing and Yantian ports after the completion of an IPO of units in HPH Trust, which was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("Singapore Stock Exchange") on 18 March 2011.

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**32,518**	29,118 [(1)]	**+12%**
EBITDA	**11,745**	10,285 [(1)]	**+14%**
EBIT	**8,226**	7,207 [(1)]	**+14%**

Note 1: To enable a better comparison of underlying performance, comparable revenue, EBITDA and EBIT for 2010 only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 so that the year-on-year changes can be calculated on a like-for-like basis.

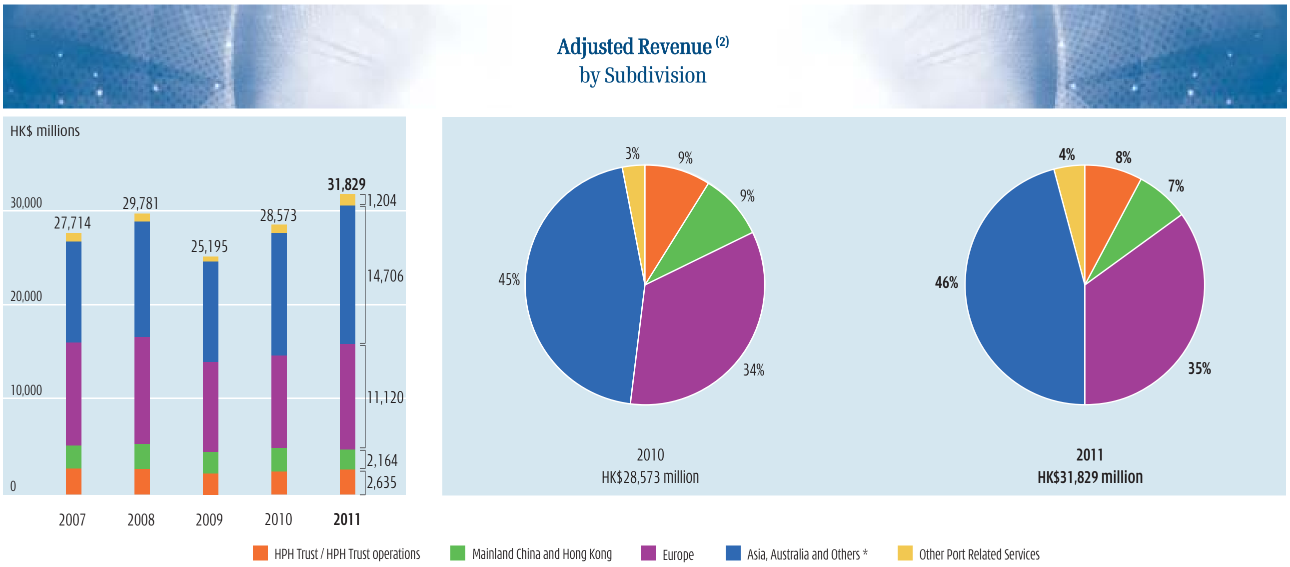
In local currencies, total revenue [(1)], EBITDA [(1)] and EBIT [(1)] of the division increased 9%, 12% and 12% respectively. In the Group's reporting currency, the division's revenue, EBITDA and EBIT increased 12%, 14% and 14% respectively in 2011. This division contributed 8%, 14% and 16% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Overall throughput handled amounted to 75.1 million TEUs during 2011. Total throughput for the division increased by 5%, on a like-for-like basis after excluding the adverse impact of 3.3 million TEUs from the cessation of the container handling business of Shanghai Container Terminals ("SCT") from January 2011 onwards. This reflects a modest recovery in the trade volume of most markets around the world during the year.



* Includes Panama, Mexico and the Middle East.

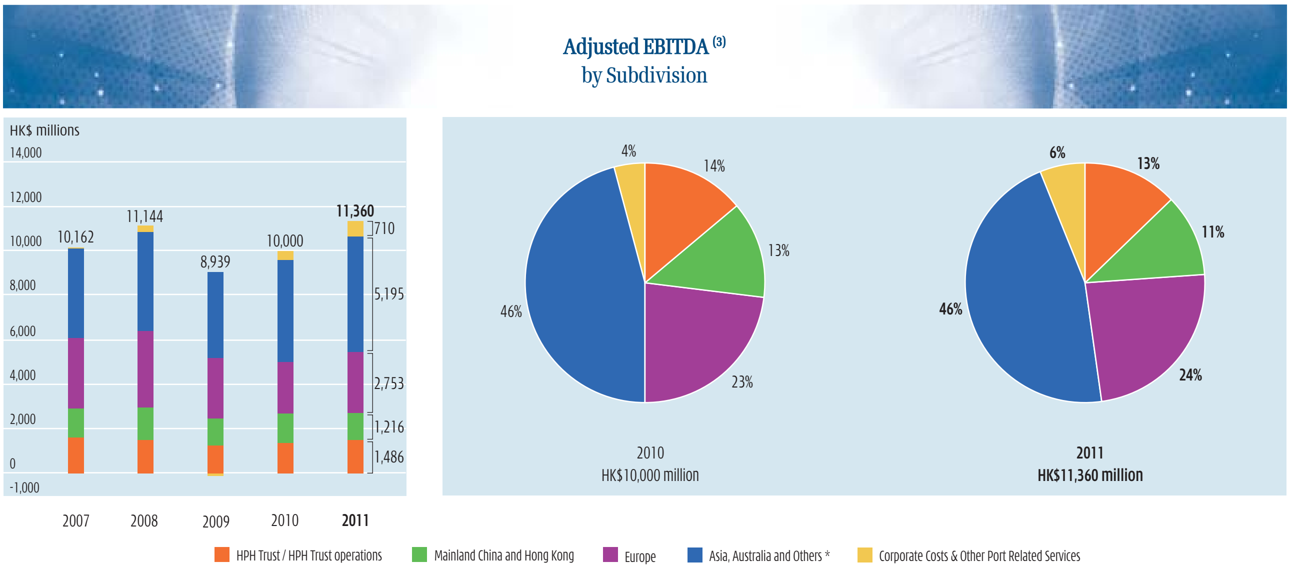
Underlying revenue increased in 2011 across all segments, reflecting throughput growth.



* Includes Panama, Mexico and the Middle East.

Note 2: For better comparable purposes in these charts and on a like-for-like basis, the Group's attributable share of revenue for HPH Trust / HPH Trust operations for each year has been adjusted to reflect the Group's current 27.6% interest in HPH Trust. For 2011 and 2010, the Group's attributable share of revenue has been reduced by HK$689 million and HK$2,902 million respectively.

Similarly, all segments reported underlying year-on-year EBITDA and EBIT growth other than the Group's share of HPH Trust / HPH Trust operation's EBIT due to its increased depreciation burden in 2011 following the revaluation of its assets to market value on its IPO. The overall improvement in financial performance across all segments has been driven by throughput growth and productivity and efficiency initiatives, as well as cost saving initiatives.



* Includes Panama, Mexico and the Middle East.

Note 3: For better comparable purposes in these charts and on a like-for-like basis, the Group's attributable share of EBITDA for HPH Trust / HPH Trust operations for each year has been adjusted to reflect the Group's current 27.6% interest in HPH Trust. For 2011 and 2010, the Group's attributable share of EBITDA has been reduced by HK$385 million and HK$1,595 million respectively.

Segment Performance

HPH Trust / HPH Trust Operations

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**3,324**	2,968 [4]	**+12%**
EBITDA	**1,871**	1,651 [4]	**+13%**
EBIT	**1,289**	1,330 [4]	**-3%**

Note 4: For better comparable purposes and on a like-for-like basis, 2010 comparable revenue, EBITDA and EBIT only reflect the Group's attributable share of results based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011.

In March 2011, HPH Trust was listed on the Main Board of the Singapore Stock Exchange. HPH Trust has been established as a new publicly-traded entity to hold, operate and develop all of the Group's existing and future deep-water container port businesses in Guangdong Province in Mainland China, Hong Kong and Macau. The principal assets of HPH Trust include the Group's interests in the deep-water container ports in Hong Kong (comprising Hongkong International Terminals ("HIT") , which operates Terminals 4, 6, 7 and two berths in Terminal 9 at Kwai Tsing and COSCO-HIT Terminals, a joint-venture company, which operates Terminal 8 East) and Yantian (comprising Yantian International Container Terminals ("YICT") Phases I to III and Shenzhen Yantian West Port Terminals), the midstream and certain other river trade businesses related to the deep-water container businesses. On a full year basis, throughput of the HPH Trust ports increased by 4% in 2011. Although the Group's share of comparable revenue increased 12% and comparable EBITDA increased 13% during 2011, comparable EBIT decreased by 3% due to the increased depreciation burden in 2011 following the revaluation of assets to market value upon the IPO.

Deploying super post-Panamax quay cranes to service the world's largest container vessels, YICT is the preferred port of call in Southern China, with 70% of the world's mega vessels calling to date.

An aerial view of HIT.

The Mainland and Hong Kong

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**2,164**	2,535	**-15%**
EBITDA	**1,216**	1,328	**-8%**
EBIT	**889**	967	**-8%**

Name	Location	Ports Division's Interest	2011 Throughput (100% basis)
			(thousand TEUs)
Shanghai Container Terminals [5]/ Shanghai Mingdong Container Terminals (Waigaoqiao Phase V)/ Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	Mainland China	37%/ 50%/ 30%	5,450
Ningbo Beilun International Container Terminals	Mainland China	49%	2,004
Ports in Southern China - Jiuzhou, Nanhai, Gaolan and Jiangmen/ Shantou International Container Terminals/ Huizhou Port Industrial Corporation/ Huizhou International Container Terminals [6]	Mainland China	50%/ 70%/ 33.59%/ 80%	1,312
Xiamen International Container Terminals/ Xiamen Haicang International Container Terminals	Mainland China	49%	1,113
River Trade Terminal	Hong Kong	50%	2,029

Note 5: Shanghai Container Terminals ceased its container handling business from January 2011 onwards.

Note 6: Although the Group's economic interest in the three River Ports (Jiangmen Terminal, Nanhai Terminal and Zhuhai Jiuzhou Terminal) in Southern China were assigned to HPH Trust prior to its IPO, this division retains the legal interests in these operations.

Xiamen International Container Terminals in Mainland China.

The division's Shanghai ports reported an underlying decrease of 6% in combined throughput, principally due to sluggish demand for exports, particularly to the US. Combined container throughput and EBIT were also affected by the cessation of SCT's container handling business in January 2011 as mentioned above. Excluding the impact of the cessation of SCT's container handling business, underlying EBIT increased by 11% due to higher average tariffs.

Ningbo Beilun International Container Terminals reported a 2% decline in throughput, but a 1% improvement in EBIT due to the favourable impact of foreign currency translation. EBIT in local currency decreased by 4% due to higher fuel prices and other direct costs.

Ports in Southern China include six joint-venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Shantou and Huizhou. Although combined container throughput increased 2%, EBIT remained broadly in line with the results for 2010, mainly due to the favourable impact of volume growth being offset by the impact of full year depreciation from the Phase II terminal at Gaolan, Zhuhai, which commenced commercial operations in the second half of 2010. In Huizhou, the development of a new container terminal by Huizhou International Container Terminals, in which the division has an 80% interest, is progressing. This facility is targeted to become operational in 2012.

In Xiamen, the division's two container terminals reported decreases of 5% and 28% in combined throughput and EBIT respectively. This operation was affected by intensive competition and the cancellation of certain linehaul services, as well as higher depreciation due to facilities expansion in recent years.

River Trade Terminal, the 50% owned joint venture which principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, reported a 6% higher throughput than last year, which helped to reduce LBIT by 74% in 2011.

Europe

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**11,120**	9,791	**+14%**
EBITDA	**2,753**	2,304	**+19%**
EBIT	**1,798**	1,468	**+22%**

Name	Location	Ports Division's Interest	2011 Throughput (100% basis)
			(thousand TEUs)
Europe Container Terminals/ Amsterdam Container Terminals	The Netherlands	93.5%/ 70.08%	9,682
Hutchison Ports (UK) – Felixstowe/ Harwich/ London Thamesport	United Kingdom	100%/ 100%/ 80%	3,737
Terminal Catalunya	Spain	100%	970
Taranto Container Terminal	Italy	50%	613
Gdynia Container Terminal	Poland	99.15%	246
Container Terminal Frihamnen	Sweden	100%	28

Operations in the Netherlands, which include Europe Container Terminals ("ECT") (including City Terminal, Delta Terminal and Euromax Terminal) in Rotterdam and Amsterdam Container Terminals ("ACT") in Amsterdam, reported combined throughput growth of 5%. Combined EBIT increased by 47% from last year, primarily due to lower depreciation after an assets impairment in ACT, the full year contribution from the joint venture, Moerdijk Container Terminals, which was launched commercially during 2010, as well as the favourable impact of foreign currency translation. In local currency, EBIT increased by 38%.

Inside ECT's control tower.

Port of Felixstowe, the UK

The Group's UK port operations, consisting of Felixstowe, Harwich and London Thamesport, reported a combined throughput decline of 2% compared to last year, reflecting lower consumer demand in the UK. EBIT was 11% higher compared to last year, mainly due to higher average revenue per TEU and the favourable impact of foreign currency translation, partly offset by the lower throughput in 2011. In local currency, EBIT increased by 6%. The Felixstowe South Reconfiguration scheme involves the building of a new deep-water container terminal and the provision of a third rail terminal. The construction work of Phase 1 of the scheme was completed during the year, and the Port of Felixstowe formally opened the new deep-water shipping terminal, comprising Berths 8 and 9, in September 2011.

Terminal Catalunya ("TERCAT"), a four-berth container terminal in Barcelona in Spain, reported a throughput increase of 5% compared to last year, reflecting the ongoing gradual recovery from the economic downturn in earlier years. EBIT, however, decreased by 7% from last year, mainly due to a one-off government compensation income in 2010 arising from delays in handing over the new terminal site, as well as rising fuel prices and overheads, partly offset by throughput growth and the favourable impact of foreign currency. Additional transshipment volume handled during the industrial disruption in neighbouring French terminals resulted in lower average revenue per TEU. In local currency, EBIT decreased by 13%. The first phase of TERCAT's new semi-automated, deep-water Muelle Prat terminal in Barcelona, which will comprise five berths, three of which will be opened in 2012.

Gdynia Container Terminal at the Port of Gdynia in Poland reported increase in throughput and EBIT of 23% and 27% respectively compared to last year. These improvements have arisen from volume growth from existing shipping lines and new customers.

The division's European ports network also includes Taranto Container Terminal ("TCTI") in Italy and Container Terminal Frihamnen ("CTF") in Sweden. TCTI continued to be adversely affected by lower volumes, partly offset by higher average tariffs in 2011, whereas CTF reported improvements in performance that have been driven by growth in both throughput volume and average revenue per TEU.

Asia, Australia and Others

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**14,706**	12,922	**+14%**
EBITDA	**5,195**	4,594	**+13%**
EBIT	**3,858**	3,259	**+18%**

Name	Location	Ports Division's Interest	2011 Throughput (100% basis)
			(thousand TEUs)
Westports Malaysia	Malaysia	31.5%	6,404
Panama Ports Company	Panama	90%	4,213
Jakarta International Container Terminal/Koja Container Terminal	Indonesia	51% / 44.7%	3,119
Hutchison Korea Terminals/Korea International Terminals	South Korea	100% / 88.9%	2,317
Internacional de Contenedores Asociados de Veracruz/ L. C. Terminal Portuaria de Contenedores/ Ensenada International Terminal	Mexico	100%	2,102
International Ports Services	Saudi Arabia	51%	1,597
Hutchison Laemchabang Terminal/Thai Laemchabang Terminal	Thailand	80% / 87.5%	1,498
Freeport Container Port	The Bahamas	51%	1,116
Karachi International Container Terminal	Pakistan	100%	868
Alexandria International Container Terminals	Egypt	50%	583
Tanzania International Container Terminal Services	Tanzania	70%	366
Buenos Aires Container Terminal Services	Argentina	100%	362
Oman International Container Terminal	Oman	65%	111
Saigon International Terminals	Vietnam	70%	99
Hutchison Ajman International Terminals	United Arab Emirates	100%	N/A
Brisbane Container Terminals	Australia	100%	N/A
Sydney International Container Terminals	Australia	100%	N/A
South Asia Pakistan Terminals	Pakistan	90%	N/A

In Malaysia, Westports in Klang reported a throughput growth of 15%, capturing volumes from neighbouring terminals. EBIT increased 16% compared to last year mainly due to the higher throughput and increases in average tariff. To cope with expansion, one additional berth will commence operation in 2012.

In Panama, the division operates the ports of Balboa and Cristobal located near both ends of the Panama Canal. The combined throughput of this transshipment hub significantly increased by 22%, although the increase in EBIT was relatively lower at 9% compared to last year, mainly due to higher concession fees and operating costs. Further expansion and facilities upgrades at Balboa and Cristobal are currently underway.

In Indonesia, Jakarta International Container Terminal ("JICT") and the adjacent Koja Container Terminal reported combined throughput and EBIT increases of 9% and 17% respectively. Strong throughput growth, particularly from increased demand from the local region, together with higher average tariffs, were achieved in the year. The expansion of JICT's facilities continues to progress well and, upon completion, is expected to deliver productivity and efficiency improvements to support future growth.

In South Korea, the Group's operations in Busan and Gwangyang continued to face strong competition, in particular from new container terminals developed by shipping lines. Although combined throughput decreased by 6% and there continues to be competitive pressure on average tariffs, losses from these operations were reduced by 91% compared to last year primarily as a result of cost-cutting initiatives.

The division's ports operations in Mexico are largely dependent on the economy of the US due to their close proximity. These ports reported combined throughput and EBIT increases of 9% and 15% respectively, driven by cargo growth between the Far East and the west coast of Latin America.

In Saudi Arabia, International Ports Services reported growth in both throughput and EBIT of 13%, driven by additional volume from new shipping lines' customers and services.

In Thailand, the Laemchabang container terminals reported combined throughput growth of 19% due to continuing trade volume recovery. EBIT increased 35% compared to last year due to the increased throughput and higher tariffs.

Freeport Container Port, on Grand Bahama Island, reported a throughput decline of 1% and a reduction in EBIT of 47% mainly due to the lower transshipment cargo bound for east coast of the US.

In Pakistan, Karachi International Container Terminal reported throughput growth of 1%, but a decline in EBIT of 8%, largely due to lower average tariffs and increases in direct costs.

Mexico's L.C. Terminal Portuaria de Contenedores, situated in the highly industrial deep-water port of Lázaro Cárdenas.

Port of Balboa, located on the Pacific side of the Panama Canal.

In Egypt, the container handling operations at Alexandria and El Dekheila terminals reported increases of 7% and 18% in combined throughput and EBIT respectively. These results reflect the growth in export of agricultural products as well as an increase in average tariffs during the year.

Tanzania International Container Terminal Services reported a throughput increase of 7% that was driven by higher copper exports. However, EBIT declined 5% against last year, mainly due to lower average tariffs, higher direct costs including rising fuel prices and increases in operating costs.

Buenos Aires Container Terminal Services reported a throughput increase of 18% that was driven by the local market recovery. This helped to turn the results of this operation from losses in 2010 to a positive EBIT contribution in 2011.

Oman International Container Terminal reported a throughput increase of 7% and continued to record reduced losses in 2011.

In Vietnam, Saigon International Terminals commenced commercial operations of the new container terminal in Ba Ria Vung Tau Province in August 2010 for a concession of 50 years. These operations reported throughput growth of 97%, but an increase in start-up operating losses of 55%.

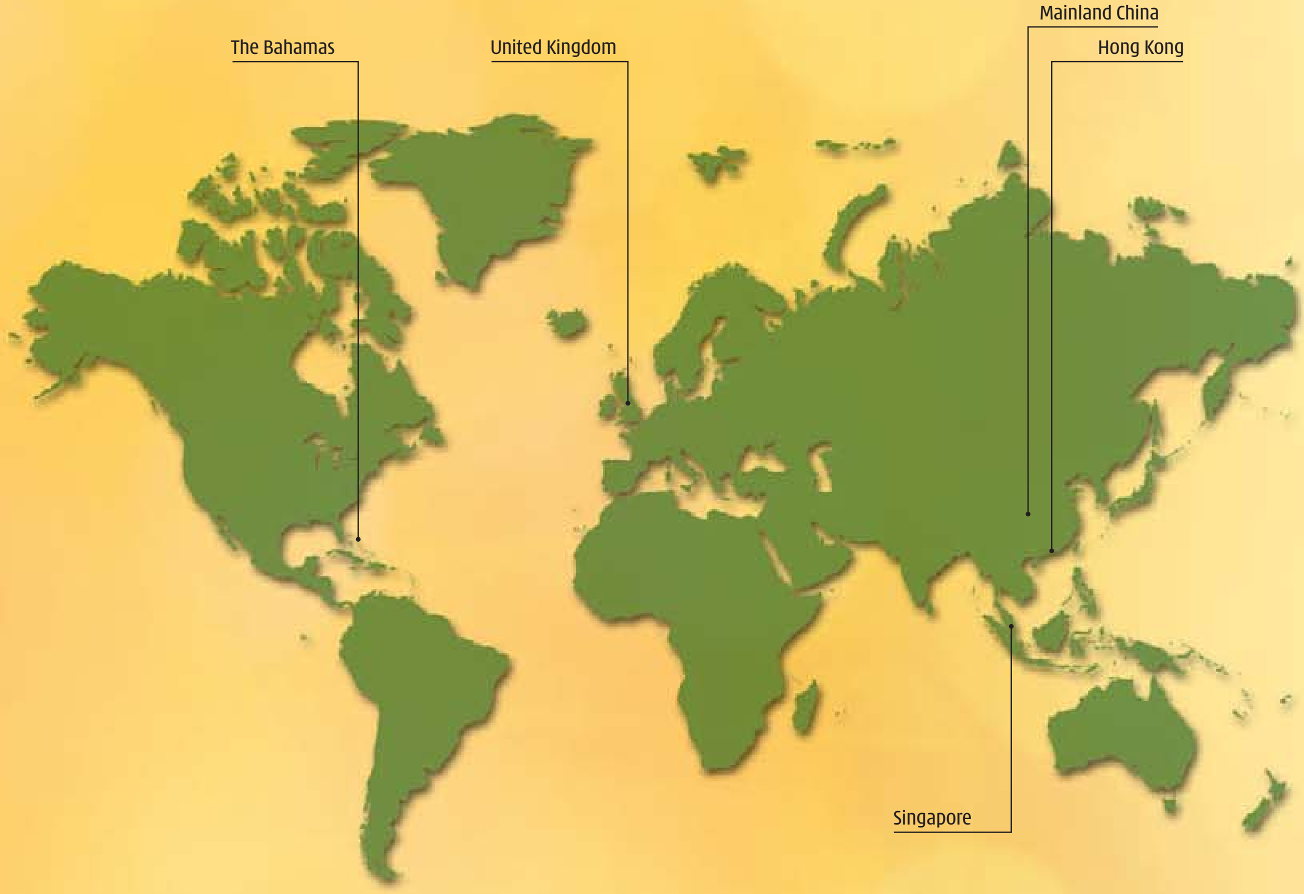
In October 2011, the Group was granted a 10-year concession period to develop and operate Ajman Port in the United Arab Emirates ("UAE"). The port lies 25 kilometres from Dubai and 10 kilometres from Sharjah, where most of the UAE's manufacturing and trading companies are located, making it a strategic port to capture cargo coming from and destined for South East Asia, South America and Australia. The main container and general cargo berths of the terminal have a total quay length of 1,250 metres and a yard area of 12.9 hectares.

The development of new terminals in Brisbane and Sydney in Australia and in Pakistan are progressing in accordance with plans and timetables which reflect expected demand and market conditions. The greenfield port at Brisbane will commence operations in the fourth quarter of 2012, and two berths at Sydney are expected to come into operation in 2013.

Property and Hotels

The Group's property activities comprise an investment portfolio of approximately 13.8 million square feet of office, commercial, industrial and residential premises, development of mainly residential projects in the Mainland and overseas, and ownership interests in a portfolio of 12 premium quality hotels.

Regency Park, a large-scale low-density luxurious residential development in Shenzhen, Mainland China.



- Total revenue increased 7% to HK$17,226 million.
- EBITDA improved 7% to HK$9,903 million.
- EBIT improved 8% to HK$9,517 million.
- The hotels division recorded an increase in total revenue, EBITDA and EBIT of 12%, 42% and 83% respectively compared to 2010.

Group Performance

This division holds a diversified investment property portfolio of approximately 13.8 million square feet of office, commercial, industrial and residential premises, of which approximately 12.0 million square feet is located in Hong Kong. It includes interests in joint ventures for the development of high quality, mainly residential projects with an attributable interest in a landbank of approximately 99 million square feet, primarily in the Mainland. In addition, the Group has ownership interests in a portfolio of 12 premium quality hotels with an average inventory of 9,370 rooms.

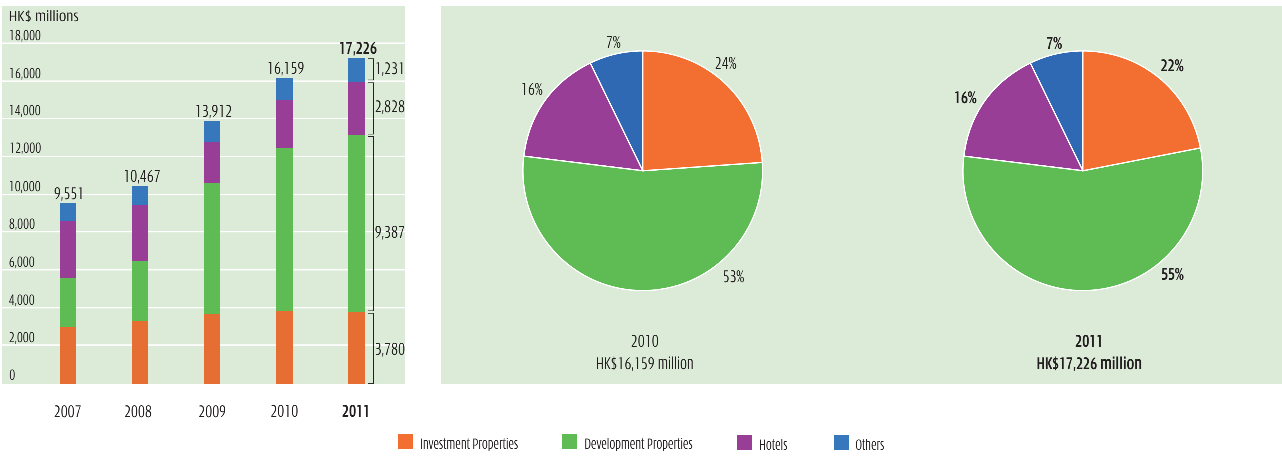
	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**17,226**	16,159	**+7%**
EBITDA [1]	**9,903**	9,279	**+7%**
EBIT [1]	**9,517**	8,847	**+8%**

Note 1: 2010 results have been restated to reflect the Group's early adoption of HKAS 12 retrospectively (see note 1 to the accounts).

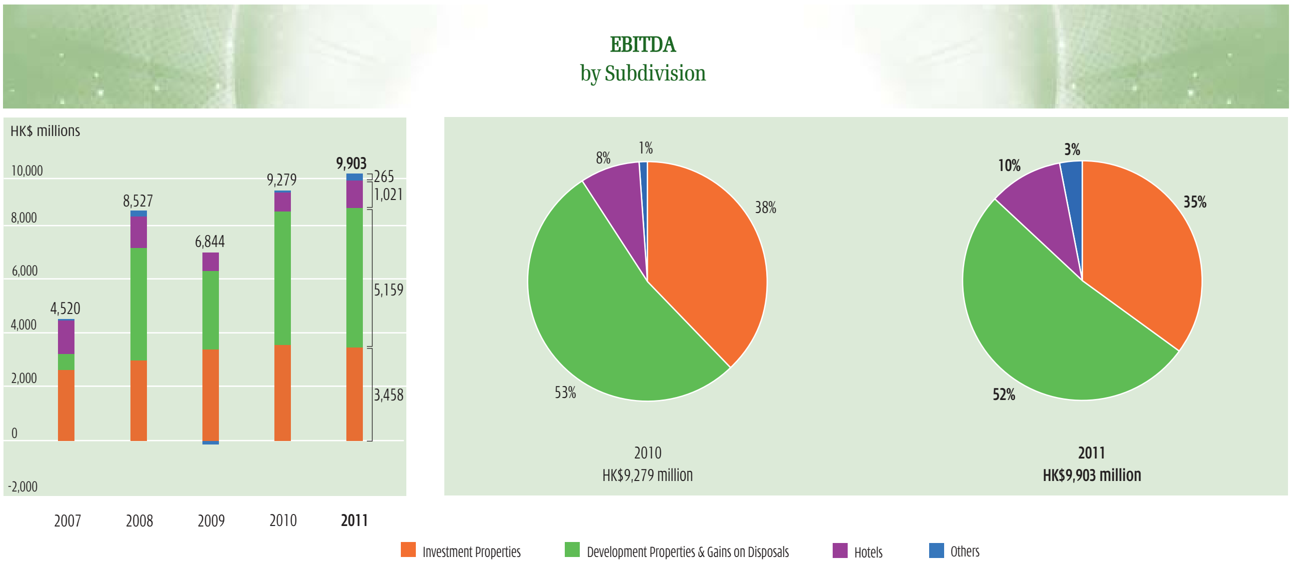
In local currencies, the division reported growth in total revenue, EBITDA[1] and EBIT[1], excluding property revaluation gains, of 4%, 2% and 2% respectively. This division contributed 4%, 12% and 18% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Sales growth was reported in all subdivisions other than Investment Properties. Although the Group's rental properties portfolio reported a solid occupancy profile and steady rental growth, reported rental income declined by 2% after the disposal of the Group's interest in Beijing Oriental Plaza to Hui Xian REIT in April 2011. Excluding the contribution from this investment property, underlying gross rental income for the Group's portfolio in Hong Kong, the Mainland and others increased by 3% overall in 2011.

Total Revenue
by Subdivision



EBITDA and EBIT increased 7% and 8% respectively, primarily due to the completion and sale of various residential projects in the Mainland and Hong Kong, as well as strong earnings growth in the hotel operations, partly offset by the decline in gross rental income mentioned previously.

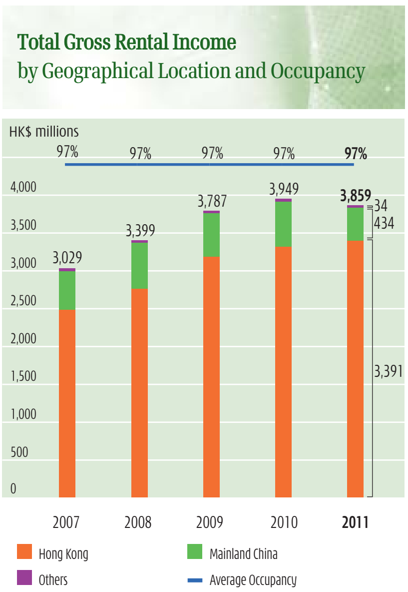


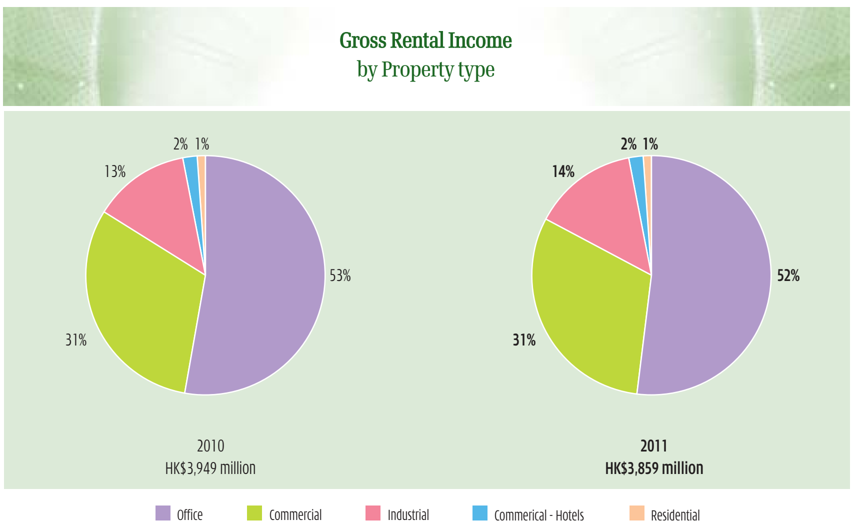
In addition to the EBITDA and EBIT above, the Group recorded an increase in fair value, after deferred tax expense and non-controlling interests, of HK$590 million in 2011 (2010 – HK$3,565 million) in relation to its investment properties and investment properties under construction.

Segment Performance

Investment Properties

As mentioned previously, underlying gross rental income increased by 3% after excluding the contribution from the Group's interest in Beijing Oriental Plaza. The Group's rental properties portfolio generated an 8% yield on its carrying value of approximately HK$48,000 million, including share of property joint venture.





Hong Kong

Major rental properties in Hong Kong

Name	Property Type	Total Gross Floor Area for Rent	Economic Net Interest	Leased
		(thousand sq ft)		
Cheung Kong Center	Office	1,263	100%	87%
Harbourfront Office Towers I and II	Office	863	100%	98%
Hutchison House	Office	504	100%	93%
Aon China Building	Office	259	100%	96%
Whampoa Garden	Commercial	1,714	100%	99%
Aberdeen Centre	Commercial	345	100%	100%
Hutchison Logistics Centre	Industrial	4,705	100%	100%

The Group's portfolio of rental properties in Hong Kong, comprising approximately 12.0 million square feet (2010 – 12.6 million square feet) of office (28%), commercial (20%), industrial (51%) and residential (1%) properties, continues to provide a steady flow of recurrent income. Gross rental income of HK$3,391 million (2010 – HK$3,315 million), including the Group's share of associated companies' and jointly controlled entities' rental income, was 2% above last year, reflecting higher lease renewal rates in 2010 and 2011. All of the Group's premises remain substantially let.

The Mainland and Overseas

Major rental properties in the Mainland

Name	Location	Property Type	Total Gross Floor Area for Rent	Economic Net Interest	Leased
			(thousand sq ft)		
Metropolitan Plaza	Chongqing	Office & Commercial	1,512	50%	100%
Westgate Mall & Tower	Shanghai	Office & Commercial	1,099	30%	100%

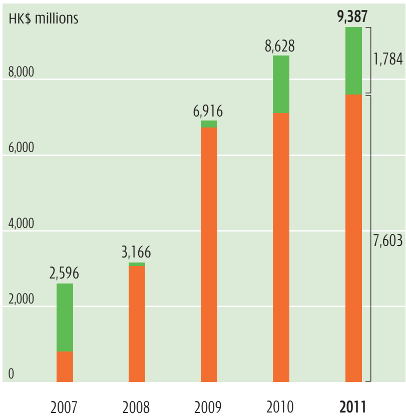
The Group's various joint ventures in the Mainland and overseas hold a portfolio of investment properties totalling 3.9 million square feet, of which the Group's share is 1.8 million square feet (2010 – 2.3 million square feet). The Group's share of gross rental income of HK$468 million (2010 – HK$634 million) was 26% below last year, mainly due to the disposal of the Group's interest in an investment property in Beijing. Excluding the contribution from this investment property in both years, underlying gross rental income increased by 6% in 2011 due to the continuing trend of increasing rental renewal rates.

Property Development and Sales

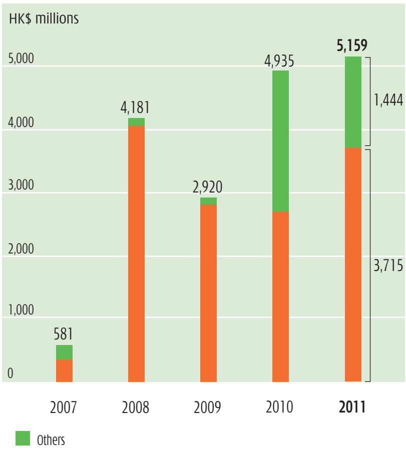
During the year, profits were recorded primarily from the sale of units in joint-venture residential development projects in the Mainland and Hong Kong. The Group's attributable share of gross floor area completed and sold amounted to 0.3 million square feet in Hong Kong and over 5.4 million square feet in the Mainland, being increases of 618% and 20% respectively compared to 2010. Development sales grew by 9% in 2011, reflecting the increased volume of sales and completion activities.

The Group also replenished its landbank in the Mainland during the year by entering into joint ventures to develop mainly residential properties of approximately 11.9 million square feet, of which the Group's share is 5.9 million square feet. Including these recent additions, the Group's current attributable landbank (including interests held directly and its share of interests held by joint ventures, associates and jointly controlled entities) is approximately 99 million square feet, of which 97% is in the Mainland (representing an average land cost of RMB208 per square foot), 2% in the UK and 1% in Singapore and Hong Kong. This landbank comprises 50 projects in 24 cities and is planned to be developed in a phased manner over several years. In 2012, the division will continue to focus on the orderly development and sale of its existing landbank projects in the Mainland, Hong Kong, Singapore and the UK markets. The Group expects to complete an attributable share of gross floor area of approximately 13.2 million square feet of residential and commercial properties during 2012 in Hong Kong, Singapore and 13 cities in the Mainland.

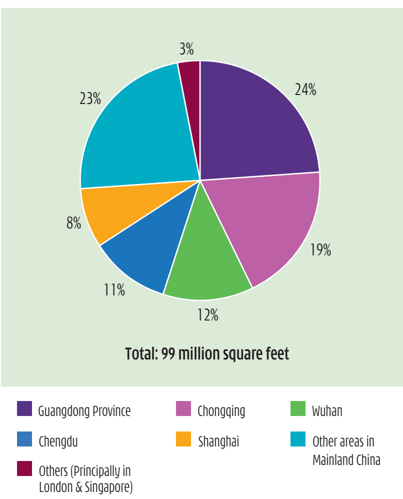
Development Sales (Total Revenue) by Geographical Split



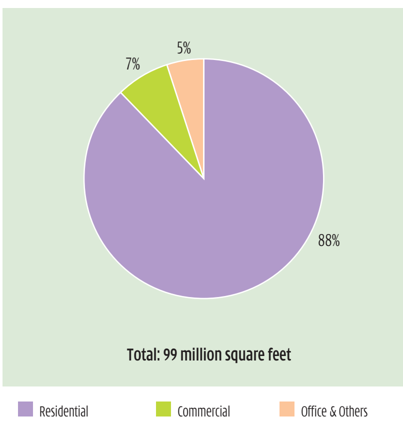
Development Profit and Gains on Disposals (EBITDA) by Geographical Split



Gross Floor Area of Development Projects by Geographical Location



Gross Floor Area of Development Projects by Property Types



Hong Kong

Major property completed in Hong Kong

During the year, the following project was completed.

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest
			(thousand sq ft)	
Uptown	The Remaining Portion of Lot No. 2064 in D.D. 121 Hung Shui Kiu, Yuen Long	Residential	537	50%

Over 90% of the residential units in Uptown, Yuen Long, have been sold since the project launched in 2011. The remaining units in Caribbean Coast residential development in Tung Chung were also sold during the year. The Group's share of revenue for development sales of associated companies and jointly controlled entities increased by 257% to HK$1,763 million with the Group's corresponding share of gross floor area completed and sold amounting to 0.3 million square feet.

Major property under development in Hong Kong for rental

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest	Expected Completion Date
			(thousand sq ft)		
28 Barker Road	The Peak	Residential	29	100%	2012

This high-end, low-density property development is located on The Peak, one of the most prestigious addresses in Hong Kong, and the luxury residential units will be available for leasing upon completion during the fourth quarter of 2012.

The Mainland

Major properties completed in the Mainland

During 2011, an attributable share of approximately 8.0 million square feet in residential and commercial properties were completed in the Mainland as detailed in the table below.

Developments completed during 2011

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest
			(thousand sq ft)	
Le Parc Phases 2B, 3A & 3B	Chengdu High-Tech Zone, Chengdu	Residential & Commercial	3,675	50%
The Greenwich Phases 2A & 3B	Xian Hi-Tech Industries Development Zone, Xian	Residential & Commercial	2,628	50%
The Riverside and Metropolitan Plaza Phases 1 & 3	Huangsha, Guangzhou	Residential & Commercial	1,769	50%
Regency Residence Phases 1, 2A(2) & 2B	Nanguan District, Changchun	Residential	1,548	50%
Regency Oasis Phases 1A & 1B	Wenjiang District, Chengdu	Residential & Commercial	1,324	50%
Regency Park Phases 2A, 2B & 2D	Jingyue Economic Development Zone, Changchun	Residential	1,002	50%
The Greenwich Phase 1C	Yao Jia Yuan Dong Li, Chaoyang District, Beijing	Residential	958	50%
Noble Hills Phase 2A	Douxi, Chongqing	Residential	947	50%
Noble Hills Phase 2	Wangcheng County, Changsha	Residential	782	50%

Major properties completed in the Mainland (continued)

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest
			(thousand sq ft)	
The Metropolitan Tianjin Phase 2	Yingkoudao, Heping District, Tianjin	Residential	678	40%
Le Sommet Phase 3	Longgang District, Shenzhen	Residential	527	50%
Regency Cove Phase 2	Maqiao Town, Minhang District, Shanghai	Residential	283	42.5%
Regency Park Phase 2B	Huamu Road, Pudong New District, Shanghai	Residential & Commercial	110	50%

All of these development projects have generated profits to the Group. The Group's share of revenue from development sales, net of business tax, of associated companies and jointly controlled entities increased by 7% to HK$7,599 million in 2011, with the Group's corresponding share of gross floor area sold increasing by 20% to over 5.4 million square feet in the same period as compared to 2010. However, the Group's share of contracted sales revenue, net of business tax, of associated companies and jointly controlled entities decreased by 22% to HK$5,981 million in 2011, with the Group's corresponding share of gross floor area reducing by 27% to 3.4 million square feet compared to 2010, mainly due to the continued implementation of Government economic policies aimed at preventing residential property price inflation.

Cape Coral, the residential and commercial properties in Chongqing, Sichuan Province.

Major properties under development in the Mainland

The following table summarises the projects scheduled to be completed in 2012.

Name		Location	Property Type	Total Gross Floor Area	Economic Net Interest
				(thousand sq ft)	
The Greenwich	Phases 2A, 2B & 3A	Xian Hi-Tech Industries Development Zone, Xian	Residential & Commercial	3,014	50%
Laguna Verona	Phases D1 and G1a	Hwang Gang Lake, Dongguan	Residential & Commercial	2,583	49.9%
Le Parc	Phases 4A & 6A	Chengdu High-Tech Zone, Chengdu	Residential & Commercial	2,490	50%
Regency Oasis	Phases 1B & 2	Wenjiang District, Chengdu	Residential	2,340	50%
The Harbourfront	Phase 1	Shibei District, Qingdao	Residential & Commercial	2,278	45%
The Metropolitan Tianjin	Phases 1 & 2	Yingkoudao, Heping District, Tianjin	Residential & Commercial	2,127	40%
Century Place	Phases 1 & 2	Futian District, Shenzhen	Residential & Commercial	1,933	40%
Noble Hills	–	Baoan District, Shenzhen	Residential & Commercial	1,583	50%
Cape Coral	Phase 2	Nanan District, Chongqing	Residential & Commercial	1,579	47.5%
Zengcheng	Phase 1	Zengcheng, Guangzhou	Residential & Commercial	1,189	50%
Regency Cove	Phase 1	Caidian District, Wuhan	Residential	962	50%
Noble Hills	Phase 3	Wangcheng County, Changsha	Residential	932	50%
Cape Coral	Phase 3A	Panyu District, Guangzhou	Residential	905	50%
The Metropolis	Phase 2A	Huang Pu District, Guangzhou	Commercial	674	30%
Le Sommet	Phases 1B, 2 & 4A	Longgang District, Shenzhen	Residential	644	50%
Regency Park	Phases 1, 2 & 3A	Tianning District, Changzhou	Residential	509	50%
Yuhu Mingdi	Phase 1	Luogang District, Guangzhou	Residential & Commercial	473	40%
Noble Hills	Phase 2B	Douxi, Chongqing	Residential	354	50%
Regency Garden	Phase 1	Pudong New District, Shanghai	Residential	350	42.5%
Regency Park	Phase 2C	Jingyue Economic Development Zone, Changchun	Residential	190	50%
Putuo	Phase 1A	Putuo District, Shanghai	Commercial	155	30%
Regency Residence	Phases 1 & 2B	Nanguan District, Changchun	Residential & Commercial	123	50%

Overseas

Major overseas property under development

The following project is scheduled to be completed in 2012.

Name	Location	Property Type	Total Gross Floor Area	Economic Net Interest
			(thousand sq ft)	
Marina Bay Phase 2	Singapore	Commercial	1,634	17%

Hotels

The Group has ownership interests in 12 hotels in Hong Kong, the Mainland and the Bahamas, of which seven are managed through its 50% owned hotel management joint venture. In 2011, the hotels division recorded an increase in total revenue of 12% to HK$2,828 million. EBITDA and EBIT increased by 42% and 83% to HK$1,021 million and HK$733 million respectively compared to 2010, primarily due to higher occupancy and average room rates in most hotels, as well as an improvement in the results from operations in the Bahamas.

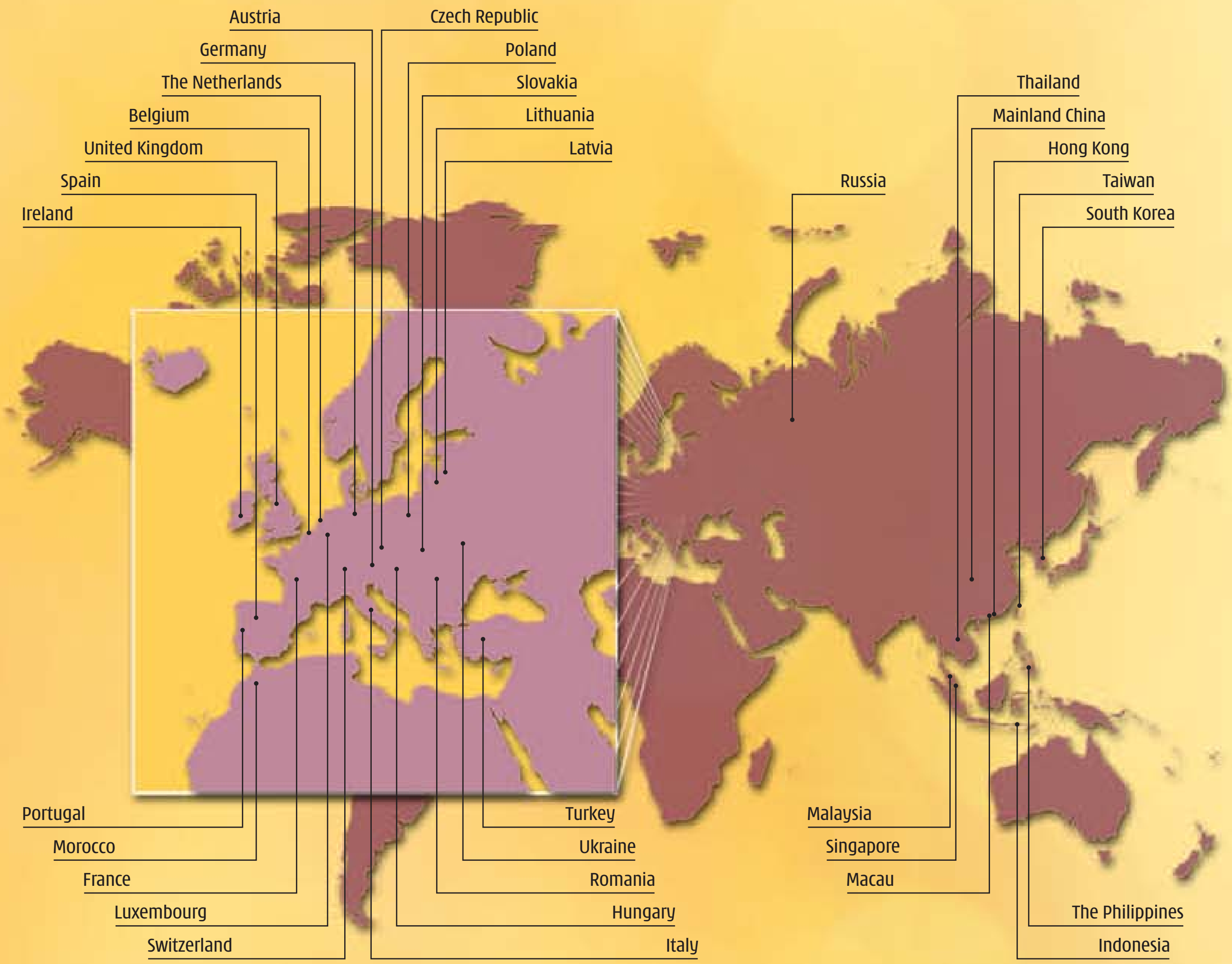
The 6,200-square-foot, Swarovski-chandelier-adorned Grand Ballroom, which can accommodate up to 700 guests in theatre-style setting, is the crown jewel of Harbour Grand Hong Kong.

Average Actual Room Inventory by Geographical Location and Occupancy Rate

Retail

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

ASW has expanded its retail network to over 10,000 stores globally by the end of 2011.



- Total revenue increased 17% to HK$143,564 million.
- EBITDA increased 16% to HK$11,724 million.
- EBIT increased 19% to HK$9,330 million.
- Over 10,000 retail stores worldwide.

Group Performance

A S Watson currently operates 11 retail brands in Europe and nine retail brands in Asia, with over 10,000 stores in 33 markets worldwide, providing high quality personal care, health and beauty products; luxury perfumery and cosmetic products; food and fine wines; as well as consumer electronics and electrical appliances. A S Watson also manufactures and distributes various bottled waters and other beverages in Hong Kong and the Mainland.

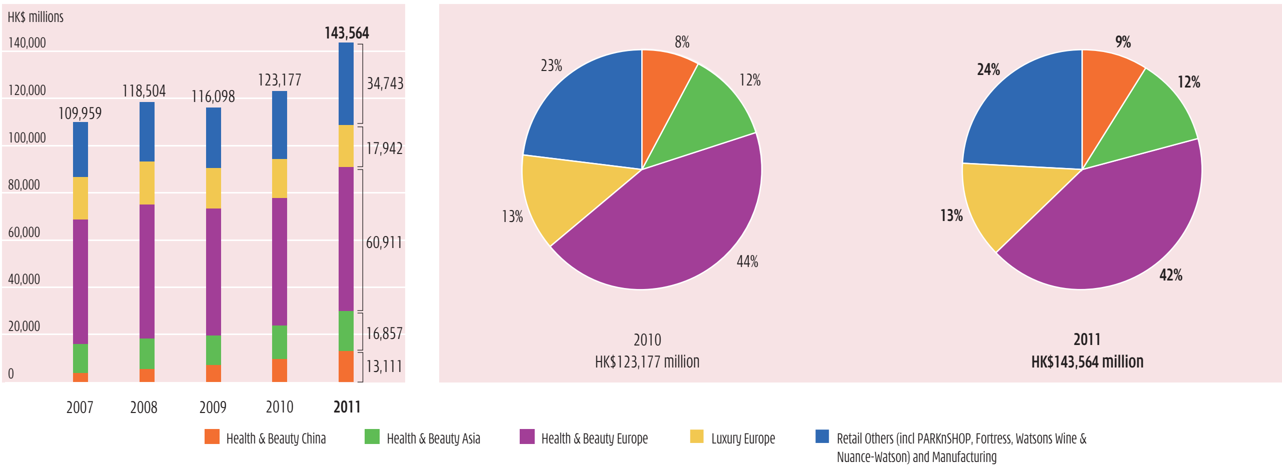
	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**143,564**	123,177	**+17%**
EBITDA	**11,724**	10,081	**+16%**
EBIT	**9,330**	7,866	**+19%**

In local currencies, growth in total revenue, EBITDA and EBIT for the year were 12%, 12% and 15% respectively. The retail division contributed 37%, 15% and 18% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

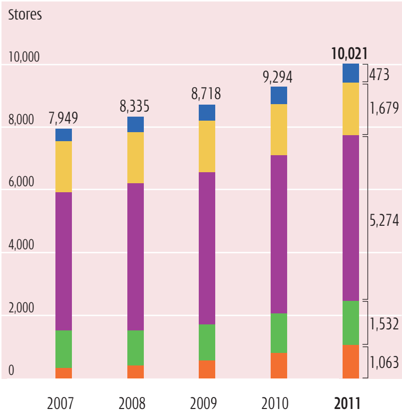
The Group's retail businesses are managed under five principal operating subdivisions: Health and Beauty China; Health and Beauty Asia (excluding the Mainland); Health and Beauty Europe; Luxury Europe; and Retail Others and Manufacturing.

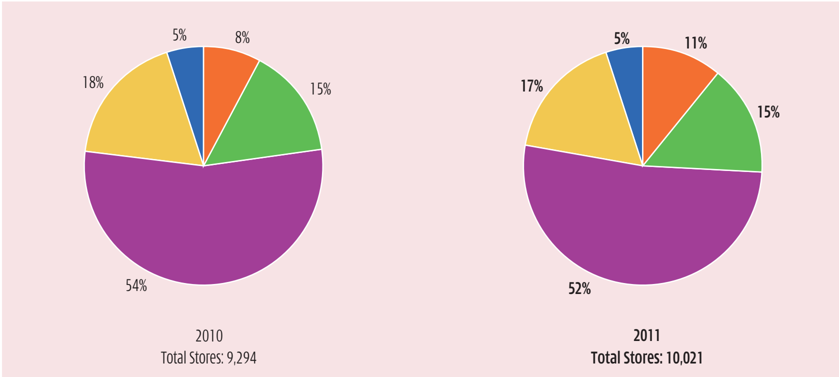
Sales growth was strong across all subdivisions, which was supported both by increased store numbers and, except in Luxury Europe, year-on-year comparable sales growth.

Total Revenue
by Subdivision

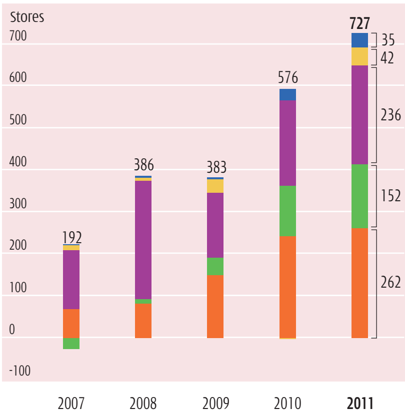


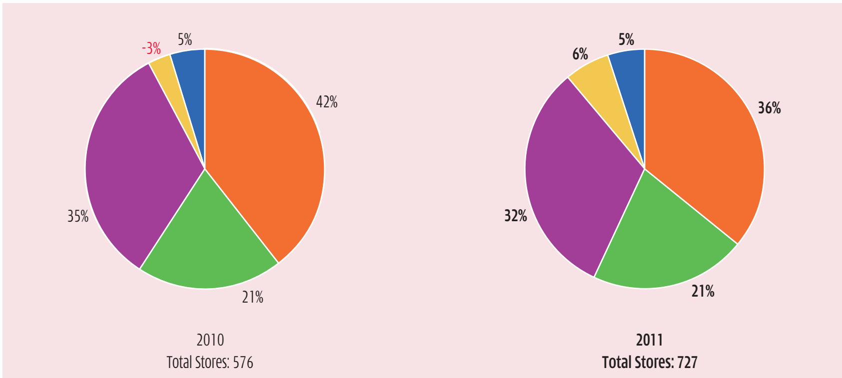
Total Retail Store Numbers by Subdivision





Total Retail Store Number Growth by Subdivision





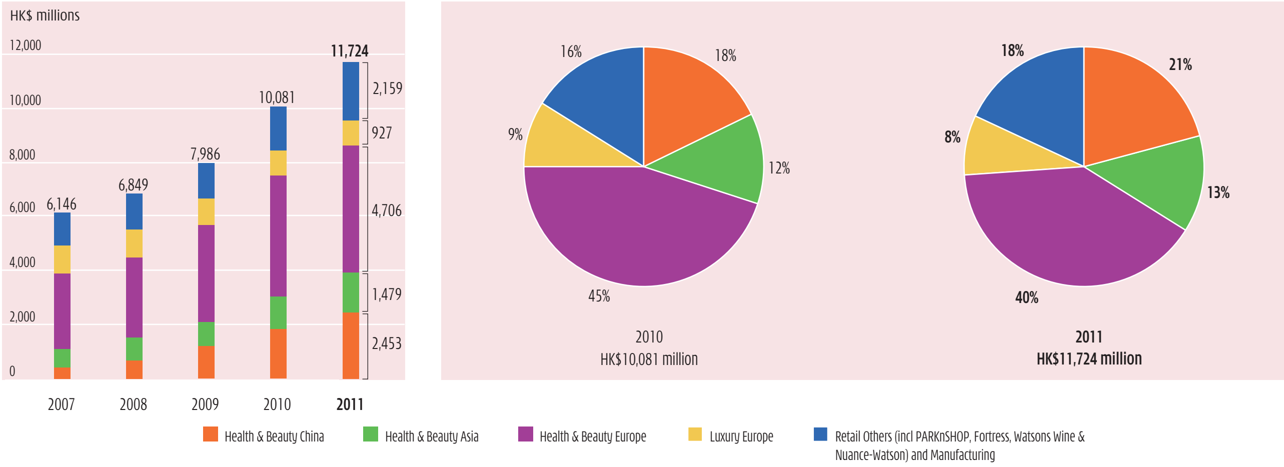
Health & Beauty China | Health & Beauty Asia | Health & Beauty Europe | Luxury Europe | Retail Others (incl PARKnSHOP, Fortress, Watsons Wine & Nuance-Watson) and Manufacturing

Comparable Store Sales Growth (%)	2011	2010
Health & Beauty China	**7.8%**	9.3%
Health & Beauty Asia	**6.2%**	5.6%
Health & Beauty Europe	**2.9%**	2.0%
Luxury Europe	**-0.2%**	-0.6%
Retail Others (includes PARKnShop, Fortress, Watsons Wine & Nuance-Watson) and Manufacturing	**11.6%**	8.8%
Total Retail	**5.1%**	3.8%
- Asia	**9.5%**	8.0%
- Europe	**2.2%**	1.4%

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

EBITDA and EBIT growth were likewise solid across all subdivisions other than Luxury Europe. This reflects improving margin management, operating efficiencies and an increasing percentage of own-brand and exclusives sales.

EBITDA
by Subdivision



Superdrug launches a new concept store to bring a refreshing shopping experience to customers.

Health and Beauty China

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**13,111**	9,589	**+37%**
EBITDA	**2,453**	1,825	**+34%**
EBIT	**2,262**	1,687	**+34%**

The Watsons store in Beijing, one of the thousand stores in Mainland China, where Watsons China is currently operating in over 100 cities.

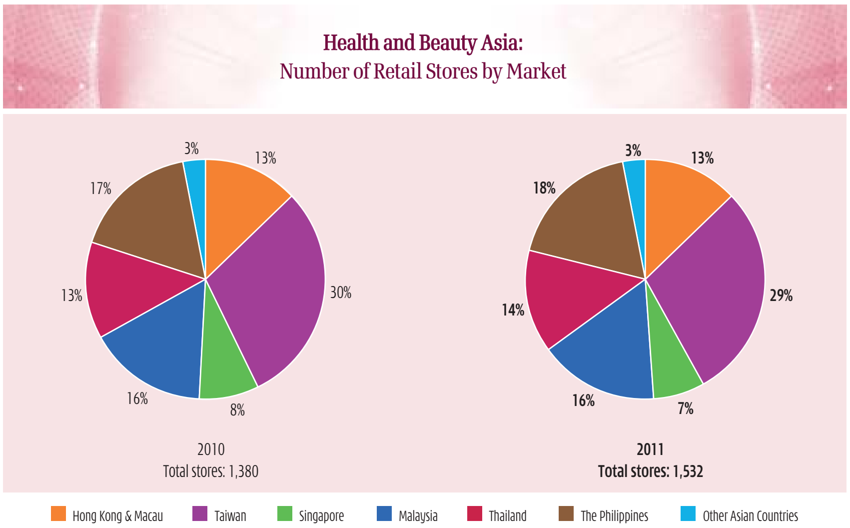
Watsons is currently the market leader in health and beauty in the Mainland. During 2011, Watsons reached an important milestone in the country by surpassing 1,000 stores. The Watsons business continues to grow at a rapid pace and the subdivision currently plans to further expand in the Mainland. Total revenue grew by 37% compared to last year, while EBITDA and EBIT both grew by 34%. Comparable store sales growth was 7.8% (2010 – 9.3%). The subdivision increased its total number of stores by 262 during the year.

Health & Beauty China:
Total number of retail stores

Health and Beauty Asia

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**16,857**	14,316	**+18%**
EBITDA	**1,479**	1,207	**+23%**
EBIT	**1,176**	951	**+24%**

In Asia, the Watsons business is the leading health, beauty and retail chain with strong brand name recognition and extensive geographical coverage. Combined total revenue grew by 18% compared to last year and comparable store sales growth was 6.2% (2010 – 5.6%). EBITDA and EBIT growth were 23% and 24% respectively, mainly due to increased contributions from Watsons businesses in Malaysia, Hong Kong, Thailand, Singapore and the Philippines. The subdivision increased its total number of stores by 152 during the year and currently has more than 1,500 stores operating in nine Asian markets.



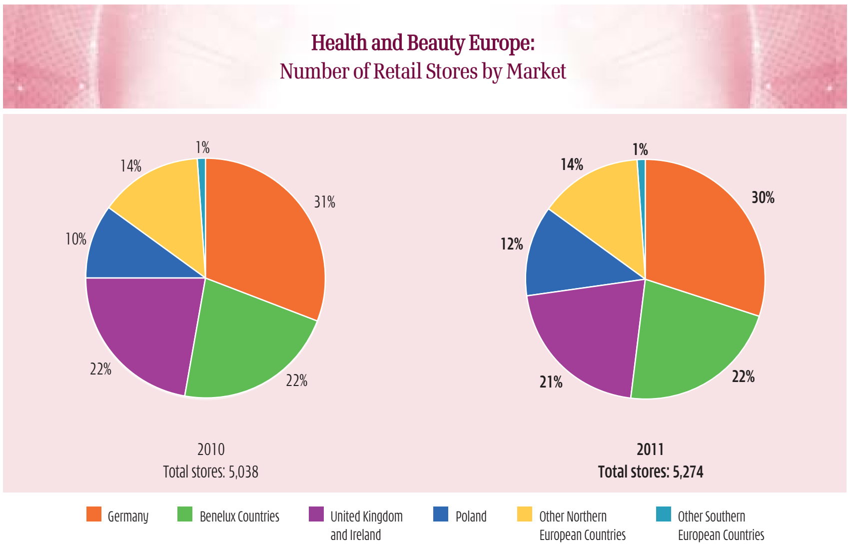
The pledge to be "Your Personal Store" drives Watsons Hong Kong to offer a great range of health and beauty products and professional advice on product selection, together with consultation services on medication and personal healthcare.

Health and Beauty Europe

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**60,911**	53,932	**+13%**
EBITDA	**4,706**	4,495	**+5%**
EBIT	**3,578**	3,436	**+4%**

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

The health and beauty businesses in Europe reported, in local currencies, a combined total revenue improvement of 8% over last year, mainly due to the better sales performances of Kruidvat in the Benelux countries and of the Rossmann joint venture. Comparable store sales growth was 2.9% (2010 - 2.0%). Despite the tough economic environment in Europe, EBITDA in local currencies improved by 1% compared to last year and EBIT was in line with last year. Health and Beauty Europe added 236 stores during 2011, and currently operates more than 5,200 stores in 13 markets.



The Perfume Shop has launched its own loyalty card to offer customers exclusive discounts and more rewards for their purchases.

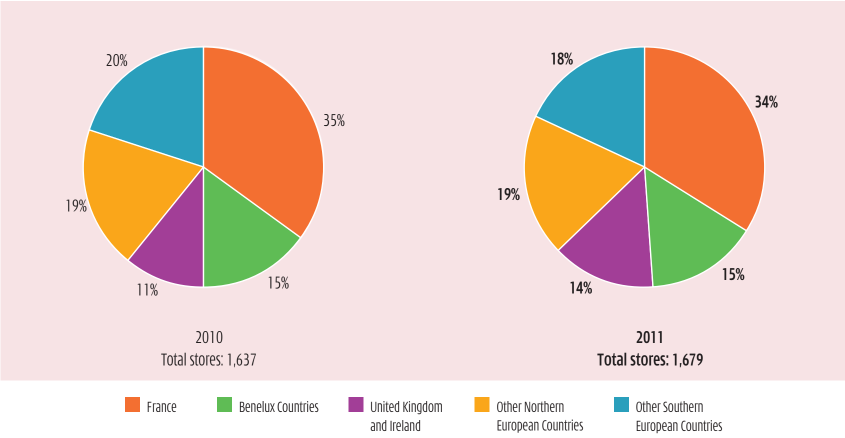
Luxury Europe

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**17,942**	16,505	**+9%**
EBITDA	**927**	903	**+3%**
EBIT	**550**	532	**+3%**

The Luxury Europe subdivision comprises the three Europe-based luxury perfumeries and cosmetics retail chains: Marionnaud, The Perfume Shop and ICI Paris XL. In local currencies, the subdivision increased its total revenue by 3% compared to last year, while the negative comparable store sales growth has reduced to -0.2% (2010 — -0.6%) and reported EBITDA and EBIT increased 1% and 5% respectively.

The Marionnaud Group continued to face a challenging economic environment in various European countries as consumer spending on luxury items generally declined. Despite this, in local currencies, combined total revenue remained at a similar level to 2010. In the UK and Ireland, The Perfume Shop reported an increase in total revenue of 14%, also in the Benelux countries, ICI Paris XL reported solid growth in total revenue of 7% in local currencies. Overall, Luxury Europe added over 40 new stores in 2011 and currently operates over 1,600 stores in 17 markets.

Luxury Europe:
Number of Retail Stores by Market



Retail Others and Manufacturing

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**34,743**	28,835	**+20%**
EBITDA	**2,159**	1,651	**+31%**
EBIT	**1,764**	1,260	**+40%**

Retail Others and Manufacturing consists of leading retail concepts in Hong Kong, being PARKnSHOP supermarkets and other related concept stores; Fortress consumer electronics and electrical appliances stores; and Watson's Wine stores. The subdivision also includes PARKnSHOP and Watson's Wine stores in the Mainland, Nuance-Watson in Hong Kong and Singapore international airports, as well as the manufacturing and distribution of well-known brands of bottled water, fruit juices and soft drinks in Hong Kong and the Mainland. This subdivision, which currently operates over 470 retail stores, reported total revenue growth of 20%, comparable store sales growth of 11.6% (2010 - 8.8%), while EBITDA and EBIT improved by 31% and 40% respectively.

TASTE is a new generation of lifestyle food store that provides sophisticated and cosmopolitan Hong Kong customers with a "More than Food" shopping experience.

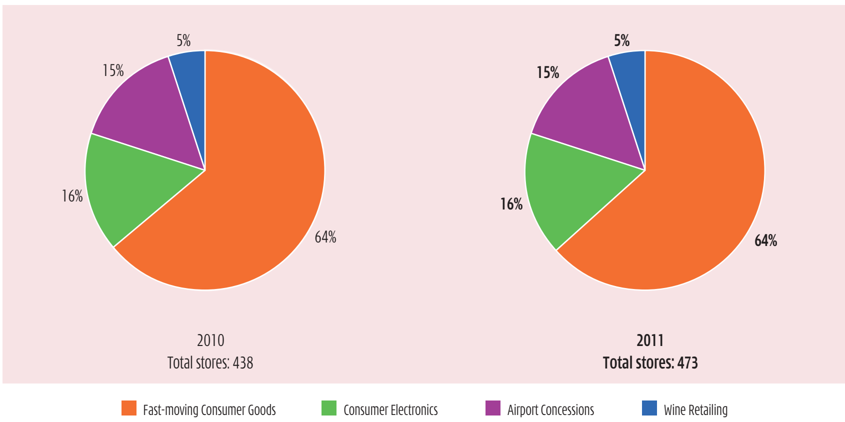
PARKnSHOP in Hong Kong delivered excellent EBITDA and EBIT growth, driven by strong incremental sales and income as well as continuous efforts in driving store productivity and cost efficiency. PARKnSHOP in Hong Kong currently has over 250 stores. Fortress also reported increased total revenue, EBITDA and EBIT for the year and currently has almost 80 stores. Watson's Wine reported growth in total revenue, EBITDA and EBIT as consumer spending on wine continued to grow. Watsons Wine currently has over 20 stores.

In the Mainland, the PARKnSHOP operations reported increased total revenue in 2011 and a solid EBITDA and EBIT improvement mainly due to increased sales, cost saving measures and improved inventory management.

The Nuance-Watson business reported excellent total revenue, EBITDA and EBIT growth, driven by increased passenger spending and traffic.

Manufacturing operations reported a 21% increase in total revenue and reported a 2% and 9% increase in EBITDA and EBIT respectively, primarily driven by strong results in the Mainland.

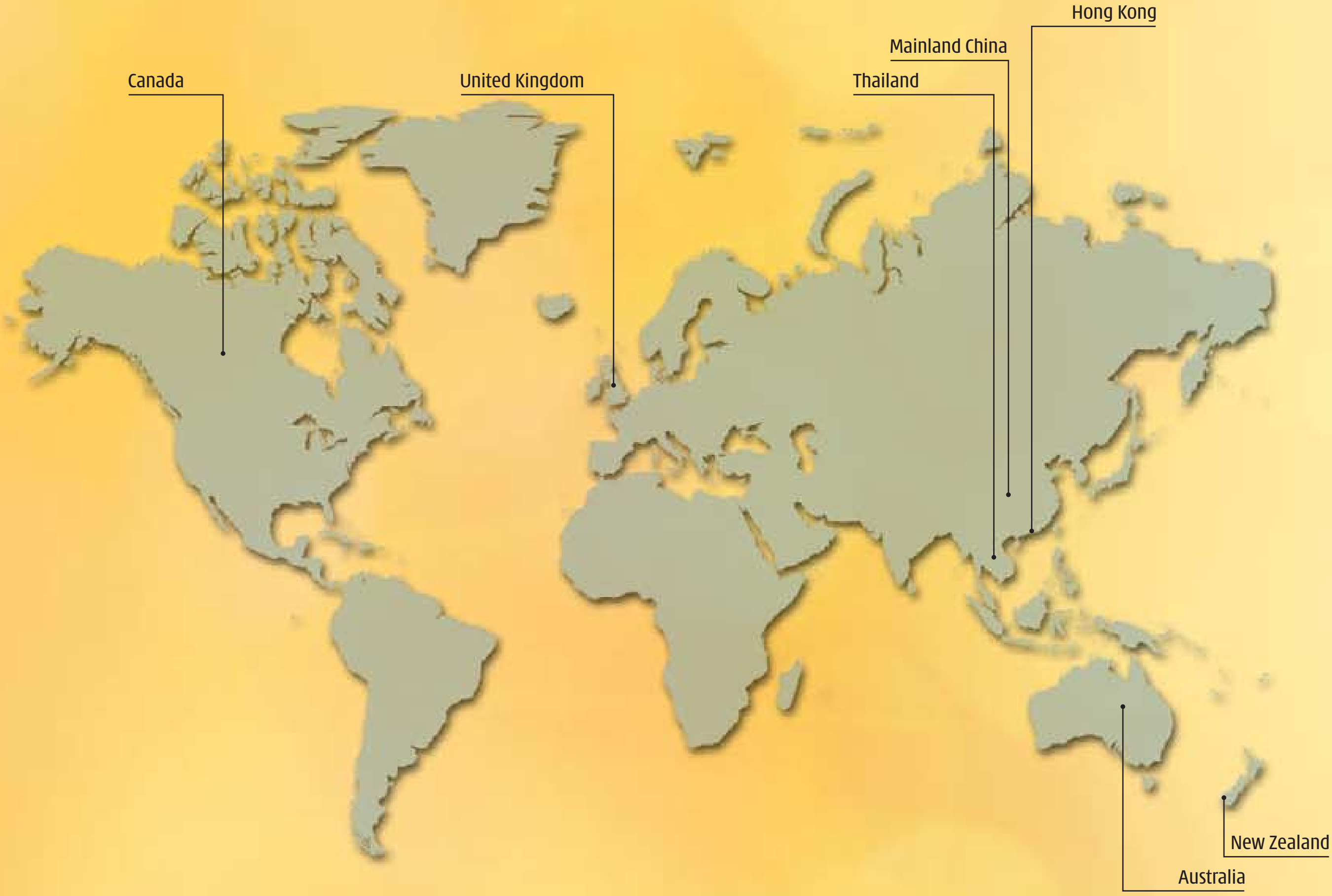
Retail Others (incl PARKnSHOP, Fortress, Watsons Wine & Nuance-Watson) and Manufacturing:
Number of Retail Stores by Segment



Infrastructure

The infrastructure division comprises the Group's 81.5% interest in Cheung Kong Infrastructure Holdings Limited ("CKI") as at 31 December 2011, a leading investor in the infrastructure sectors in Hong Kong, the UK, the Mainland, Australia, New Zealand and Canada.

Hongkong Electric officially changes its name to Power Assets to reflect its new global strategic focus.



- CKI announced turnover of HK$5,025 million and profit attributable to shareholders of HK$7,745 million.

CKI contributed 8%, 22% and 26% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**30,427**	18,265	**+67%**
EBITDA	**17,242**	11,007	**+57%**
EBIT	**13,478**	8,454	**+59%**

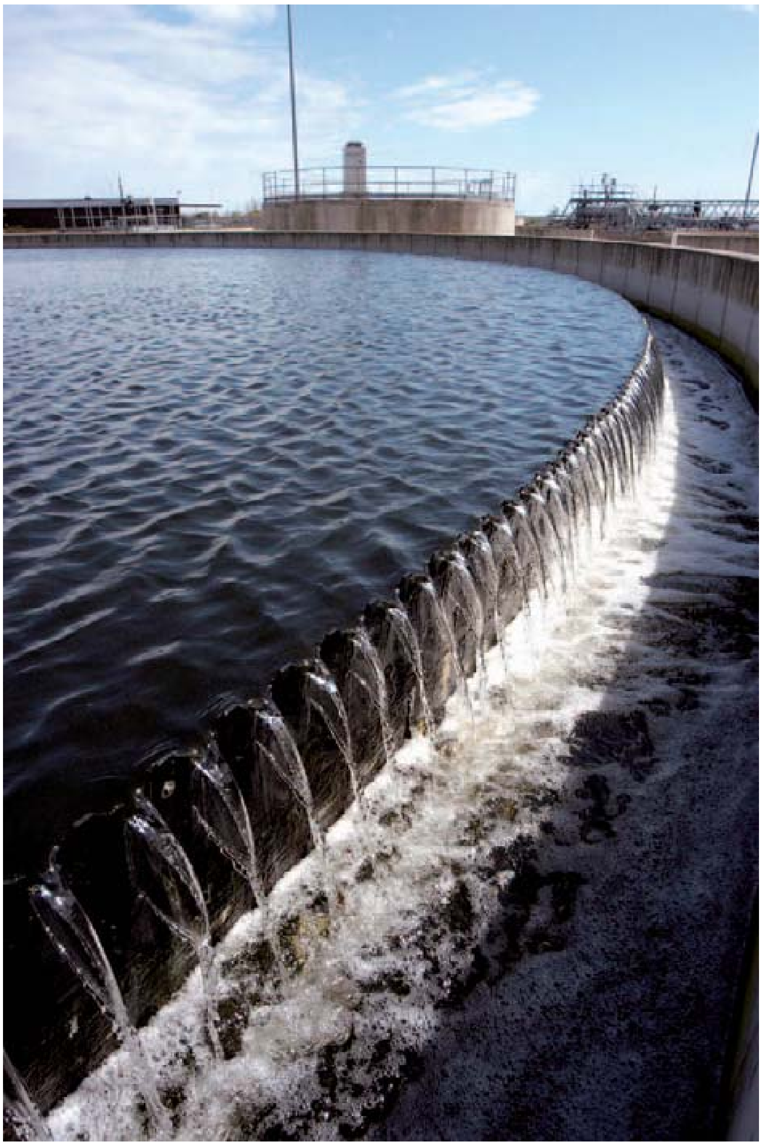
Power Assets' Dali Wind Farm wins a quality project award in Mainland China.

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

CKI announced its group turnover and its share of jointly controlled entities' turnover of HK$5,025 million and profit attributable to shareholders of HK$7,745 million. Total revenue, EBITDA and EBIT increased by 67%, 57% and 59% respectively in 2011. This is mainly due to the full year's profit contribution from UK Power Networks Holdings acquired in October 2010, the gain on disposal of Cambridge Water Company ("Cambridge Water") in August 2011 and accretive profit contribution from Northumbrian Water Group ("Northumbrian Water") acquired in October 2011.

CKI holds a 38.87% interest in Power Assets Holdings ("Power Assets"), a company listed on SEHK. Power Assets has interests in power businesses in the UK, the Mainland, Australia, New Zealand, Thailand and Canada. Power Assets is also the sole provider of electricity to Hong Kong Island and Lamma Island through its wholly-owned subsidiary, The Hongkong Electric Company. Power Assets announced profit attributable to shareholders of HK$9,075 million, an increase of 26% compared to last year's figure of HK$7,194 million. Earnings from Power Assets' operations outside of Hong Kong were HK$4,563 million, 80% higher than 2010, mainly attributable to the full year's contribution from UK Power Networks Holdings acquired in 2010, as well as, an overall higher contribution from Power Assets' existing investments outside of Hong Kong.

In August 2011, CKI sold its 100% interest in Cambridge Water to comply with relevant merger rules in the UK. In October 2011, CKI completed its acquisition in the UK of Northumbrian Water, a company previously listed on the London Stock Exchange, which operates water and sewerage businesses in England and Wales.

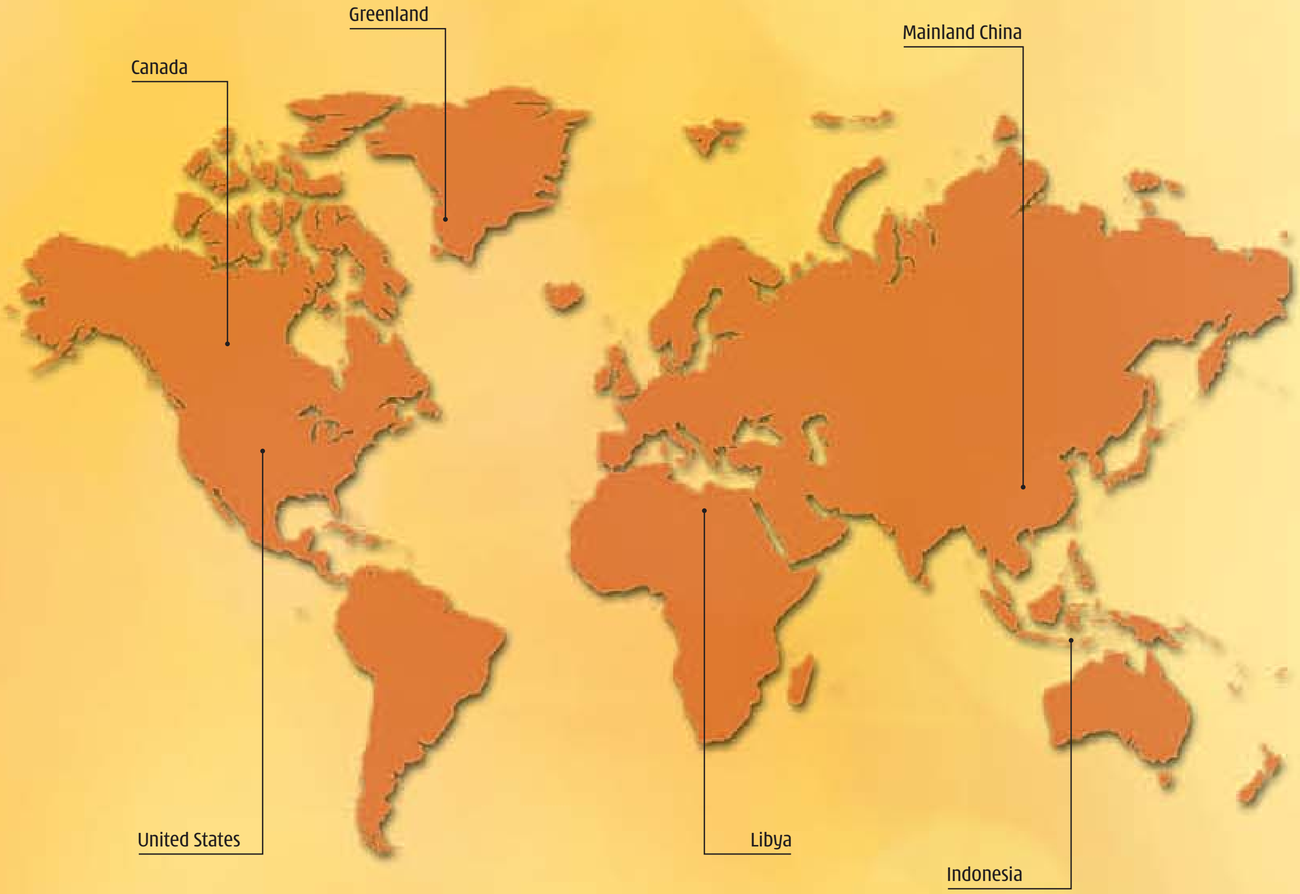


A consortium led by CKI completes the acquisition of the UK's Northumbrian Water.

Energy

The energy division comprises the Group's 33.78% interest in Husky Energy Inc ("Husky Energy"), a Canadian based international integrated energy and energy-related company listed on the Toronto Stock Exchange.

Husky Energy's Pikes Peak Thermal Project in Saskatchewan, Canada.



- Husky Energy announced revenues, net of royalties, increased 37% to C$23,364 million.

The energy division contributed 16%, 20% and 17% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**63,027**	44,640	**+41%**
EBITDA	**16,053**	8,987	**+79%**
EBIT	**8,614**	3,073	**+180%**

Husky Energy announced revenues, net of royalties, increased 37% to C$23,364 million in 2011. Net earnings of C$2,224 million are 135% above last year driven by strong production growth, higher realised crude oil prices and improved upgrading and refining margins. Cashflow from operations of Husky Energy in 2011 was C$5,198 million, a 69% increase from last year.

Husky Energy's Sunrise Energy Project in Northern Alberta commences construction on the infrastructure components. Drilling is advanced on the steam assisted gravity drainage horizontal well pairs.

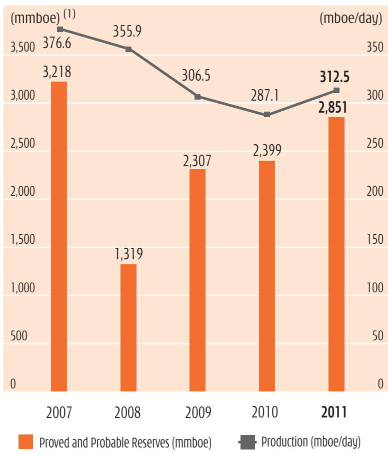
Wenchang platform with shuttle tankers in the distance, at Wenchang field in the South China Sea.

A total dividend of C$1.20 per share was declared in 2011. During the year, cash received by the Group from dividends from Husky Energy amounted to HK$692 million, with the remainder in scrip dividends. The Group's interest in Husky Energy decreased from 34.55% at the end of 2010 to its current interest of 33.78% due to the C$1.2 billion common share offering by Husky Energy during 2011, C$1 billion of which was through a public offering of common shares.

In 2011, Husky Energy's production averaged approximately 312,500 barrels of oil equivalent ("BOEs") per day, a 9% increase when compared to approximately 287,100 BOEs per day in 2010, primarily due to production from acquisitions completed in the fourth quarter of 2010 and the first quarter of 2011 and higher production from the White Rose and Satellite Fields, as well as from Tucker due to initiating revised start up techniques.

In addition to the strong financial performance, Husky Energy achieved a number of key milestones in bringing forward major projects in its three growth pillars in the Asia Pacific Region, Oil Sands, and the Atlantic Region. The Liwan Gas Project in the South China Sea was sanctioned, with significant progress made towards production; major construction and drilling activity commenced on the Sunrise Energy Project in the oil sands; and first production was achieved at the West White Rose satellite field offshore Newfoundland.

Proved and Probable Reserves & Production

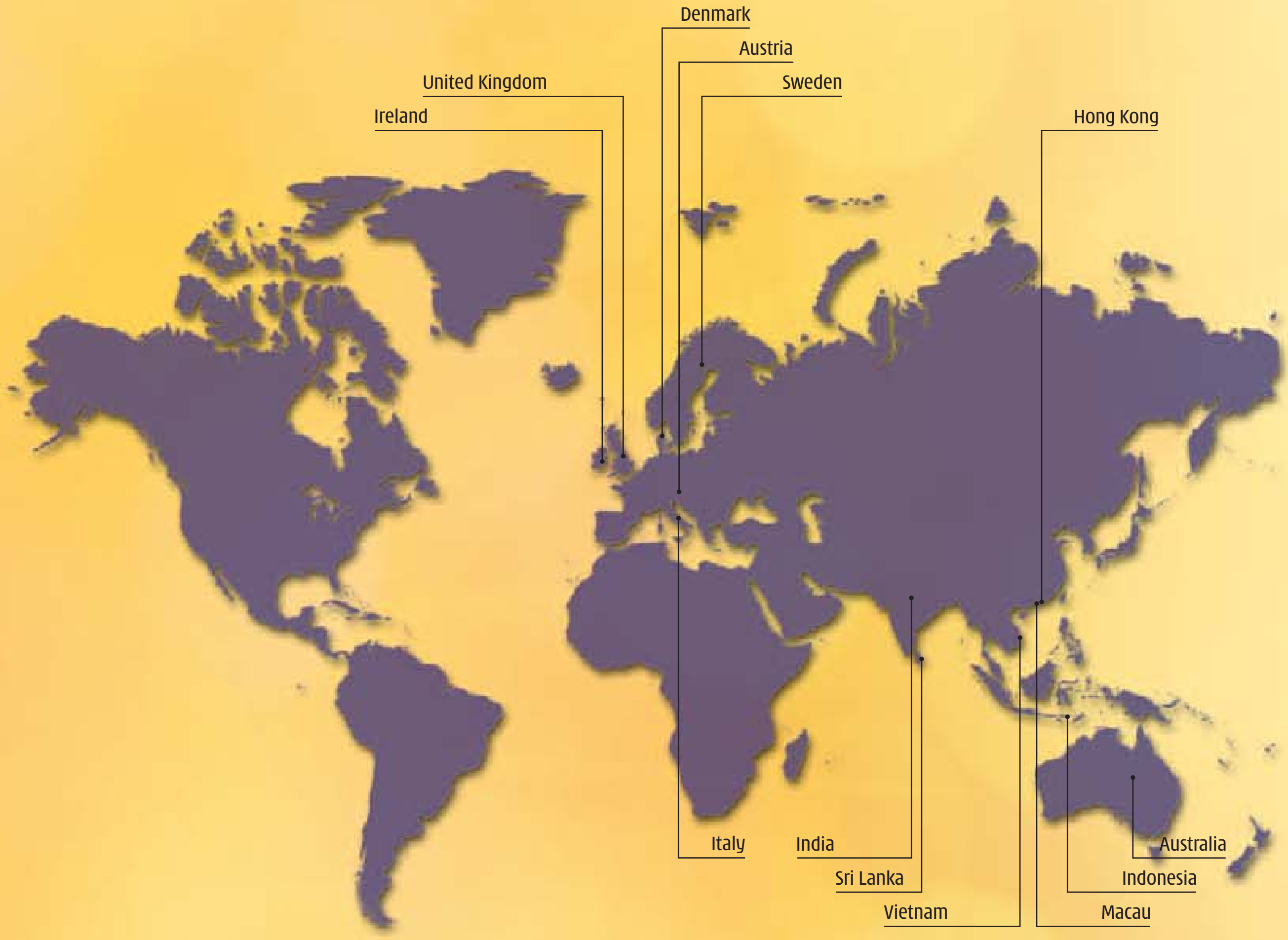


Note 1: Oil and gas reserves disclosures for 2010 and 2011 have been prepared in accordance with Canadian Securities Administrators' National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" ("NI 51-101") effective 31 December 2010 ("Canadian method"). In prior years Husky Energy applied for and was granted an exemption from certain provisions of NI 51-101, which permitted Husky Energy to present oil and gas reserves disclosures in accordance with the rules of the United States Securities and Exchange Commission guidelines and the United States Financial Accounting Standards Board ("SEC method"). Accordingly, the 2010 and 2011 figures are shown under the Canadian method, while 2007 to 2009 are shown under the SEC method.

Telecommunications

The Group's telecommunications division consists of a 65.02% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on SEHK, Hutchison Asia Telecommunications ("HAT") and the **3** Group businesses in Europe and Australia. HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau, as well as fixed-line operations in Hong Kong. HAT holds the Group's interests in mobile operations in Indonesia, Vietnam and Sri Lanka. The **3** Group is one of the world's leading operators of 3G mobile telecommunications technology with businesses in six countries across Europe and in Australia.

3 Shop, Austria.



- HTHKH announced profit attributable to shareholders of HK$1,020 million, a 35% increase over last year.

- HAT's LBITDA and LBIT improved 92% and 56% respectively.

- 3 Group achieved a second year of EBIT positive results, reporting HK$1,481 million in 2011.

- Registered 3G customer base currently totals 31.6 million.

Hutchison Telecommunications Hong Kong Holdings

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**13,407**	9,880	**+36%**
EBITDA	**2,616**	2,171	**+20%**
EBIT	**1,435**	1,090	**+32%**

3 HK has opened 3Broadband Specialist stores in several residential districts to serve customers with convenient mobile and fixed-line services.

HTHKH announced its 2011 turnover of HK$13,407 million and profit attributable to shareholders of HK$1,020 million, a 36% and a 35% increase respectively over last year. HTHKH contributed 4% to the total revenue and 3% to both EBITDA and EBIT of the Group's businesses.

The mobile operations in Hong Kong and Macau achieved a 50% increase in combined turnover to HK$10,406 million in 2011 compared to HK$6,950 million in 2010, while EBITDA and EBIT improved by 38% and 49% respectively. The improved results were mainly due to continuing demand for data usage from customers together with stronger sales of smartphones. The combined mobile customer base, on an active basis, was over 3.5 million as at 31 December 2011, representing a 10% increase over last year.

The fixed-line telecommunications business in Hong Kong continues to achieve steady growth despite a very competitive environment for the residential market segment, reporting a 4% increase in turnover to HK$3,403 million in 2011 compared to HK$3,286 million in 2010 due to continued growth in its carrier business segment. However, EBITDA and EBIT decreased by 5% and 14% respectively mainly due to the above mentioned price competition and a one-time write-off of submarine cables located at the Hong Kong-Zhuhai-Macau Bridge site.

Hutchison Asia Telecommunications

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**2,332**	2,486	**-6%**
LBITDA	**(142)**	(1,893)	**+92%**
LBIT	**(1,181)**	(2,688)	**+56%**

HAT consists of the Group's mobile operations in Indonesia, Vietnam and Sri Lanka. HAT contributed 1%, a negative 0.2% and a negative 2% respectively to the total revenue, EBITDA and EBIT of the Group's businesses. Total revenue decreased 6% over last year due to the disposal of the Thailand operation in January 2011. LBITDA and LBIT inclusive of one-time compensation contributions in 2011 of HK$1,270 million (2010 – HK$669 million) and a gain of HK$463 million on the disposal of the Thailand operation in 2011, improved by 92% and 56% over last year respectively. At 31 December 2011, HAT had a mobile customer base of over 34.2 million, representing a 38% increase over last year on a comparable basis.

In Indonesia, the business continued to grow and now serves Bali, Lombok, Sumatra, Kalimantan, Sulawesi and Java, covering 81% of the population of the country with 2G or 3G services. The customer base at the end of 2011 increased 23% from last year and underlying LBITDA and LBIT, improved by 14% and 3% respectively, reflecting a higher contribution from the increased customer base.

In Vietnam, the customer base increased by 71% over last year with underlying LBITDA and LBIT improving by 51% and 29% respectively. The Group has made an impairment charge of HK$2,997 million in relation to HAT's assets in Vietnam in view of an ongoing reassessment of the business opportunity in that country.

In Sri Lanka, the customer base increased 35% compared to last year and underlying LBITDA and LBIT improved by 55% and 41% respectively, as a result of an overall improvement in the operating environment.

3 Store agents in Indonesia are offering their customers a wide variety of products and services.

Group Performance

Telecommunications – 3 Group

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**74,288**	64,205	**+16%**
EBITDA [1]	**10,524**	8,718	**+21%**
EBIT	**1,481**	2,931	**-49%**
Capex [2]	**8,170**	9,748	**-16%**
EBITDA [1] less Capex	**2,354**	(1,030)	**+329%**

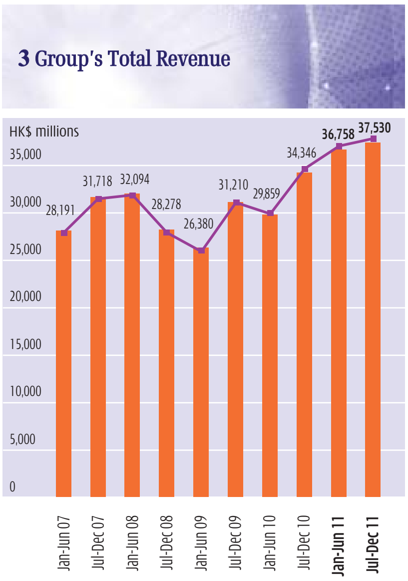
Note 1: EBITDA represents the operational results excluding one-time items and is stated after all customer acquisition costs and retention costs ("CACs").

Note 2: In addition to the capital expenditure shown above, the Group has acquired spectrum licences totalling HK$2,810 million.

In local currencies, growth in total revenue and EBITDA for the year were 8% and 13% respectively. Whilst EBIT reduced 49% and 53% in Hong Kong dollars and in local currencies respectively, this reduction represents lower one-time gains recognised in 2011. The one-time gains in both years are as follows:-

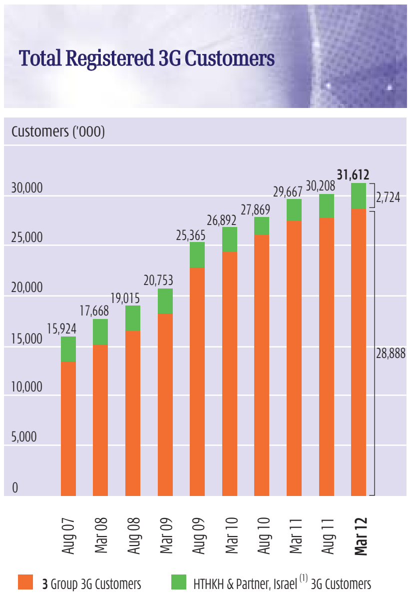
3 Group's one-time net gains	2011 HK$ millions	2010 HK$ millions
3 Italia - one-time net gain, comprising :- • Benefit relating to two blocks of 5MHz 1800MHz spectrum of HK$1,843 million (€166 million) and HK$1,489 million (€146 million) in 2011 and 2010 respectively; partly offset by • Incoming mobile termination rate write-off due to an adverse court ruling of HK$917 million (€83 million) in 2011; and • Certain one-off provisions of HK$469 million (€42 million) in 2011	**457**	1,489
3 UK - gain on a revised network sharing arrangement, net of provisions (£189 million) in 2010	**–**	2,268
Total one-time gains	**457**	3,757

Excluding the one-time gains in both years, recurring EBIT in 2011 in Hong Kong dollars improved by 224% compared to 2010. **3** Group contributed 19%, 13% and 3% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.



In 2011, **3** Group overall continued to grow its customer and revenue bases. **3** Group's ARPU, on a 12-month trailing average active customer basis, overall decreased by 4% to €28.27 compared to 2010. In local currencies, ARPU decreased 6% compared to the restated full year 2010 ARPU, primarily due to regulated interconnection rate reductions in the UK and Italy. Despite the decrease in ARPU, **3** Group's total revenue continued to increase resulting from the enlarged customer base and an increased sale of smartphone products.

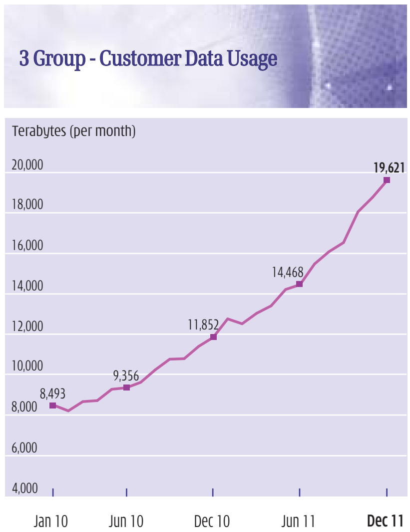
The Group's registered 3G customer base (including the 3G customers of HTHKH) grew 7% during the year to total over 31.2 million at 31 December 2011 and currently totals over 31.6 million, reflecting continued customer growth across all **3** Group operations, except for Hutchison Telecommunications (Australia) Limited ("HTAL") which was affected by network performance issues in late 2010 and early 2011. The proportion of active customers in **3** Group's customer base and contract customer base were approximately 82% and 98% respectively at the end of the year, consistent with 2010, and the revenue generated by the contract customers accounts for over 84% of overall customer services revenue. The proportion of contract customers as a percentage of the registered customer base has increased from 52% last year to 53% at the end of 2011. Management continues to focus on managing churn and has maintained the average monthly customer churn rate of the contract customer base at 2.0%, in line with 2010.



Note 1: Partner Communications was disposed during 2009.

With the increasing demand for data usage and transmission speed under the present mode of mobile communication, **3** Group has been able to capture a significant portion of market share in the smartphones and mobile broadband access segments through delivering good customer usage experience supported by the enhanced networks in various countries. This was evident by various awards received such as, **3** UK being voted the best mobile broadband provider in the UK for two consecutive years and **3** Austria winning the best network test amongst the German-speaking countries with the highest points awarded.

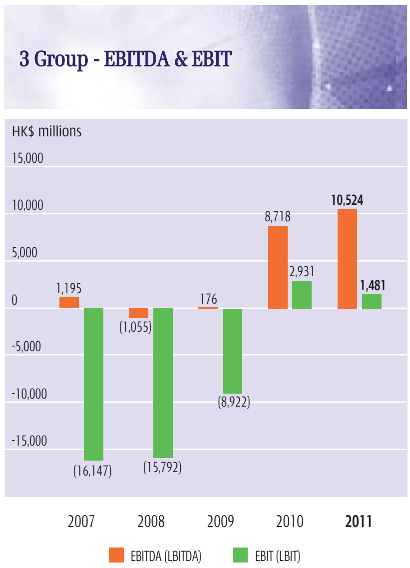
Growth of higher margin non-voice revenues continued to be a key focus of **3** Group in 2011. Average non-voice revenue per active user as a percentage of ARPU for 2011 increased to 44%, compared to 41% in 2010. At 31 December 2011, approximately 6.4 million customers, representing 22% of the total **3** Group customer base, have mobile broadband access, an increase of 11% from last year. The average monthly data usage per customer reached 684MB in December 2011, an increase of 56% compared to the same month last year. In addition, the growth in non-voice revenues is also supported by the greater supply of a wide range of smartphones available in the market, resulting in a 99% increase in total contract smartphone customers acquired by **3** Group in 2011 compared to 2010. Total contract smartphone customers added during 2011 represents around 56% of the total contract customers acquired in the year.



CACs totalling HK$24,760 million in 2011 were 38% higher than 2010 mainly due to the increase proportion of smartphone customers acquired and retained during the year. Unit cost to acquire, on a 12-month trailing basis, averaged €114 per customer, compared to €91 for 2010 due to higher mix of smartphone customers.

EBITDA and underlying EBIT growth reflects increased contributions from an enlarged customer base, cost savings from outsourcing activities and network sharing arrangements, stringent cost controls and effective working capital management.

In February 2012, **3** Austria entered into a binding agreement to acquire a 100% interest in Orange Austria and a subsequent onward sale of the Yesss! brand and certain other assets to Telekom Austria Group. However, the completion of the transaction remains subject to regulatory approvals. If the transaction completes, **3** Austria will have a combined customer base of 2.8 million customers and the combined operations will generate revenues, together with operational synergies and efficiencies, which should result in a corresponding increase in **3** Austria's contribution to the **3** Group.



Segment Performance

Key Business Indicators

Key business indicators for the **3** Group businesses and HTHKH's 3G customers are as follows:

	Customer Base					
	Registered Customers at 28 March 2012 ('000)			Registered Customer Growth (%) from 31 December 2010 to 31 December 2011		
	Prepaid	Postpaid	**Total**	Prepaid	Postpaid	**Total**
United Kingdom	3,600	4,619	**8,219**	20%	17%	**18%**
Italy	5,644	3,595	**9,239**	-1%	5%	**1%**
Sweden	155	1,258	**1,413**	-	14%	**12%**
Denmark	170	637	**807**	86%	11%	**21%**
Austria	396	1,025	**1,421**	39%	19%	**24%**
Ireland	509	334	**843**	27%	34%	**30%**
Australia [(1)]	2,728	4,218	**6,946**	-16%	-	**-7%**
3 Group Total	13,202	15,686	**28,888**	2%	9%	**6%**
Hong Kong and Macau [(2)]	959	1,765	**2,724**	67%	13%	**27%**
Total	14,161	17,451	**31,612**	5%	9%	**7%**

	12-month Trailing Average Revenue per Active User ("ARPU") [(4)] to 31 December 2011					
	Total				Non-voice	
	Prepaid	Postpaid	**Blended Total**	% Variance compared to 31 December 2010	**ARPU**	% of total ARPU
United Kingdom	£8.05	£28.61	**£21.87**	-3%	**£10.19**	47%
Italy [(5)]	€8.22	€31.25	**€19.86**	-14%	**€8.34**	42%
Sweden	SEK100.99	SEK325.17	**SEK307.82**	-	**SEK126.42**	41%
Denmark	DKK150.99	DKK283.96	**DKK263.68**	-9%	**DKK139.76**	53%
Austria	€10.73	€23.50	**€22.35**	3%	**€11.43**	51%
Ireland	€16.88	€36.84	**€30.96**	22%	**€17.94**	58%
Australia [(3)]	A$27.73	A$66.33	**A$51.34**	-5%	**A$21.31**	42%
3 Group Average [(5)]	€12.73	€37.13	**€28.27**	-4%	**€12.41**	44%
3 Group Average [(5)] (without FX impact)	€12.36	€36.27	**€27.59**	-6%	**€12.13**	44%

Note 1: Active customers (including customers of mobile virtual network operators ("MVNOs")) at 31 December 2011 as announced by listed subsidiary HTAL, updated for net additions to 28 March 2012.

Note 2: Active 3G customers at 31 December 2011 as announced by listed subsidiary HTHKH, updated for net additions to 28 March 2012.

Note 3: ARPU (excluding ARPU from MVNOs) at 31 December 2011 as announced by listed subsidiary HTAL.

Note 4: ARPU equals total monthly tariff revenue divided by the average number of active customers during the period, where an active customer is one that has generated revenue from an outgoing call, incoming call or 3G service in the preceding three months.

Note 5: For comparability purposes, the reported ARPU for Italy and the **3** Group Average in 2010 have been restated to reflect the reduction of incoming mobile termination rates from €11 cents to €9 cents, effective from 1 July 2010, due to an adverse court ruling by the Italian State Council.

United Kingdom

	2011 GBP millions	2010 GBP millions	Change
Total revenue	**1,787**	1,572	**+14%**
EBITDA	**191**	165	**+16%**
EBIT	**30**	173	**-83%**

	2011	2010
Total registered customer base (millions)	**8.1**	6.8
Contract customers as a % of total registered customer base	**55%**	55%
Contract customers contribution to the customer services revenue base (%)	**86%**	88%
Average monthly churn rate of total contract registered customer base (%)	**1.7%**	2.1%
Active contract customers as a % of total contract registered customer base	**97%**	97%
Active customers as a % of total registered customer base	**79%**	81%

Included in the total registered customer base was over 2.4 million mobile broadband customers, a 16% increase from 2010. Despite a decline in ARPU from the adverse impact of the regulated interconnection rate reductions, **3** UK's total revenue increased 14% during the year to £1,787 million, reflecting the higher customer base and higher smartphone sales. **3** UK's performance continued to improve, reporting a 16% increase in EBITDA to £191 million and full year EBIT positive results of £30 million, a 299% turnaround from the comparable LBIT before one-off gains last year. Including last year's one-time net gain of £189 million, net of provisions as mentioned previously in the **3** Group performance section, EBIT in 2011 decreased 83%.

Inside the **3** Store in Ashington, the UK.

3 Italia's headquarters in Milan, Italy. **3** Italia has over nine million customers.

Italy

	2011 EUR millions	2010 EUR millions	Change
Total revenue	**1,782**	1,738	**+3%**
EBITDA	**257**	263	**-2%**
EBIT	**6**	96	**-94%**

	2011	2010
Total registered customer base (millions)	**9.1**	9.0
Contract customers as a % of total registered customer base	**38%**	36%
Contract customers contribution to the customer services revenue base (%)	**79%**	80%
Average monthly churn rate of total contract registered customer base (%)	**2.6%**	2.4%
Active contract customers as a % of total contract registered customer base	**96%**	96%
Active customers as a % of total registered customer base	**70%**	68%

The Group had a 97.4% interest in **3** Italia at 31 December 2011. Included in the total registered customer base was over 1.6 million mobile broadband customers, an 11% increase over 2010. Despite a reduction in ARPU resulting from the incoming mobile termination rates reduction, **3** Italia's total revenue increased 3% to €1,782 million in 2011 mainly due to higher smartphone sales. Although a further decrease in the incoming rates is expected in the second half of 2012 from €6.3 cents to €3.5 cents, with a corresponding reduction in the outgoing rates from €5.3 cents to €2.5 cents, **3** Italia is expected to benefit from a lower total net cost of interconnection due to the reduced rates. EBITDA of €257 million was a 2% decrease from last year resulting from an increase in acquisition and retention activities. EBIT of €6 million was a 94 % reduction from last year mainly due to lower one-time gains recognised in 2011 as mentioned previously in the **3** Group performance section.

Sweden

	2011 SEK millions	2010 SEK millions	Change
Total revenue	**5,641**	4,012	**+41%**
EBITDA	**1,766**	616	**+187%**
EBIT	**1,171**	(4)	**Turnaround of 29,375%**

	2011	2010
Total registered customer base (millions)	**1.3**	1.2
Contract customers as a % of total registered customer base	**88%**	87%
Contract customers contribution to the customer services revenue base (%)	**97%**	97%
Average monthly churn rate of total contract registered customer base (%)	**1.7%**	1.6%
Active contract customers as a % of total contract registered customer base	**100%**	100%
Active customers as a % of total registered customer base	**95%**	94%

In Sweden, where the Group has a 60% interest in its **3** Group operations, mobile broadband customers grew 15% to over 393,000 at 31 December 2011. Total revenue increased 41% to SEK5,641 million in the 2011 primarily due to the growth in the customer base and a higher demand for smartphone products. EBITDA in 2011 was SEK1,766 million, an improvement of 187% from last year. EBIT of SEK1,171 million was a turnaround from an underlying LBIT of SEK4 million last year. Both EBITDA and LBIT reported in 2010 included a provision of SEK110 million for the costs of withdrawing from the Norwegian market. Excluding all Norwegian market exit related costs in both years, EBIT increased 961%.

Denmark

	2011 DKK millions	2010 DKK millions	Change
Total revenue	**2,355**	1,990	**+18%**
EBITDA	**595**	354	**+68%**
EBIT	**360**	118	**+205%**

	2011	2010
Total registered customer base	**782,000**	647,000
Contract customers as a % of total registered customer base	**80%**	87%
Contract customers contribution to the customer services revenue base (%)	**90%**	97%
Average monthly churn rate of total contract registered customer base (%)	**3.0%**	2.6%
Active contract customers as a % of total contract registered customer base	**100%**	100%
Active customers as a % of total registered customer base	**99%**	98%

3 Denmark opens a flagship store - **3** Huset - in Copenhagen, which is the biggest telecom shop in Scandinavia.

Denmark (continued)

In Denmark, where the Group also has a 60% interest in its **3** Group operations, mobile broadband customers grew 18% to approximately 292,000 at 31 December 2011. Despite a decline in ARPU, total revenue increased 18% to DKK2,355 million in 2011 due to the enlarged customer base. EBITDA of DKK595 million and EBIT of DKK360 million increased 68% and 205% respectively from last year mainly due to the growth in customer base as well as improved margins.

Austria

	2011 EUR millions	2010 EUR millions	Change
Total revenue	**321**	302	**+6%**
EBITDA	**36**	77	**-53%**
EBIT	**2**	4	**-50%**

	2011	2010
Total registered customer base (millions)	**1.3**	1.0
Contract customers as a % of total registered customer base	**73%**	76%
Contract customers contribution to the customer services revenue base (%)	**95%**	96%
Average monthly churn rate of total contract registered customer base (%)	**0.3%**	0.3%
Active contract customers as a % of total contract registered customer base	**99%**	99%
Active customers as a % of total registered customer base	**80%**	83%

Included in the total registered customer base was approximately 521,000 mobile broadband customers, an increase of 12% from 2010. Total revenue increased 6% to €321 million mainly due to the enlarged customer base and increase in demand for smartphone products. EBITDA of €36 million and EBIT of €2 million decreased 53% and 50% respectively as compared to last year due to a one-time marketing contribution of €56 million in 2010. Excluding the one-time contribution, total revenue, EBITDA and EBIT increased 30%, 73% and 103% respectively.

Ireland

	2011 EUR millions	2010 EUR millions	Change
Total revenue	**150**	98	**+53%**
LBITDA	**28**	56	**+50%**
LBIT	**54**	78	**+31%**

	2011	2010
Total registered customer base	**804,000**	620,000
Contract customers as a % of total registered customer base	**41%**	39%
Contract customers contribution to the customer services revenue base (%)	**82%**	78%
Average monthly churn rate of total contract registered customer base (%)	**1.3%**	2.4%
Active contract customers as a % of total contract registered customer base	**85%**	87%
Active customers as a % of total registered customer base	**50%**	50%

Included in the total registered customer base was over 286,000 mobile broadband customers, a 16% increase from 2010. **3** Ireland's total revenue increased 53% to €150 million in 2011. LBITDA and LBIT of €28 million and €54 million represented a 50% and 31% improvement over last year respectively due to the growth in the customer base, improved gross margins and tight cost controls.

Australia

HTAL, subsidiary listed on Australian Securities Exchange

	2011 AUD millions	2010 AUD millions	Change
Announced total revenue	**2,297**	2,411	**-5%**
Announced EBITDA	**313**	476	**-34%**
Announced loss attributable to shareholders	**Loss attributable to sharholders of A$168 million**	Profit attributable to shareholders of A$73 million	**-330%**

The Group's 87.87% owned, listed subsidiary in Australia, HTAL, announced total revenue and EBITDA attributable to HTAL from its 50% owned associated company, Vodafone Hutchison Australia, of A$2,297 million and A$313 million, a 5% and 34% decrease respectively over last year, and a loss for the year attributable to shareholders of A$168 million, compared to a profit of A$73 million in 2010. HTAL's active customer base declined 7% from 31 December 2010 to total over 7.0 million at 31 December 2011 which included over 819,000 mobile broadband access customers, a 4% decline from 2010. These declines were due to the network and customer service issues experienced by some customers at the end of 2010 and the beginning of 2011.

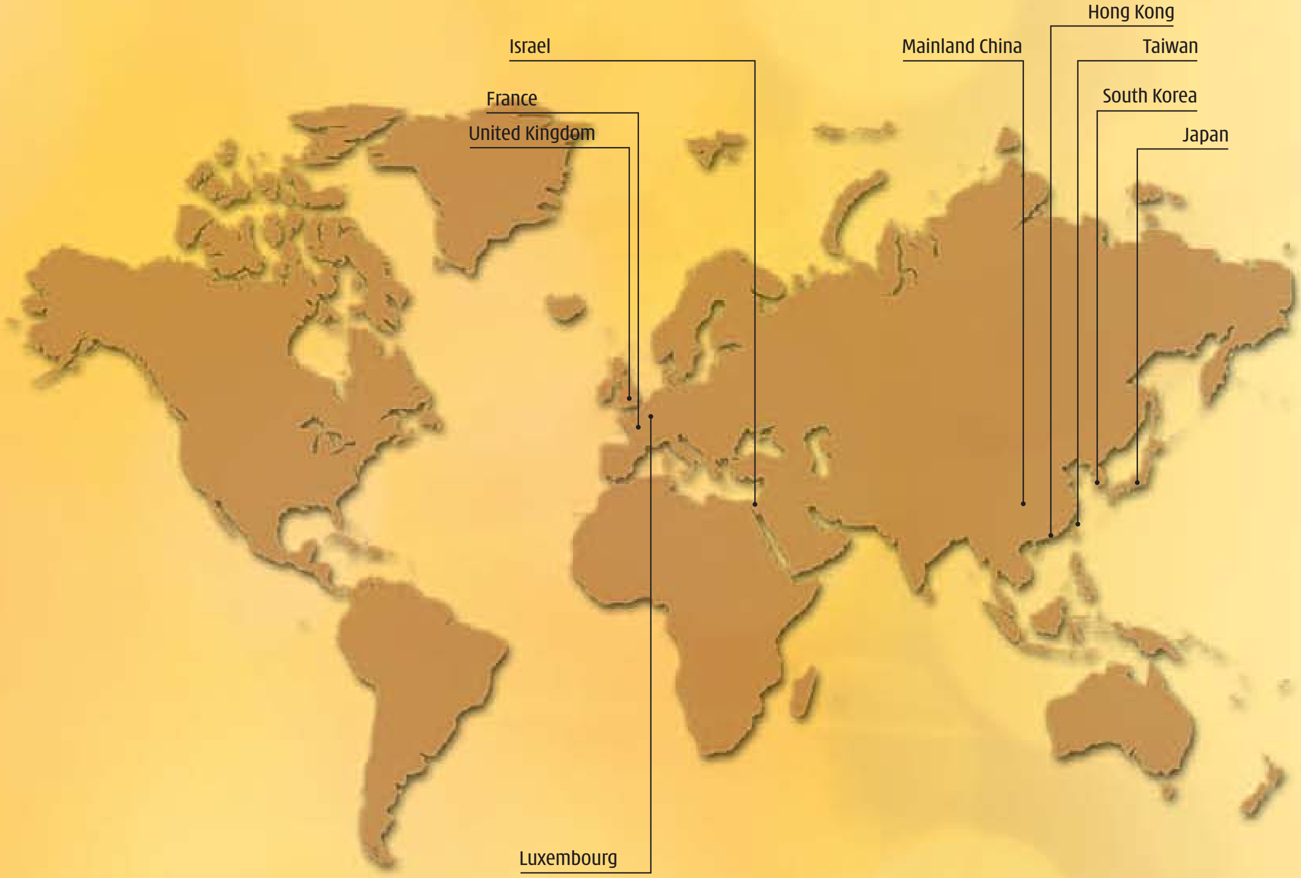
HTAL has invested a significant amount on capital expenditures in 2011, amounting to approximately A$400 million, mainly to accelerate its network improvement plans. There will be a continuing focus in 2012 on improving HTAL's financial performance as well as the quality and performance of its network with the anticipated completion of the current network roll-out and upgrade program by the end of the third quarter of 2012.

Finance & Investments

and Others

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

A Chi-Med engineer is doing a research and development study on drugs in the laboratory.



- Liquid assets amounted to HK$86,778 million as at 31 December 2011.
- Net debt to net total capital ratio reduced to 23.8%.

	2011 HK$ millions	2010 HK$ millions	Change
Total revenue	**10,928**	8,809	**+24%**
EBITDA	**687**	1,067	**-36%**
EBIT	**470**	810	**-42%**

This division contributed 3% , 1% and 1% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$86,778 million at 31 December 2011 compared to HK$116,237 million at the end of last year. The EBITDA and EBIT reported by this operation decreased in 2011, primarily due to one-time profits recognised in 2010 which included profits from the disposal of certain listed equity investments, partly offset by an increase in interest income as a result of rising market interest rates in 2011. Further information on the treasury function of this operation can be found in the "Group Capital Resources and Liquidity" section of the annual report.

Interest Expense, Finance Costs and Tax

The Group's interest expense and finance costs for the year, including its share of associated companies' and jointly controlled entities' interest expense, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK$14,804 million, an increase of 20% when compared to 2010. Further information on these expenses can be found in the "Group Capital Resources and Liquidity" section of the annual report.

The Group recorded current and deferred tax charges totalling HK$7,240 million for the year, a decrease of 11%, mainly due to recognition of deferred tax assets, after share of non-controlling interest, in the telecommunications operations in Sweden and Denmark, of HK$2,199 million.

Others

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

Hutchison Whampoa (China) Limited

HWCL operates various manufacturing, service and distribution joint ventures in the Mainland, Hong Kong, the UK and France, and also has an investment in Hutchison China MediTech Limited ("Chi-Med"), a currently 70.8% owned subsidiary listed on the Alternative Investment Market of the London Stock Exchange in the UK. Chi-Med focuses on researching, developing, manufacturing and selling pharmaceutical and health oriented products.

Hutchison Harbour Ring Limited

HHR, a 71.4% owned subsidiary, is listed on SEHK and holds certain investment properties in the Mainland. HHR announced revenue from continuing operations of HK$86 million, a 5% increase compared to last year. Profit attributable to shareholders of HHR decreased by 40% to HK$91 million, mainly due to the effect of profits on revaluation of investment properties and one-time gains on disposal of investments and others in 2010.

TOM Group

TOM, a 24.5% associate, is listed on SEHK and its businesses include Internet and wireless, e-commerce, publishing, outdoor media as well as television and entertainment. TOM announced turnover of HK$2,326 million, a 6% decrease from last year. Loss attributable to shareholders increased from HK$168 million in 2010 to HK$498 million in 2011. In view of the change in market and technological trends, an impairment of goodwill amounting to HK$421 million was made in 2011 mainly relating to the wireless business.

Hutchison Water

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

Summary

I am pleased that 2011 demonstrated the resilience of our businesses both individually and collectively in volatile economic and market conditions that affected all countries and sectors to varying degrees. The performance of our European businesses in particular was very satisfying. Overall, the Group achieved a healthy growth in recurring earnings per share in 2011, while at the same time considerably strengthening our balance sheet.

Given the continuing level of uncertainty in financial markets, we have decided going forward to maintain a prudent financial profile with Group consolidated net debt not exceeding 25% of Group consolidated net total capital. It will also be our primary objective to maintain a healthy rate of growth in earnings per share. Barring adverse external developments in the sectors and geographies in which we operate, I have full confidence this objective will be achieved in 2012.

Fok Kin Ning, Canning
Group Managing Director

Hong Kong, 29 March 2012

Group Capital Resources and Liquidity

Treasury Management

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

Cash Management and Funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, which 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 2011, approximately 34% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$70,988 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$3,996 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 66% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 34% were at fixed rates at 31 December 2011.

Foreign Currency Exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinancing these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in overseas subsidiaries and associates. During the year, the currencies of certain countries where the Group has overseas operations, including the Euro, British pound, the Canadian and Australian dollars as well as Renminbi in the Mainland, fluctuated against the Hong Kong dollar. This gave rise to an unrealised gain of approximately HK$2,478 million (2010 – loss of HK$2,611 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associated companies and jointly controlled entities. This unrealised gain is reflected as a movement in the Consolidated Statement of Changes in Equity under the heading of exchange reserve.

At 31 December 2011, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$28,593 million to Hong Kong dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 33% in Euro, 29% in US dollars, 22% in HK dollars, 9% in British Pounds and 7% in other currencies.

Treasury Management (continued)

Credit Exposure

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

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

Credit Profile

The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A3 on the Moody's Investor Service scale, A- on the Standard & Poor's Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. At 31 December 2011, our long-term credit ratings were A3 from Moody's, A- from Standard & Poor's and A- from Fitch.

Market Price Risk

The Group's main market price risk exposures relate to listed / traded debt and equity securities described in "Liquid Assets" below and the interest rate swaps as described in "Interest Rate Exposure" above. The Group's holding of listed / traded debt and equity securities represented approximately 23% (2010 – approximately 20%) 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

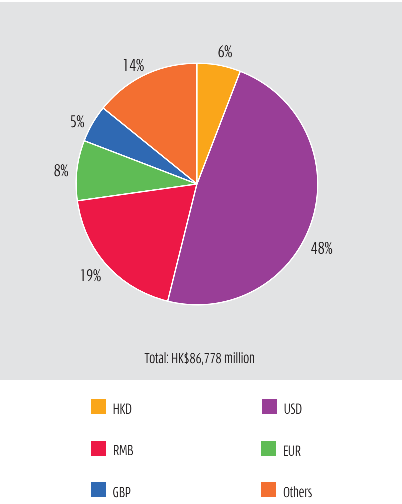
The Group continues to be in a healthy financial position. Liquid assets amounted to HK$86,778 million at 31 December 2011, a 25% reduction from the balance of HK$116,237 million at 31 December 2010, mainly reflecting the utilisation of cash for the repayment and early repayment of certain borrowings, dividend payments to ordinary and non-controlling shareholders as well as to perpetual capital securities holders, acquisition of fixed assets and investments, net of the positive funds from operations from the Group's businesses, proceeds from the IPO of HPH Trust and disposal of fixed assets. Liquid assets were denominated as to 6% in HK dollars, 48% in US dollars, 19% in Renminbi, 8% in Euro, 5% in British Pounds and 14% in other currencies.

Cash and cash equivalents represented 76% (2010 – 79%) of the liquid assets, US Treasury notes and listed / traded debt securities 16% (2010 – 15%), listed equity securities 7% (2010 – 5%) and long-term deposits and others 1% (2010 – 1%).

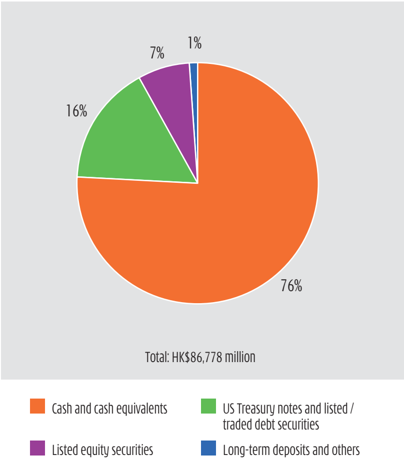
The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of US Treasury notes of 48%, government guaranteed notes of 15%, supranational notes of 14%, notes issued by the Group's associated company, Husky Energy Inc of 7% and others of 16%. Of these US Treasury notes and listed / traded debt securities, 74% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.1 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Group Capital Resources and Liquidity

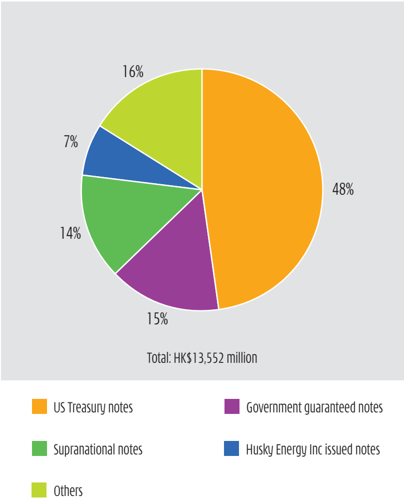
Liquid Assets by Currency Denomination at 31 December 2011



Liquid Assets by Type at 31 December 2011



US Treasury Notes and Listed / Traded Debt Securities by Type at 31 December 2011



Cash Flow

Consolidated EBITDA before and after all telecommunications CACs amounted to HK$164,837 million and HK$137,183 million respectively for 2011, increases of 93% and 111% respectively compared to last year. Total CACs of all of the Group's telecommunications operations amounted to HK$27,654 million for the year, a 36% increase compared to 2010, reflecting the increase in the number of customers acquired and retained, particularly the higher proportion of smartphone customers, as well as a 25% increase in the unit cost to acquire a customer. Consolidated funds from operations ("FFO") after all telecommunications CACs, but before cash profits from disposals, capital expenditures and changes in working capital amounted to HK$29,112 million, an 11% decrease compared to last year, mainly due to the deconsolidation of FFO of the newly listed associate, HPH Trust.

The Group's capital expenditures increased 38% to total HK$30,924 million during 2011 (2010 – HK$22,344 million), primarily due to higher capital expenditures for the acquisition of telecommunications licences in Hong Kong, Europe and Asia, which totalled HK$5,693 million (2010 – HK$146 million) as well as network expansions and enhancements. Capital expenditures on fixed assets for the ports and related services division amounted to HK$5,928 million (2010 – HK$6,726 million); for the property and hotels division HK$274 million (2010 – HK$127 million); for the retail division HK$2,622 million (2010 – HK$1,791 million); for CKI HK$353 million (2010 – HK$70 million); for HTHKH HK$1,143 million (2010 – HK$1,118 million); for HAT HK$6,543 million (2010 – HK$2,411 million); for **3** Group HK$8,158 million (2010 – HK$9,375 million); and for the finance and investments and others HK$128 million (2010 – HK$119 million). Capital expenditures for telecommunications licences, brand names and other rights for HTHKH HK$1,602 million (2010 – HK$18 million); for HAT HK$1,351 million (2010 – HK$70 million) and for **3** Group HK$2,822 million (2010 – HK$519 million).

Purchases of and advances to (including deposits from) associated companies and jointly controlled entities totalled HK$25,768 million (2010 – HK$16,056 million), mainly reflecting the acquisition of Northumbrian Water in the UK by CKI, advances to property joint ventures as well as the investment by the Group to take up approximately C$100 million of a private share placement by Husky Energy.

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

Debt Maturity and Currency Profile

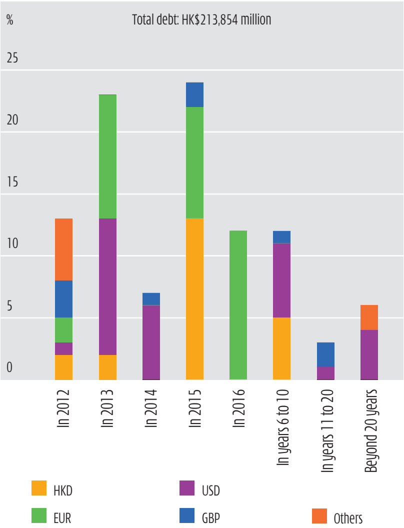
The Group's total principal amount of bank and other debts at 31 December 2011 decreased 14% to total HK$213,854 million (2010 – HK$247,362 million), of which 65% (2010 – 60%) are notes and bonds and 35% (2010 – 40%) are bank and other loans. The net decrease in principal amount of bank and other debts was primarily due to the repayment of debts as they matured and also early repayment of certain debts totalling HK$42,014 million, the deconsolidation of HK$8,911 million of aggregate loans upon the IPO of HPH Trust and the favourable impact of HK$1,192 million upon the translation of foreign currency-denominated loans to Hong Kong dollars, partly offset by HK$18,957 million in new borrowings. The Group's weighted average cost of debt at 31 December 2011 increased by 0.3%-points to 3.3% (2010 – 3.0%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK$6,502 million at 31 December 2011 (2010 – HK$13,493 million).

The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2011 is set out below:

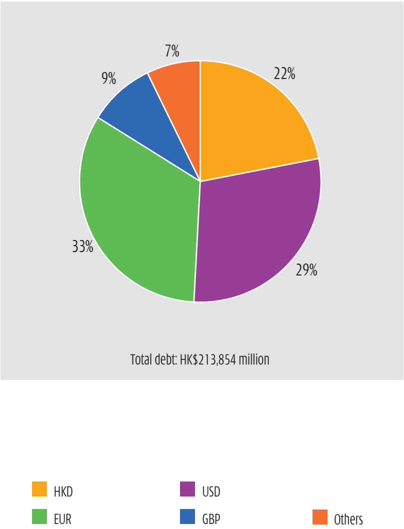
	HKD	USD	EUR	GBP	Others	**Total**
In 2012	2%	1%	2%	3%	5%	13%
In 2013	2%	11%	10%	–	–	23%
In 2014	–	6%	–	1%	–	7%
In 2015	13%	–	9%	2%	–	24%
In 2016	–	–	12%	–	–	12%
In years 6 to 10	5%	6%	–	1%	–	12%
In years 11 to 20	–	1%	–	2%	–	3%
Beyond 20 years	–	4%	–	–	2%	6%
Total	22%	29%	33%	9%	7%	100%

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

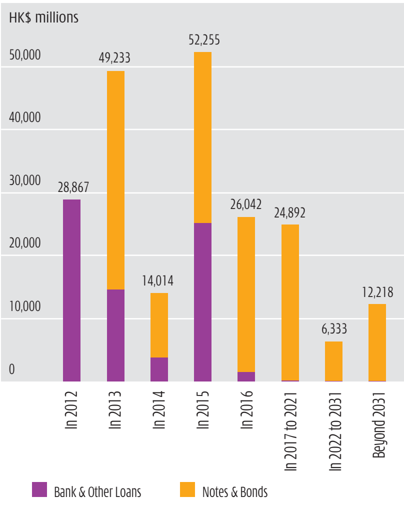
Debt Maturity Profile by Year and Currency Denomination at 31 December 2011



Debt Profile by Currency Denomination at 31 December 2011



Debt Maturity Profile by Notes & Bonds and Bank & Other Loans at 31 December 2011



Group Capital Resources and Liquidity

Changes in Financing

The significant financing activities in 2011 were as follows:

- In January, prepaid a floating rate loan facility of US$170 million (approximately HK$1,326 million) maturing in 2012;
- In January, prepaid a floating rate loan facility of US$35 million (approximately HK$273 million) maturing in 2012;
- In February, repaid on maturity fixed rate notes of US$1,100 million (approximately HK$8,581 million);
- In April, prepaid a floating rate loan facility of HK$8,000 million maturing in 2013;
- In April, prepaid aggregate floating rate loan facilities of HK$8,000 million maturing in 2014;
- In June, repaid on maturity a floating loan rate facility of US$130 million (approximately HK$1,014 million);
- In July, listed subsidiary CKI repaid on maturity a floating rate term loan facility of GBP100 million (approximately HK$1,248 million);
- In August, obtained a five-year, floating rate syndicated loan facility of EUR280 million (approximately HK$2,842 million) to refinance existing indebtedness;
- In September, repaid on maturity a floating rate syndicated loan facility of HK$5,000 million;
- In September, obtained a three-year floating rate loan facility of US$130 million (approximately HK$1,014 million) to refinance existing indebtedness;
- In October, obtained a three-year, floating rate loan facility of GBP125 million (approximately HK$1,524 million) and prepaid a floating rate loan facility of the same amount maturing later in 2011;
- In October, listed subsidiary CKI obtained one-year floating rate equity bridge facilities of GBP600 million (approximately HK$7,441 million) for acquisition of Northumbrian Water; and
- In November, obtained a three-year floating rate term loan facility of HK$2,800 million to fund capital expenditures.

Subsequent to the year end:

- In January and February this year, issued five-year, fixed rate US$1,000 million (approximately HK$7,800 million) and ten-year, fixed rate US$1,500 million (approximately HK$11,700 million) guaranteed notes to refinance existing indebtedness and for general corporate purposes; and
- In January this year, prepaid a floating rate loan facility of EUR1,000 million (approximately HK$10,070 million) maturing in 2013.

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities increased 15% to HK$359,612 million at 31 December 2011, compared to HK$314,033 million, at 31 December 2010 (as restated), reflecting the profits for 2011 and the net exchange gains on translation of the Group's overseas operations' net assets to the Group's Hong Kong dollar reporting currency including the Group's share of the translation gains and losses of associated companies and jointly controlled entities, partly offset by dividends paid, the reduction in reserves in relation to the purchase of non-controlling interests, net actuarial losses of defined benefits plans and other items recognised directly in reserves. At 31 December 2011, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, unamortised loan facilities fees and premiums or discounts on issue and fair value changes of interest rate swap contracts, was HK$127,076 million (2010 – HK$131,125 million), a reduction of 3% compared to the net debt at the beginning of the year. The Group's net debt to net total capital ratio at 31 December 2011 reduced to 23.8% (2010, as restated – 26.0%).

The following table shows the net debt to net total capital ratio calculated on the basis of including interest bearing loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at 31 December 2011. The net debt to net total capital ratio can be significantly affected by foreign currency translation effects on total ordinary shareholders' funds and perpetual capital securities and on debt balances. The ratios as at 31 December 2011 before and after the effect of foreign currency transaction and other non-cash movements for the year are shown below:

Net debt/Net total capital ratios at 31 December 2011:		Before the effect of foreign currency translation and other non-cash movements	After the effect of foreign currency translation and other non-cash movements
A1:	excluding interest bearing loans from non-controlling shareholders from debt	24.0%	23.8%
A2:	as in A1 above and investments in listed subsidiaries and associated companies marked to market value	21.8%	21.7%
B1:	including interest bearing loans from non-controlling shareholders as debt	25.3%	25.1%
B2:	as in B1 above and investments in listed subsidiaries and associated companies marked to market value	22.9%	22.8%

The Group's consolidated gross interest expense and other finance costs of subsidiaries, before capitalisation, decreased 1% in 2011 to total HK$8,546 million, compared to HK$8,634 million in 2010, mainly due to lower average borrowings, partly offset by higher effective market interest rates during the year.

Consolidated EBITDA and FFO before all telecommunications CACs for the year covered consolidated net interest expense and other finance costs 29.2 times and 10.2 times respectively (31 December 2010, as restated – 13.6 times and 8.9 times).

Secured Financing

At 31 December 2011, assets of the Group totalling HK$524 million (2010 – HK$963 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 2011 amounted to the equivalent of HK$7,242 million (2010 – HK$11,162 million).

Contingent Liabilities

At 31 December 2011, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and jointly controlled entities totalling HK$10,932 million (2010 – HK$5,805 million), of which HK$8,587 million (2010 – HK$5,122 million) has been drawn down as at 31 December 2011, and also provided performance and other guarantees of HK$4,838 million (2010 – HK$3,159 million).

Corporate Strategy

The Company strategy is to enhance long-term total return for our shareholders, to maintain prudent liquidity and a net debt to net total capital ratio of less than 25%. Please refer to the Chairman's Statement and Operations Review for 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 strategy for delivering the Group's objective.

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.

Risk Factors

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

Global Economy

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

Industry Trends, Interest Rates and Currency Markets

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

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

Cashflow and Liquidity

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

Currency Fluctuations

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

Risk Factors

Crude Oil and Natural Gas Markets

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

Highly Competitive Markets

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

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

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

- risk of competition from disruptive alternate telecommunications or energy technologies and potential competition in the future from substitute telecommunications or energy technologies being developed or to be developed;

- increasing competition in property investment and development in the Mainland, which may result in lower returns achieved on the Group's property businesses; and

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

Retail Product Liability

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

Strategic Partners

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

Future Growth

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

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

As at 31 December 2011, the Group had a total deferred tax asset balance of HK$16,992 million, of which HK$12,193 million and HK$3,615 million were attributable to the Group's 3G operations in the UK, as well as Sweden and Denmark, respectively. The ultimate realisation of these deferred tax assets depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In the UK, 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 3G operations to offset taxable profits from its other businesses in the same period. If there is a significant adverse change in the projected performance and resulting cashflow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have an adverse effect on the Group's financial condition and results of operations.

Impact of National and International Regulations

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

- changes in tariffs and trade barriers;
- changes in taxation regulations and interpretations;
- competition (anti-trust) law applicable to all of the Group's activities, including the regulation of monopolies and conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and law requiring the approval of certain mergers, acquisitions and joint ventures which could restrict the Group's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions;

Impact of National and International Regulations (continued)

- delays in the process of obtaining or maintaining licences, permits and governmental approvals necessary to operate certain businesses, particularly certain of the Group's infrastructure businesses and certain of its property development joint ventures in the Mainland;

- telecommunications (including but not limited to spectrum auction) and broadcasting regulations; and

- environmental laws and regulations.

There can be no assurance that the European institutions and/or the regulatory authorities of the EU member states in which **3** Group operates will not make decisions or interpret and implement the EU or national regulations in a manner that does not adversely affect the Group's financial condition and results of operations in the future.

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

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

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

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

The Group is only permitted to provide telecommunications services and operate networks under licences granted by regulatory authorities in individual countries. All of these licences have historically been issued for fixed terms and 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 3G licences in the UK and Italy effectively provide for perpetual renewal rights. All of these licences contain regulatory requirements and carrier obligations regarding the way the Group must conduct its businesses, as well as regarding network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the licences. Decisions by regulators regarding the granting, amendment or renewal of licences to the Group or other parties (including spectrum allocation to other parties or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band), could result in the Group facing unforeseen competition, and could adversely affect the Group's financial condition and results of operations.

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

Accounting

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

Impact of Regulatory Reviews

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

Outbreak of Highly Contagious Disease

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

Natural Disasters

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

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

Environmental, Social and Governance Report

Hutchison Whampoa is firmly committed to the long-term sustainability of its global businesses and the local communities in which it operates. HWL has over 250,000 dedicated employees in over 50 countries worldwide, who work prudently and diligently to deliver quality products and services to our customers. In 2011, HWL garnered over 2,000 industry awards including the Best Managed Company Award from *Asiamoney* and Asia's Best Conglomerate from *FinanceAsia*. These awards recognise our effort to protect the environment, contribution to medical care and cultural festivities and our overall corporate governance.

Chaired by the Deputy Group Managing Director, Mrs Chow Woo Mo Fong, Susan, the Environmental, Social and Governance ("ESG") Committee at HWL consists of representatives from key departments of HWL including Human Resources, Corporate Affairs, Information Services, Management Services and Legal.

Key focus areas for 2011 included the environment, staff development and training, and community involvement. In particular, the ESG Committee conducted a series of campaigns to continue enhancing efficient use of energy and other resources through recycling and reduction in consumption. HWL's head office also introduced environmental awareness activities across the Group to encourage participation by employees at all levels. These initiatives were well received by employees across the Group. The ESG Committee will continue to formulate guidelines and spearhead initiatives that can be implemented on a company-wide level.

I. Stakeholder Engagement

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

- HWL Shareholder Communication Policy

With a diverse portfolio spanning over 50 countries, HWL understands the importance of forging and developing long-term relationships and meaningful dialogues with its various stakeholders including shareholders, customers, employees, suppliers, creditors, regulators, and the public. Since each country and locality has its unique priorities and faces different economic situations, HWL's operating business seeks to balance the views and interests of the various stakeholders. The economic prosperity and stability of a community are important to HWL as we plan our investments in those communities for the long term.

Shareholders

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

The Group carries on frequent discussions with the financial community including analysts, fund managers and other investors, to increase our transparency to the market.

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

Customers

The Group operates in extremely competitive markets and customer feedback is essential in helping our operating companies to provide products and services that meet the needs of our customers. Various operating companies of the Group have a number of systems in place to solicit customer comments and recommendations. In addition to gathering customer feedback, focus groups are also sometimes formed to review products and services. Where appropriate, HWL uses social networking tools to stay closely connected with our customers including providing the latest news and information of our services and products. Many of our retail chains have set up social media pages such as Facebook and Weibo while others have created webapps that customers can use to order products directly from their smartphones.

A S Watson Group introduces new mobile apps.

Employees

HWL has over 250,000 employees in over 50 countries worldwide. It is committed to providing staff training and development programmes designed to help our employees to enhance their knowledge and skills. These dedicated employees are the heart and soul of the Group. As the Group continues its expansion, opportunities abound worldwide for industrious and hardworking employees in numerous sectors.

In 2011, A S Watson Group was awarded Asia's Best Employer Brand by the Employer Branding Institute and a Distinguished Family-Friendly Employer by the Family Council, Hong Kong. In Canada, Husky Energy was named as one of the World's Most Admired Companies by Fortune Magazine.

Suppliers and Creditors

As a conglomerate operating in numerous jurisdictions, upholding international laws and regulations is of top priority for HWL. The Group has implemented a policy on vendors and suppliers based on the United Nations ("UN") Global Compact. These requirements on our partners include non-discriminatory hiring and employment practices, a safe and healthy workplace, compliance with environmental laws and prohibition of child labour.

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

A S Watson Group updates its global strategy with discussions on future retail trends with suppliers in a conference.

Government and the Public

The Group operates in a range of sectors and industries, including ports, property, hotels, retail, infrastructure, energy, and telecommunications.

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

The public, whether they are customers or suppliers, are important to the Group as a stable and a prospering community is important to the steady growth and prosperity of our businesses.

II. Workplace Quality

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

- HWL Employment Policy

Working Conditions

HWL has been growing amidst the turbulent global economic climate. In order to retain talent, the Group invests and rewards employees according to their performance and productivity. HWL is proud of its team of highly motivated employees, which has enabled the Group to take advantage of opportunities as they arise. Employees' remuneration is reviewed individually on an annual basis to ensure the packages are fair and competitive. HWL provides comprehensive medical, life and disability insurance coverage and retirement schemes. To promote camaraderie across the Group, employees also enjoy a wide range of product and service discounts offered by various Group companies.

Health and Safety

The Group is committed to providing a safe, effective and congenial work environment for all our staff. In addition to observing the international labour standards and laws where each business operates, many operating companies also have internal guidelines and systems to protect and ensure the health and safety of our employees. Some companies have teams dedicated to workplace safety, sourcing and providing appropriate tools and training to employees to discharge their duties.

Development and Training

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

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

Marionnaud in Spain organises professional training workshops to teach make-up techniques.

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

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

Recruitment and Promotion

With employees in over 50 countries, diversity is instrumental in making the Group stronger and even more prepared to tackle challenges. The Group attracts top talent of different races, colours, genders and religious beliefs and has a policy to ensure all employees and job applicants enjoy equal opportunities and fair treatment.

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

Fellowship and Camaraderie

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

In Hong Kong, the Head Office organises activities and volunteering opportunities that bring together employees from different divisions to promote team spirit as well as service to the public. Individual operating companies also organise numerous activities and events to serve the local communities.

Last year, the Group held a fun day at a local amusement park for its Hong Kong employees and their families. Approximately 7,000 employees and their families joined a day of fun and fellowship with colleagues in other business sectors.

III. Environmental Protection

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

- HWL Group Policy

HWL and our operating companies continued to improve and implement environmental protection and energy efficiency programmes worldwide throughout 2011. Each operating company create their own unique programmes that minimise the impact of their activities on the environment in different ways.

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

Energy Efficiency

For the past few years, HWL has implemented the "Green IT initiative" that helped eliminate printing waste by encouraging employees to delete unnecessary images, text or pages saving toner, paper and reducing greenhouse gases.

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

One of the most successful projects of the Group has been our telecommunications operation — Three's Hydrogen BTS project launched in 2009, where the Indonesian telecommunications operator **3** expanded its usage of hydrogen fuel to all of its base stations by using innovative green technology and hydrogen fuel in Indonesia to cut down emissions.

HIT is turning its RTGCs to electric or hybrid, making its operations more environmentally friendly.

Pollution Prevention and Emissions Reduction

Various operating companies within the Group, like those within the infrastructure and energy portfolios, strived to reduce pollution and emissions throughout 2011. More detailed ESG and Sustainability reports are available on their individual websites.

Some of the notable accomplishments are highlighted below:

- Power Assets, a global investor in power and utility-related businesses with investments in electricity generation, transmission and distribution, renewable energy and gas distribution, reduced carbon emissions by 13% between 2005 and 2010.

- Power Assets is named one of the two carbon performance leaders out of 109 regional companies in the Carbon Disclosure Project 2011.

- In the UK, Northrumbian Water Group, which provides water and sewerage services to 4.5 million people, set a target to reduce operational emissions of 35% by 2020 with 2008 as a base.
- In Australia, ETSA Utilities Fleet Branch, which serves more than 820,000 customers, implemented a fuel use and greenhouse gas emissions strategy to reduce emissions. ETSA also invested in Carbon Neutral Programs to offset vehicle emissions.

The following accomplishments, though smaller in scale, are equally as significant in HWL's commitment to environmental protection. In 2011, Hutchison International Terminals ("HIT") changed more than two thirds of their Rubber-Tyred Gantry Cranes ("RTGC") to electric or hybrid. Hybrid cranes consume less fuel and reduce carbon emissions by 50%. HIT plans to convert its entire fleet of RTGC to electric or hybrid models by 2012. Europe Container Terminals ("ECT") looked at a more efficient way to transport their employees. By providing company shuttle buses to transport almost half of its 2,200 employees between their homes in Rotterdam and the workplace, employees at ECT are able to save a combined 17.5 million kilometres in transportation, and approximately three million kilograms of CO_2 emissions.

Environmental Sustainability

Jakarta International Container Terminal launched "Waste Bank," a programme that encourages people to sort organic and non-organic waste from their homes. Once a week, the trash is sorted by a waste officer and non-organic waste is weighed, and residents are paid according to how much trash the waste officer has collected for disposal.

In Mexico, Internacional de Contendedores Asociados de Veracruz, one of the busiest terminals at the Port of Veracruz, collected cardboard, paper and plastic for recycling. The collection raised US$15,367 that went to medicine and medical supplies for children with cancer.

In Italy, **3**'s offices in Milan and Rome expanded their waste separation programme from paper to glass, plastics and metal.

In Hong Kong, the Group's estate management companies organised numerous recycling activities to help residents conserve natural resources as well as to give usable items to the needy. For example, South Horizons Management Limited, which manages a residential estate in southern Hong Kong, organised food, ladies clothes, toys and mooncake donation programmes to benefit underprivileged families and help these families through rough times.

Husky Energy reinvests in its flagship Endangered Species Program at Calgary Zoo.

Protection of the Environment and Natural Habitats

In 2011, the Group's companies conducted several successful initiatives related to the environmental protection of natural habitats. Some of these initiatives are as follows:

Husky Energy, one of Canada's largest petroleum companies, has been a consistent contributor to the local species conservation efforts. The company committed C$1.25 million to support the Husky Energy Endangered Species Program at the Centre for Conservation Research at the Calgary Zoo over the next five years.

Northrumbian Water took great care to conserve and enhance their natural environment by actively managing their Sites of Special Scientific Interest ("SSSI"). SSSIs are the UK's noted wildlife and geological sites. In addition, the company runs a Biodiversity Action Plan that maps and surveys protected species in their natural habitats.

On similar lines, CitiPower and Powercor, electricity distributors, provided bird diverters to the Werribee Zoo in Australia to prevent birds from coming into contact with overhead electricity lines.

IV. Operating Practices

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

- HWL Group Policy

Supply Chain Management

The Group holds laws and regulations in utmost regard. We implement international best practices and conduct fair and unbiased tender processes in dealing with vendors. We also take steps to ensure that our partners and suppliers do not employ child labour or abuse human rights.

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

Consumer Protection

Protecting our consumers and their privacy is one of the top priorities of our employees. To this end, we have implemented strict data protection mechanisms to protect the confidentiality of our customers' data. In addition to guidelines and handbooks, the Group issues periodic reminders to customer-facing employees to continuously stress and remind them of the importance of personal data protection.

Anti-Corruption

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

V. Community Involvement

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

- HWL Group Policy

Giving Back to Society

HWL takes pride in giving back to the communities it operates in, and views giving back to communities as part of its responsibility. In 2011, the Group's operating companies and employees worked hand-in-hand with their local communities in a variety of initiatives ranging from environment clean-ups to educating the next generation. In particular, 38 companies of the Group were named Caring Companies by the Hong Kong Council of Social Services, recognising their contributions to the community. The following are some examples of community activities that the Group was involved in during the year.

HWL Volunteer Team and Tung Wah Group of Hospitals visit Disneyland with the elderly.

Community

An important lesson to take away from the uncertainty in the global economy is that care and compassion for those people around us is essential as global citizens. The Group encourages and promotes volunteerism and encourages our employees to serve their communities in numerous ways. Some of these initiatives are highlighted below:

- HWL Volunteers, organised by the HWL Head Office, flies under the banner of the 3Hs – Harmony, Health and Happiness. HWL Volunteers put on a range of activities for the community in conjunction with various social organisations such as the Education Bureau, the Li Ka Shing Hospice Centre, Tung Wah Group of Hospitals and Yan Oi Tong.

- A S Watson Group launched its inaugural Global Volunteer Day in October where 28 business units across 33 markets spread their love and care to their local communities. For example in Taiwan, Watsons' employees participated in the Hand In Hand with Love Charity Fun Race. In the UK, Superdrug colleagues took part in the "Cycle to the Moon" charity bike race while A S Watson employees in Hong Kong encouraged underprivileged children through storytelling.

3 Indonesia presents to the heros who hold the mission to contribute to the society against all odds.

- In Indonesia, **3** was a partner in the "**3** Never Give Up Heroes" to recognise three amazing visionaries who made it their mission to give back to their community. Those recognised included an everyday citizen who strived to care for street children, a teacher who gave up his dream to be a judge to teach marginal students and a mother who championed the fight against violence on women.

- In Austria, **3** sponsored a comedy festival at the Vienna town hall to bring smiles and laughter to the public.

- In Canada, a number of Husky Energy employees swapped their business attire for hammers and nails to help Habitat for Humanity build townhouses for five underprivileged families. Husky Energy also participated the 2011 Help the Hungry food drive where employees volunteered for the annual food drive.

Education

Young postgraduates from Hong Kong and the Mainland who wish to pursue their studies in the UK universities once again benefitted from the Hutchison Chevening Scholarships. Over the past nine years the Group has donated over £4.7 million, benefiting close to 600 students.

Shanghai Hutchison Pharmaceuticals ("SHPL") established two reading rooms in elementary schools in Yunnan and Shanxi provinces, the Mainland. The SHPL reading room project provides books to elementary and middle schools in impoverished and underdeveloped areas.

In Indonesia, **3** donated RP52,128,500 to Kristen Satya Wacana University for a scholarship programme to award technical and electronics majors. **3** also awards monthly scholarships to local students from elementary to high school in a programme called Kampung Three that promotes ecological awareness.

Underprivileged children in Yunnan and Shanxi provinces enjoy the benefits of two reading rooms established by SHPL.

Medical and Healthcare

Healthcare and the well-being of citizens is a high priority for the Group when it comes to giving back to the community. The following highlights activities that various companies within the Group have engaged in.

- With the goal of bringing a smile to seriously ill children, **3** Austria continued their support of CliniClowns that bring laughter to 37 Austrian hospitals. In the UK, **3** helped raise funds to support those affected by cancer.

- In Ireland, **3** employees held a "Cake Break" in its canteen on the national Alzheimer's Tea Day 2011. While each employee made a small contribution to the Alzheimer Society of Ireland, it also provided a platform for colleagues to share cakes and their experiences with those with the disease.

- In Singapore, Watsons raised funds for breast cancer research in the Pink Ribbon Walk.

Arts and Culture

In 2011 the Group held a variety of charitable activities in the arts and cultural arena, as highlighted by the following initiatives:

- Hutchison Whampoa Properties held a series of cultural activities for local citizens including organising a magic trick lesson for 300 children and a vintage car exhibition for the community.
- In Australia, ETSA Utilities assisted in installing lights and banners in the main street of Lobethal, where the town's Christmas lights have become a major tourist attraction.
- TOM Group's Cite Publishing Group organised a number of charitable activities in Taiwan's rural regions, including collecting second-hand books to donate along with a book reading event to encourage children to read.

An array of vintage cars is on show at Wonderful Worlds of Whampoa.

Sports

In 2011, A S Watson Group celebrated the sixth anniversary of its Hong Kong Student Sports Awards, which involved at least 70 % of the schools in Hong Kong. To date, 4,718 students in Hong Kong have benefited from the programme.

At the Metro Charity Soccer King Cup, teams sponsored by Hong Kong businesses participated in the soccer tournament promoting the importance of sports and health and raised money for charity.

Disaster Relief

- In Italy, **3** employees rose to the occasion by donating a portion of their salaries to support Genova, a city and major port in northern Italy that was struck by serious flooding.
- In Denmark, **3** helped create a mobile solution to help refugees find friends and relatives who have fled their countries because of war and famine.
- ESD*life*, a premier web portal in Hong Kong, participated in numerous fundraising activities to help victims of the Japan earthquake and tsunami.

A Brighter Tomorrow

HWL Volunteer's motto is based on the 3Hs "Harmony, Health, and Happiness", which forms an essential part of our corporate culture. We understand the importance of exchanging ideas and communicating frequently with our stakeholders. Only by working together we can build a better future, not just for the next generation but also for the generations to come.

Biographical Details of Directors and Senior Management

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 83, has been Executive Director and the Chairman of the Company since 1979 and 1981 respectively. He has been a member of the Remuneration Committee of the Company since March 2005 and acted as the Chairman of the Remuneration Committee of the Company from March 2005 to December 2011. He is the founder and chairman of Cheung Kong (Holdings) Limited ("Cheung Kong"), a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), and has been engaged in many major commercial developments in Hong Kong for more than 60 years. Mr Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities on the Mainland and overseas. Mr Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr Li has received Honorary Doctorates from Peking University, The University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr Li has been awarded Entrepreneur of the Millennium, the Carnegie Medal of Philanthropy and The Berkeley Medal. He is the recipient of many other major honors and awards from renowned institutions on the Mainland and abroad. Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor, Deputy Chairman of the Company, and the brother-in-law of Mr Kam Hing Lam, Executive Director of the Company.

LI Tzar Kuoi, Victor

aged 47, has been Executive Director and Deputy Chairman of the Company since 1995 and 1999 respectively. He is managing director and deputy chairman of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO, chairman of Cheung Kong Infrastructure Holdings Limited ("CKI") and CK Life Sciences Int'l., (Holdings) Inc. ("CKLS"), executive director of Power Assets Holdings Limited ("Power Assets"), co-chairman of Husky Energy Inc. ("Husky Energy") and director of The Hongkong and Shanghai Banking Corporation Limited. In addition, he is director of Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust, Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust. He is also director of Continental Realty Limited ("CRL"), Honourable Holdings Limited ("HHL"), Winbo Power Limited ("WPL"), Polycourt Limited ("PL") and Well Karin Limited ("WKL"). TUT1, TDT1, TDT2 and CRL are substantial shareholders of the Company within the meaning of Part XV of the SFO and HHL, WPL, PL and WKL are companies which have interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Mr Li serves as a member of the Standing Committee of the 11th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Commission on Strategic Development and the Council for Sustainable Development of the Hong Kong Special Administrative Region, and vice chairman of the Hong Kong General Chamber of Commerce. Mr Li is the Honorary Consul of Barbados in Hong Kong. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Structural Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr Li Tzar Kuoi, Victor is a son of Mr Li Ka-shing, Chairman of the Company, and a nephew of Mr Kam Hing Lam, Executive Director of the Company.

FOK Kin Ning, Canning

aged 60, has been Executive Director and Group Managing Director of the Company since 1984 and 1993 respectively. He is chairman of Hutchison Harbour Ring Limited ("HHR"), Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL"), Power Assets and Hutchison Port Holdings Management Pte. Limited ("HPH Management") as the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust") and co-chairman of Husky Energy. He is also deputy chairman of CKI and non-executive director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr Fok is also alternate director to a director of HTHKH. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of the Institute of Chartered Accountants in Australia.

CHOW WOO Mo Fong, Susan

aged 58, has been Executive Director and Deputy Group Managing Director of the Company since 1993 and 1998 respectively. She is executive director of CKI, HHR and Power Assets, non-executive director of HTHKH and director of HTAL. Mrs Chow is also alternate director to directors of each of CKI, Power Assets, HTAL, TOM Group Limited ("TOM") and HPH Management as the trustee-manager of HPH Trust. She was previously non-executive director of TOM. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

Frank John SIXT

aged 60, has been Executive Director and Group Finance Director of the Company since 1991 and 1998 respectively. He is non-executive chairman of TOM. He is also executive director of CKI and Power Assets, non-executive director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO, HTHKH and HPH Management as the trustee-manager of HPH Trust and director of HTAL and Husky Energy. In addition, he is director of TUT1 as trustee of The Li Ka-Shing Unity Trust, TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust and TDT2 as trustee of another discretionary trust, all being substantial shareholders of the Company within the meaning of Part XV of the SFO. He is also alternate director to directors of HTAL. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

LAI Kai Ming, Dominic

aged 58, has been Executive Director of the Company since 2000. He is also deputy chairman of HHR, non-executive director of HTHKH and director of HTAL. He is also alternate director to directors of each of HHR, HTHKH and HTAL. He has over 28 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

KAM Hing Lam

aged 65, has been Executive Director of the Company since 1993. He is deputy managing director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO, group managing director of CKI and president and chief executive officer of CKLS. He is also executive director of Power Assets, chairman and non-executive director of Hui Xian Asset Management Limited as manager of Hui Xian Real Estate Investment Trust. Mr Kam is a member of the 11th Beijing Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr Kam is the brother-in-law of Mr Li Ka-shing, Chairman of the Company and the uncle of Mr Li Tzar Kuoi, Victor, Deputy Chairman of the Company.

The Hon Sir Michael David KADOORIE

GBS, Officier de la Légion d'Honneur, Commandeur de l'Ordre de Léopold II, Commandeur de l'Ordre des Arts et des Lettres, aged 70, has been a Director of the Company since 1995 and is currently an Independent Non-executive Director. He is chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels, Limited, as well as Heliservices (Hong Kong) Limited. He is also an alternate director of Hong Kong Aircraft Engineering Company Limited.

Holger KLUGE

aged 70, has been an Independent Non-executive Director of the Company since 2004. He is also a member of the Audit Committee and the Remuneration Committee of the Company. He worked 40 years for Canadian Imperial Bank of Commerce ("CIBC"), one of North America's largest financial institutions. From 1990 until his retirement in 1999, he was president and chief executive officer of CIBC's Personal and Commercial Bank. He is an independent non-executive director of Power Assets and the Chair of the board of directors of Shoppers Drug Mart Corporation. He holds a Bachelor of Commerce degree and a Master's degree in Business Administration.

Margaret LEUNG KO May Yee

JP, aged 59, has been an Independent Non-executive Director of the Company since 2009. She is executive director, vice-chairman and chief executive of Hang Seng Bank Limited, director of The Hongkong and Shanghai Banking Corporation Limited and independent non-executive director of Swire Pacific Limited. She is also the chairman of Hang Seng Bank (China) Limited, the chairman of the Board of Governors of Hang Seng Management College and the chairman of the Board of Hang Seng School of Commerce and group general manager of HSBC Holdings plc. Mrs Leung is a member of standing committee of Chinese People's Political Consultative Conference in Henan, The Guangzhou Municipal Committee of the Chinese People's Political Consultative Conference, Greater Pearl River Delta Business Council, Board of Trustees of Ho Leung Ho Lee Foundation, Hong Kong Special Administrative Region Commission on Strategic Development, the Advisory Committee of Securities and Futures Commission, Hospital Authority, Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development, International Advisory Board of The Hong Kong Polytechnic University and the Hong Kong University of Science and Technology Business School Advisory Council, honorary president of Chinese Bankers Club, Hong Kong, a council member of the University of Hong Kong and a member of the University's Finance Committee, honorary vice president of Hong Kong University Alumni Association, a chapter honoree of the Hong Kong Baptist University Beta Gamma Sigma Society and a court member of Hong Kong Baptist University. She is also the board member of The Community Chest of Hong Kong and first vice president and chairman of 2011-2012 Executive Committee of The Community Chest of Hong Kong. Mrs Leung holds a bachelor's degree in Economics, Accounting and Business Administration.

George Colin MAGNUS

OBE, BBS, aged 76, has been a Director of the Company since 1980. He served as Deputy Chairman of the Company from 1984 to 1993, and is currently a Non-executive Director. He is also a non-executive director of Cheung Kong, a substantial shareholder of the Company within the meaning of Part XV of the SFO, CKI and Power Assets and a director (independent) of Husky Energy. He holds a Master's degree in Economics.

William Elkin MOCATTA

aged 59, has been Alternate Director to The Hon Sir Michael David Kadoorie, an Independent Non-executive Director of the Company, since 1997. He is chairman of CLP Power Hong Kong Limited and CLP Properties Limited. He is also vice chairman of CLP Holdings Limited and director of The Hongkong and Shanghai Hotels, Limited. He is a Fellow of The Institute of Chartered Accountants in England and Wales.

William SHURNIAK

aged 80, has been a Director of the Company since 1984. He was a Non-executive Director of the Company from 1998 to 2011 and has been re-designated as an Independent Non-executive Director of the Company since 29 June 2011. He is also a member of the Audit Committee of the Company. He is a director (independent) and deputy chairman of Husky Energy. He has broad banking experience and he holds Honorary Doctor of Laws degrees from the University of Saskatchewan and The University of Western Ontario in Canada. He was awarded the Saskatchewan Order of Merit by the Government of Saskatchewan in Canada in 2009.

WONG Chung Hin

CBE, JP, aged 78, has been a Director of the Company since 1984 and is currently an Independent Non-executive Director. He is also the Chairman of the Audit Committee and the Remuneration Committee of the Company. In addition, he is an independent non-executive director of The Bank of East Asia, Limited and Power Assets. He is a solicitor.

The Executive Directors of the Company are also the Senior Managers of the Group.

Changes in Information of Directors

Pursuant to Rule 13.51(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK"), the changes in information of Directors of the Company subsequent to the date of the 2011 Interim Report of the Company are set out below:

Name of Director	Details of Changes
Li Ka-shing	Ceased to act as chairman of the Remuneration Committee of the Company on 1 January 2012 but remained a member of such Committee
Li Tzar Kuoi, Victor	Appointed as a director of Li Ka-Shing Unity Trustee Company Limited, Li Ka-Shing Unity Trustee Corporation Limited and Li Ka-Shing Unity Trustcorp Limited on 18 April 2011
	Total emoluments increased by HK$3,992,000 to HK$47,029,448 compared to 2010
Fok Kin Ning, Canning	Total emoluments increased by HK$16,727,047 to HK$170,366,064 compared to 2010
Chow Woo Mo Fong, Susan	Resigned as non-executive director of TOM Group Limited* ("TOM") and appointed as alternate director to Mr Frank John Sixt, the non-executive chairman of TOM, on 5 March 2012
	Total emoluments increased by HK$3,427,862 to HK$44,785,513 compared to 2010
Frank John Sixt	Total emoluments increased by HK$3,365,066 to HK$42,720,529 compared to 2010
Lai Kai Ming, Dominic	Total emoluments increased by HK$3,197,100 to HK$39,439,239 compared to 2010
Kam Hing Lam	Total emoluments increased by HK$746,000 to HK$10,095,004 compared to 2010
Margaret Leung Ko May Yee	Appointed as member of - Hospital Authority on 12 January 2012 - the Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development on 31 January 2012 - Greater Pearl River Delta Business Council on 1 March 2012
Wong Chung Hin	Appointed as chairman of the Remuneration Committee of the Company on 1 January 2012

* A company whose shares are listed on the Main Board of the SEHK.

Report of the Directors

The Directors have pleasure in submitting to shareholders their report and statement of audited accounts for the year ended 31 December 2011.

Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and jointly controlled entities are shown on pages 233 to 238.

Group Profit

The Consolidated Income Statement is set out on page 142 and shows the Group profit for the year ended 31 December 2011.

Dividends

An interim dividend of HK$0.55 per share was paid to shareholders on 16 September 2011 and the Directors recommend the declaration of a final dividend of HK$1.53 per share payable on 11 June 2012 to all persons registered as holders of shares on 31 May 2012, being the record date for determining the entitlement of shareholders to the proposed final dividend.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 45 to the accounts on pages 231 to 232 and the Consolidated Statement of Changes in Equity on pages 148 to 150 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK$72,000,000 (2010 – approximately HK$56,000,000).

Fixed Assets

Particulars of the movements of fixed assets are set out in note 13 to the accounts.

Share Capital

Details of the share capital of the Company are set out in note 32 to the accounts.

Directors

The board of Directors of the Company (the "Board") as at 31 December 2011 comprised Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Mr Fok Kin Ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt, Mr Lai Kai Ming, Dominic, Mr Kam Hing Lam, The Hon Sir Michael David Kadoorie, Mr Holger Kluge, Mrs Margaret Leung Ko May Yee, Mr George Colin Magnus, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr William Shurniak and Mr Wong Chung Hin.

Mr Li Ka-shing, Mrs Chow Woo Mo Fong, Susan, Mr Lai Kai Ming, Dominic, The Hon Sir Michael David Kadoorie and Mrs Margaret Leung Ko May Yee will retire at the forthcoming annual general meeting under the provision of Article 85 of the Articles of Association of the Company and, being eligible, will offer themselves for re-election at the annual general meeting.

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

The Directors' biographical details are set out on pages 92 to 94.

Interest in Contracts

No contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a subsidiary was a party in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected Transactions

During the year ended 31 December 2011 and up to the date of this report, the Group conducted the following transactions which constituted and/or would constitute connected transactions for the Company under the Listing Rules:

(1) On 17 January 2011, Hutchison Port Holdings Management Pte. Limited, an indirect wholly owned subsidiary of the Company and the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"), made an application to Singapore Exchange Securities Trading Limited ("SGX-ST") to list on the Main Board of SGX-ST all units of HPH Trust (the "Units") in issue and to be issued under the global offering of the Units in issue or to be issued for subscription which would comprise (a) a public offering of the Units in Singapore, (b) an international offering of the Units to professional, institutional and other investors, and (c) a preferential offering (the "Preferential Offer") of Units to qualifying shareholders of the Company whose names would appear on the register of members of the Company on the record date of Thursday, 3 March 2011 (the "Record Date") for determining the assured entitlement of shareholders of the Company to the Units (other than the Non-Qualifying Shareholders as defined in the announcement issued by the Company on 4 March 2011) (the "Qualifying Shareholders"). The proposed separate listing of HPH Trust on the Main Board of SGX-ST constituted a spin-off for the Company under the Listing Rules. A Qualifying Shareholder who held at least 1,000 shares of par value HK$0.25 per share of the Company (the "Shares") on the Record Date was entitled to apply on an assured basis for 100 Units at US$1.01 per Unit for every one board lot of 1,000 Shares it held on the Record Date. A Qualifying Shareholder who held less than 1,000 Shares on the Record Date was not entitled to receive any assured entitlement to the Units and was not entitled to apply for any excess Units. The subscriptions in the Preferential Offer by Cheung Kong (Holdings) Limited ("Cheung Kong"), through its subsidiaries (being connected persons of the Company by virtue of Cheung Kong being a substantial shareholder of the Company) in exercise of their respective assured entitlements for a total of 213,019,200 Units at an aggregate subscription price of US$215,149,392 and by certain of the Directors of the Company and of the directors of the Company's subsidiaries for a total of 1,664,300 Units at an aggregate subscription price of approximately US$1,680,943 constituted a series of connected transactions for the Company under the Listing Rules.

(2) On 24 March 2011, the Company announced that Hutchison Whampoa Properties Limited ("HWPL") gave three guarantees on 18 January 2011 and 24 March 2011 respectively, all on normal commercial terms and on a several basis with corresponding guarantees given by a subsidiary of Cheung Kong on the same respective dates, each in respect of 50% of the indebtedness of 深圳和記黃埔中航地產有限公司 (Shenzhen Hutchison Whampoa CATIC Properties Limited) ("SZ Hutchison CATIC") under the three two-year term loan facilities of up to an aggregate maximum principal amount of RMB1,000 million (or approximately HK$1,190 million) which are or may become due and payable by SZ Hutchison CATIC to an independent financial institution.

SZ Hutchison CATIC is a co-operative joint venture established under the laws of The People's Republic of China ("PRC") owned as to 40% by an indirect wholly owned subsidiary of each of the Company and of Cheung Kong and as to the remaining 20% by a third party independent of the Company and its connected persons. Cheung Kong is a substantial shareholder of the Company. SZ Hutchison CATIC is a connected person of the Company by virtue of being an associate of Cheung Kong. Accordingly, the provision of three guarantees by HWPL constituted a series of connected transactions for the Company under the Listing Rules by way of the provision of financial assistance for the benefit of SZ Hutchison CATIC not in proportion to the interest which a subsidiary of the Company directly holds in SZ Hutchison CATIC.

(3) On 11 April 2011, the Company announced that following the successful bidding by Trade Pro Investments Limited (the "HK JV Holdco", indirectly owned as to 50% by each of the Company and Cheung Kong) for the land of gross area of approximately 74,091.2 square metres located at 中國上海市青浦區趙巷鎮特色居住區 (Specially Designed Residential Zone, Zhao Xiang Town, Qing Pu District, Shanghai, PRC) (the "Shanghai Land") for development into residential properties, the terms of the land use right transfer contract had been agreed with 上海市青浦區規劃和土地管理局 (Shanghai Qing Pu Planning and Land Administration Bureau) which was expected to be, and was, executed by the HK JV Holdco on 22 April 2011. The total consideration under the contract was RMB1,620 million (approximately HK$1,927 million) and was payable by instalments.

The total investment and registered capital of 上海和趙房產開發有限公司 (Shanghai He Zhao Property Development Co., Ltd.) ("Shanghai Project Co", a direct wholly owned subsidiary of the HK JV Holdco, being a new enterprise established for the land acquisition and development purposes, are set at RMB1,964 million (approximately HK$2,336 million) and RMB1,698 million (approximately HK$2,019 million) respectively. Such registered capital and any shareholders' loans to be advanced to Shanghai Project Co, which are expected to be borne by Cheung Kong and the Company (or their respective subsidiaries) equally and in proportion to their respective indirect equity interests in Shanghai Project Co, would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Shanghai Land.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, the entering into of the joint venture arrangement comprising the establishment of Shanghai Project Co constituted a connected transaction for the Company under the Listing Rules.

(4) On 23 June 2011 (Calgary Time), a conditional agreement was entered into between Hutchison Whampoa Luxembourg Holdings S.à r.l. ("HWLH", an indirect wholly owned subsidiary of the Company) and Husky Energy Inc. ("Husky Energy") for the subscription and purchase by HWLH, and the issue and sale by Husky Energy on a private placement basis of 3,696,857 new common shares in the capital of Husky Energy (the "Common Shares") at a price of C$27.05 per Common Share, totalling C$99,999,981.85 (or approximately HK$800 million) (the "Transaction"). Husky Energy had announced that it had also entered into an agreement with a syndicate of underwriters, who were independent of the Company and its connected persons, who had agreed to purchase for resale to the public in Canada, on a bought deal basis, 36,968,500 new Common Shares at the same price of C$27.05 per Common Share resulting in aggregate gross proceeds of C$1 billion (the "HSE Public Offering"). Closing of the Transaction was subject to certain conditions including the concurrent closing of the HSE Public Offering and the other issue and sale of Common Shares comprising the issue and sale of an aggregate of 7,393,714 Common Shares all at C$27.05 (or approximately HK$216) per Common Share by Husky Energy on a private placement basis (the "Private Placement"), of which the Transaction forms part.

Husky Energy announced on 29 June 2011 (Calgary Time) that the Transaction had been closed and the percentage interest of HWLH in Common Shares in issue as enlarged by the Private Placement and the HSE Public Offering was diluted by approximately 1.24% to approximately 33.41%.

Husky Energy is a connected person of the Company by virtue of being an associate of a Director of the Company. Accordingly, the Transaction constituted a connected transaction for the Company under the Listing Rules.

(5) On 28 June 2011, the Company announced that following the successful bidding for the land of gross area of approximately 119,502.2 square metres located at 中國南京市河西南河西側 (Hexi Nanhe West, Nanjing, PRC) (the "Nanjing Land") for development into residential properties, 和記黃埔地產(南京)有限公司 (Hutchison Whampoa Properties (Nanjing) Limited) ("Nanjing Project Co", indirectly owned as to 50% by each of the Company and Cheung Kong), being a new enterprise established for the land acquisition and development purposes, had agreed the terms of the land use right transfer contract with 南京市國土資源局 (Nanjing Land Bureau) which was expected to be, and was, entered into on 29 June 2011. The total consideration under the contract was RMB3,180 million (approximately HK$3,822 million) and was payable by instalments.

The proposed total investment and registered capital of Nanjing Project Co are set at HK$6,949.8 million and HK$4,006.4 million respectively. Such registered capital, which is to be borne by Cheung Kong and the Company (or their respective subsidiaries) equally and in proportion to their respective indirect equity interests in Nanjing Project Co, would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Nanjing Land.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, the entering into of the joint venture arrangement comprising the establishment of Nanjing Project Co constituted a connected transaction for the Company under the Listing Rules.

(6) Cheung Kong Infrastructure Holdings Limited ("CKI", a non-wholly owned listed subsidiary of the Company) announced on 2 August 2011 that the board of directors of Northumbrian Water Group plc ("Northumbrian Water") and the board of directors of UK Water (2011) Limited ("UK Water") announced on 2 August 2011 in the UK that they had reached agreement on the terms of a recommended cash offer by which all of the issued share capital of Northumbrian Water would be acquired by UK Water (the "Acquisition"). UK Water is indirectly wholly owned by a consortium led by CKI and comprising CKI, Cheung Kong and Li Ka Shing Foundation Limited ("LKSFL").

Under the terms of the Acquisition, the offer price was 465 pence (approximately HK$60) for each ordinary share of 10 pence each in Northumbrian Water, which valued Northumbrian Water's entire issued share capital at approximately £2,411.6 million (approximately HK$30,916.7 million).

In connection with the Acquisition, CKI, Cheung Kong, LKSFL and UK Water had entered into the equity commitment letter (the "Equity Commitment Letter") and the shareholders' agreement (the "JV Transaction"). Pursuant to the Equity Commitment Letter, approximately £2,198.7 million (approximately HK$28,187.3 million), in aggregate, of funding for the Acquisition was being provided by CKI, Cheung Kong and LKSFL by the subscription of shares in UK Water and/or loan notes or other instruments issued by UK Water (in each case through one or more wholly owned intermediate holding companies) conditional on the scheme of arrangement becoming effective or the offer to acquire the entire issued share capital of Northumbrian Water by UK Water by means of a takeover offer made pursuant to the UK City Code on Takeovers and Mergers becoming wholly unconditional (as the case may be). CKI, Cheung Kong and LKSFL had committed to provide equity funding to UK Water (through their respective wholly owned intermediate holding companies) pursuant to the Equity Commitment Letter in the following proportions: CKI (40%), Cheung Kong (40%), and LKSFL (20%). The total financial commitment of CKI in relation to the JV Transaction was £879.5 million (approximately HK$11,275.2 million).

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly the entering into of the JV Transaction and the provision of financial assistance by CKI (a subsidiary of the Company) directly or indirectly to UK Water constituted connected transactions for the Company under the Listing Rules.

(7) On 16 November 2011, the Company announced that following the successful bidding for the land use right of the land of a net area of approximately 74,857.72 square metres located at 中國佛山市禪城區科潤路以南、禪港路以西 (in the South of Kerun Road and West of Changang Road, Chancheng District, Foshan, PRC) (the "Foshan Land") for development into residential and commercial properties. The terms of the land use right transfer contract had been agreed with 佛山市國土資源和城鄉規劃局 (Foshan Land Resources and Urban and Rural Planning Bureau) on 16 November 2011 which was expected to be, and was, executed by 佛山市和記黃埔地產有限公司 (Foshan Hutchison Whampoa Properties Limited) ("Foshan Project Co", indirectly owned as to 50% by each of the Company and Cheung Kong) on 16 November 2011. The total consideration under the contract was RMB896 million (approximately HK$1,099 million) and was payable by instalments.

The initial total investment and registered capital of Foshan Project Co, both being currently set at HK$760 million, were expected to be increased to HK$1,516.46 million and HK$1,128.50 million respectively. Such registered capital would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Foshan Land, and was to be injected into Bayswater Developments Limited (the "JV Holdco", indirectly owned as to 50% by each of the Company and Cheung Kong) (and thereafter its subsidiary or subsidiaries) by way of advances directly made from time to time by the respective subsidiaries of Cheung Kong and the Company on identical terms and in proportion to their respective indirect equity interests in Foshan Project Co. As and when there was a desire to strengthen the capital structure of the JV Holdco, advances made from time to time by respective subsidiaries of Cheung Kong and the Company to the JV Holdco will be capitalised on a pro rata basis, thereby resulting in an elimination of the subject advances and issue of new shares in the JV Holdco credited as fully paid.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, each of the entering into of the joint venture arrangement comprising the establishment of Foshan Project Co, and issue of new shares of the JV Holdco to the subsidiary of the Company pursuant to any advance capitalisation, constituted or will constitute a connected transaction for the Company under the Listing Rules.

(8) On 2 December 2011, the Company announced that following the successful bidding for the land of a gross area of 143,034.10 square metres located at 西崗區黑嘴子碼頭及周邊地塊 (Heizuizi Wharf and the surrounding area, Xigang District) in Dalian, PRC (the "Dalian Land") for development into residential and commercial properties, the terms of the land use rights transfer contract had been agreed with 大連市國土資源和房屋局 (Dalian Municipal Bureau of Land Resources and Housing) which was expected to be, and was, entered into on 5 December 2011 by 大連達連房地產開發有限公司 (Dalian Dalian Property Development Co., Ltd.) ("Dalian Project Co", indirectly owned as to 50% by each of the Company and Cheung Kong). The total consideration under the contract was RMB1,900 million (approximately HK$2,313 million).

The initial total investment and registered capital of Dalian Project Co, both being currently set at RMB1,919 million (approximately HK$2,336 million), were expected to be increased to an amount of which was the RMB equivalent of US$700 million (approximately HK$5,439 million) and US$500 million (approximately HK$3,885 million) respectively. Such registered capital would be applied towards funding the payment of the land cost, construction costs and other project costs for the development of the Dalian Land and was to be injected into the JV Holdco (and thereafter its subsidiary or subsidiaries) by way of advances directly made from time to time by the respective subsidiaries of Cheung Kong and the Company on identical terms and in proportion to their respective indirect equity interest in Dalian Project Co. As and when there is a desire to strengthen the capital structure of the JV Holdco, advances made from time to time by respective subsidiaries of Cheung Kong and the Company to the JV Holdco will be capitalised on a pro rata basis, thereby resulting in an elimination of the subject advances and issue of new shares in the JV Holdco credited as fully paid.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, each of the entering into of the joint venture arrangement comprising the establishment of Dalian Project Co, and issue of new shares of the JV Holdco to the subsidiary of the Company pursuant to any advance capitalisation, constituted or will constitute a connected transaction for the Company under the Listing Rules.

Continuing Connected Transactions

(1) On 20 April 2010, the Company entered into:

(a) a conditional master agreement with Cheung Kong (the "CKH Master Agreement") pursuant to which the Company or its wholly owned subsidiaries may acquire the CKH Connected Debt Securities (as described below) as are or to be issued by Cheung Kong or any of its subsidiaries (the "CKH Connected Issuers") in the secondary market; and

(b) a conditional master agreement with Husky Energy (the "HSE Master Agreement") pursuant to which the Company or its wholly owned subsidiaries may acquire the HSE Connected Debt Securities (as described below) as are or to be issued by Husky Energy or any of its subsidiaries (the "HSE Connected Issuers") in the secondary market.

The aforementioned acquisitions were subject to (i) the Company obtaining all applicable approvals (including the CCT Approval (as described below, if applicable); and (ii) the entering into of separate contracts from time to time during the CCT Relevant Period (as described below) in forms and on terms to be agreed between members of the Group and independent third parties (such as banks, debt securities dealers and institutional investors).

The respective consideration for the CKH Connected Debt Securities and the HSE Connected Debt Securities (together the "Connected Debt Securities") are to be on normal commercial terms to be determined with reference to market prices quoted on financial data providers (such as Bloomberg), which are to be updated from time to time to reflect the ask/bid prices quoted by independent third parties (such as banks, debt securities dealers and institutional investors) having regard to the prevailing credit spread, market liquidity and counterparty risks, and, where applicable, accrued coupons of the relevant Connected Debt Securities and are to be settled in accordance with such terms of the CKH Connected Issuers or HSE Connected Issuers (as the case may be) as may be applicable from time to time. For the other terms of the Connected Debt Securities, they would have been determined by the relevant CKH Connected Issuers or HSE Connected Issuers at the time such securities were first issued.

The respective caps applicable to the transactions contemplated under the CKH Master Agreement and the HSE Master Agreement (together the "Master Agreements") and effected during the CCT Relevant Period are subject to, inter alia, the following limitations:

(i) with respect to those transactions contemplated under the CKH Master Agreement, the aggregate gross purchase price of the CKH Connected Debt Securities of a particular issue held and proposed to be acquired by the Connected Debt Securities Purchasers during the CCT Relevant Period is not to exceed 20% of the aggregate value of the subject issue and all outstanding CKH Connected Debt Securities of the same issuer with the same maturity or shorter maturities;

(ii) with respect to those transactions contemplated under the HSE Master Agreement, the aggregate gross purchase price of the HSE Connected Debt Securities of a particular issue held and proposed to be acquired by the Connected Debt Securities Purchasers during the CCT Relevant Period is not to exceed 20% of the aggregate value of the subject issue and all outstanding HSE Connected Debt Securities of the same issuer with the same maturity or shorter maturities; and

(iii) the aggregate amount of the CKH Net Connected Debt Securities Position and the HSE Net Connected Debt Securities Position at any time during the CCT Relevant Period is not to exceed HK$22,580 million, being approximately 20% of the Company's "net liquid assets" as at 31 December 2009 (the "Reference Date"). For this purpose, the Company's "net liquid assets" as at the Reference Date shall mean the aggregate value of cash, deposits and marketable securities held by the Company or any entity which is accounted for and consolidated in the accounts of the Company as subsidiaries as at the Reference Date less the aggregate value of any such assets which are subject to pledges or other encumbrances as at the Reference Date. The above formulation was determined as the cap for any acquisition of the Connected Debt Securities to avoid any undue concentration in a single issue of Connected Debt Securities and to achieve a reasonable degree of diversification, which is in line with the market practice as opined by the Independent Financial Adviser.

"CCT Approval" means the approval sought from the independent shareholders at the annual general meeting of the Company held on 27 May 2010 (the "2010 AGM") for acquisition of Connected Debt Securities pursuant to the relevant Master Agreements and subject to the limitations set out in the Master Agreements and the resolutions passed at the 2010 AGM.

"CCT Relevant Period" means the period from the obtaining of the CCT Approval until the earlier of: (i) the conclusion of the next annual general meeting of the Company; and (ii) the date on which the authority set out in the CCT Approval is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.

"CKH Connected Debt Securities" means such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by any of the CKH Connected Issuers pursuant to the CKH Master Agreement.

"CKH Net Connected Debt Securities Position" on any day during the CCT Relevant Period means (i) the aggregate gross purchase price paid in respect of the CKH Connected Debt Securities held by the Connected Debt Securities Purchasers at the commencement of the CCT Relevant Period, if any; (ii) the aggregate gross purchase price paid in respect of the CKH Connected Debt Securities acquired by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period, if any; and (iii) the aggregate gross purchase price in respect of the CKH Connected Debt Securities of a particular issue proposed to be acquired by the Connected Debt Securities Purchasers on such day; less (iv) the aggregate net sale proceeds in respect of CKH Connected Debt Securities sold by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period; any amount(s) in foreign currency for the above calculations shall be converted into HK$ at exchange rate(s) quoted by Bloomberg as at 5:00 pm in Hong Kong on the day immediately preceding such date.

"Connected Debt Securities Purchasers" means the Company or any of its wholly owned subsidiaries which is designated as the purchaser of Connected Debt Securities as contemplated under either the CKH Master Agreement or the HSE Master Agreement, and "Connected Debt Securities Purchases" shall be construed accordingly.

"HSE Connected Debt Securities" means such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by any of the HSE Connected Issuers pursuant to the HSE Master Agreement.

"HSE Net Connected Debt Securities Position" on any day during the CCT Relevant Period means (i) the aggregate gross purchase price paid in respect of the HSE Connected Debt Securities held by the Connected Debt Securities Purchasers at the commencement of the CCT Relevant Period, if any; (ii) the aggregate gross purchase price paid in respect of the HSE Connected Debt Securities acquired by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period, if any; and (iii) the aggregate gross purchase price in respect of the HSE Connected Debt Securities of a particular issue proposed to be acquired by the Connected Debt Securities Purchasers on such date; less (iv) the aggregate net sale proceeds in respect of HSE Connected Debt Securities sold by the Connected Debt Securities Purchasers prior to such date during the CCT Relevant Period; any amount(s) in foreign currency for the above calculations shall be converted into HK$ at exchange rate(s) quoted by Bloomberg as at 5:00 pm in Hong Kong on the day immediately preceding such date.

Each of the CKH Connected Issuers and HSE Connected Issuers are connected persons of the Company by virtue of being either a substantial shareholder of the Company, an associate of a substantial shareholder or an associate of a Director of the Company. Any transactions underlying the Master Agreements would constitute continuing connected transactions (the "CKH & HSE Continuing Connected Transactions") for the Company under the Listing Rules, if these respective transactions, on an aggregated basis, are in excess of the applicable percentage ratios of the Company under the Listing Rules.

(2) On 7 October 2011, the Company provided the Guarantees (as described below) on a several basis in respect of 80.35% of the respective obligations of TOM Group Limited ("TOM", a listed company which was owned as to approximately 25.55%, 24.47% and 12.23% by Cranwood Company Limited ("Cranwood") and its subsidiaries (together the "Cranwood Group"), subsidiaries of the Company and of Cheung Kong respectively) under each of the 2011 Term and Revolving Facilities (as described below) and the Amended 2009 Term and Revolving Facilities (as described below) agreed to be made available to TOM by four independent financial institutions respectively (the "TOM Continuing Connected Transactions").

In consideration of the provision by the Company of the Guarantees, Cranwood had unconditionally and irrevocably agreed to indemnify the Company against 51.08% of the Company's obligations under the Guarantees (the "Cranwood Indemnity") and the Cranwood Group had, among other things, charged an aggregate of 994,864,363 shares in TOM (representing its entire shareholding in, and comprising approximately 25.55% of the total issued share capital of, TOM) in favour of the Company as security for the Cranwood Indemnity.

"Amended 2009 Term and Revolving Facilities" means the 2009 Term and Revolving Facilities, as amended and restated pursuant to the respective Supplemental Deeds, for HK$140 million (fully drawn term loan) and up to HK$60 million (revolving facility), and HK$300 million (fully drawn term loan) and up to HK$100 million (revolving facility) respectively all with a final maturity date falling 36 months after 7 October 2011.

"Guarantees" means collectively, the 2009 Guarantees (as amended and restated pursuant to the respective Supplemental Deeds) and New Guarantees.

"New Guarantees" means the guarantees both provided on a several basis by the Company on 7 October 2011 in respect of 80.35% of TOM's respective obligations under the 2011 Term and Revolving Facilities.

"Supplemental Deeds" means collectively, the two separate deeds both entered into by, inter alia, the Company and Cheung Kong as guarantors and TOM as borrower on 7 October 2011 pursuant to which the agreements for the 2009 Term and Revolving Facilities and the 2009 Guarantees are amended.

"2009 Guarantees" means the guarantees both provided on a several basis by the Company on 21 July 2009 in respect of 80.32% of TOM's respective obligations under the 2009 Term and Revolving Facilities.

"2009 Term and Revolving Facilities" means the two separate term and revolving facilities agreed to be made available to TOM by two independent financial institutions pursuant to two separate facility agreements entered into by TOM on 30 June 2009 and 21 July 2009 respectively for up to HK$400 million and HK$200 million respectively all with a final maturity date falling 36 months after the respective agreement dates.

"2011 Term and Revolving Facilities" means the two separate term and revolving facilities agreed to be made available to TOM by two independent financial institutions pursuant to two separate facility agreements entered into by TOM both on 7 October 2011 for up to HK$1,300 million and HK$300 million respectively all with a final maturity date falling 36 months after 7 October 2011.

Cheung Kong is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, the provision of the Guarantees for the benefit of TOM constituted connected transactions and continuing connected transactions for the Company under the Listing Rules.

A summary of all related parties transactions entered into by the Group during the year ended 31 December 2011 is contained in note 38 to the consolidated accounts. The transactions in relation to the establishment of joint ventures with Cheung Kong, the provision of financial assistance for the benefit of such joint ventures and the outstanding balances of approximately HK$6,120 million (out of approximately HK$7,741 million) in principal amount with associated companies and jointly controlled entities as described in note 38 all fall under the definition of "connected transactions" under the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2011.

Annual Review of Continuing Connected Transactions

All the Independent Non-executive Directors of the Company have reviewed and confirmed that there was no CKH & HSE Continuing Connected Transactions entered into by the Group during the year ended 31 December 2011 and that the TOM Continuing Connected Transactions had been entered into on normal commercial terms and in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the work performed, the auditor of the Company has confirmed in a letter to the Board of Directors of the Company to the following effect in respect of the CKH & HSE Continuing Connected Transactions and the TOM Continuing Connected Transactions:

(1) CKH & HSE Continuing Connected Transactions

There was no CKH & HSE Continuing Connected Transactions entered into by the Group during the year ended 31 December 2011.

(2) TOM Continuing Connected Transactions

(i) have received approval of the Board of Directors of the Company;

(ii) are entered into in accordance with the relevant agreements governing such transactions; and

(iii) do not exceed 80.35% of the respective obligations of TOM under the loan facilities of an aggregate principal amount of up to HK$2,200 million as disclosed in the announcement dated 7 October 2011 for the year ended 31 December 2011.

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 which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

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

As at 31 December 2011, 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 Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (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 of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

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

Long positions in the shares of the Company

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

Notes:

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

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

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

As Mr Li Ka-shing may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, both Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies and the said shares of the Company held by the subsidiaries of Cheung Kong under the SFO as directors of Cheung Kong. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco and is a discretionary beneficiary of each of DT1 and DT2, he is not a director of Cheung Kong and has no duty of disclosure in relation to the shares of Cheung Kong held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO.

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

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

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Each of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor and Mr Li Tzar Kai, Richard 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. Although Mr Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Castle Holdco and is a discretionary beneficiary of each of DT3 and DT4, he is not a Director of the Company and has no duty of disclosure in relation to the shares of the Company held by TUT3 as trustee of UT3 under the SFO.

(2) Such shares were held by certain companies of which Mr Li Ka-shing is interested in the entire issued share capital.

(3) Such shares were held by certain companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

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

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

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

(7) Such shares were indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and a discretionary beneficiary.

(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 2011, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests in the shares of Cheung Kong or the Company as described in Note (1) above:

(i) 1,912,109,945 ordinary shares, representing approximately 81.76% of the then issued share capital, in CKI of which 1,906,681,945 ordinary shares were held by a wholly owned subsidiary of the Company and 5,428,000 ordinary shares were held by TUT1 as trustee of UT1;

(ii) 3,185,136,120 ordinary shares, representing approximately 66.11% of the then issued share capital, in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") of which 52,092,587 ordinary shares and 3,132,890,253 ordinary shares were held by certain wholly owned subsidiaries of each of Cheung Kong and the Company respectively and 153,280 ordinary shares were held by TUT3 as trustee of UT3;

(iii) 829,599,612 ordinary shares, representing approximately 38.87% of the then issued share capital, in Power Assets Holdings Limited ("Power Assets") which shares were held by certain wholly owned subsidiaries of CKI;

(iv) 2,423,888,908 ordinary shares, representing approximately 62.26% of the then issued share capital, in TOM of which

    (a) 476,341,182 ordinary shares and 952,683,363 ordinary shares were held by a wholly owned subsidiary of each of Cheung Kong and the Company respectively; and

    (b) 994,864,363 ordinary shares charged by Cranwood Company Limited and its subsidiaries in favour of the Company as security;

(v) 322,277,676 common shares, representing approximately 33.66% of the then issued share capital, in Husky Energy held by a wholly owned subsidiary of the Company; and

(vi) all interests in shares, underlying shares and/or debentures in all associated corporations of the Company.

As Mr Li Ka-shing is the settlor of a discretionary trust and Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of that discretionary trust, for the purpose of the SFO Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in 337,446,343 common shares, representing approximately 35.24% of the then issued share capital, in Husky Energy which were held by a company indirectly owned by Mr Li Ka-shing and the trustee of a discretionary trust as aforementioned.

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

In addition, Mr Li Ka-shing had, as at 31 December 2011, corporate interests in (i) a nominal amount of US$9,100,000 in the 6.625% Guaranteed Perpetual Capital Securities issued by PHBS Limited; and (ii) 403,979,499 ordinary shares, representing approximately 8.38% of the then issued share capital, in HTHKH, which were held by companies of which Mr Li Ka-shing is interested in the entire issued share capital.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2011, the following interests:

(i) family interests in (a) 151,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in Power Assets held by his spouse; and (b) 192,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in HTHKH held by a company in which his child is entitled to exercise or control the exercise of one-third or more of voting power at its general meetings; and

(ii) corporate interests in (a) a nominal amount of US$10,208,000 in the 6.50% Notes due 2013 issued by Hutchison Whampoa International (03/13) Limited ("HWI(03/13)"); (b) a nominal amount of US$45,792,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited; and (c) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued share capital, in HTHKH, which were held by companies of which Mr Li Tzar Kuoi, Victor is interested in the entire issued share capital.

Mr Fok Kin Ning, Canning had, as at 31 December 2011, the following interests:

(i) corporate interests in (a) a nominal amount of US$1,216,000 in the 6.50% Notes due 2013 issued by HWI(03/13); (b) a nominal amount of US$4,000,000 in the 5.75% Notes due 2019 issued by Hutchison Whampoa International (09/19) Limited; (c) a nominal amount of US$2,000,000 in the 7.25% Notes due 2019 issued by Husky Energy; and (d) a nominal amount of US$5,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (10) Limited ("HWI(10)");

(ii) corporate interests in 5,000,000 ordinary shares, representing approximately 0.06% of the then issued share capital, in Hutchison Harbour Ring Limited;

(iii) 5,100,000 ordinary shares, representing approximately 0.04% of the then issued share capital, in Hutchison Telecommunications (Australia) Limited ("HTAL") comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;

(iv) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the then issued share capital, in HTHKH; and

(v) corporate interests in 250,000 common shares, representing approximately 0.03% of the then issued share capital, in Husky Energy.

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

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2011, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in HTHKH.

Mr Frank John Sixt had, as at 31 December 2011, the following interests:

(i) personal interests in (a) 1,000,000 ordinary shares, representing approximately 0.007% of the then issued share capital, in HTAL; (b) 17,000 American depositary shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued share capital, in HTHKH; (c) 37,265 common shares, representing approximately 0.004% of the then issued share capital, in Husky Energy; and (d) a nominal amount of US$1,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by HWI(10); and

(ii) corporate interests in a nominal amount of US$1,000,000 in the 5.90% Notes due 2014 issued by Husky Energy.

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

Mr Kam Hing Lam had, as at 31 December 2011, the following interests:

(i) personal interests in 100,000 ordinary shares, representing approximately 0.004% of the then issued share capital, in CKI held in his capacity as a beneficial owner; and

(ii) family interests in 100,000 ordinary shares, representing approximately 0.005% of the then issued share capital, in Power Assets held by his child.

Mr Holger Kluge in his capacity as a beneficial owner had, as at 31 December 2011, personal interests in 20,000 common shares, representing approximately 0.002% of the then issued share capital, in Husky Energy.

Mr George Colin Magnus had, as at 31 December 2011, the following interests:

(i) 13,333 ordinary shares, representing approximately 0.0003% of the then issued share capital, in HTHKH comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and

(ii) personal interests in 30,000 common shares and 6,502 unlisted and physically settled Deferred Share Units (each representing one common share), in aggregate representing approximately 0.004% of the then issued share capital, in Husky Energy held in his capacity as a beneficial owner.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2011, personal interests in 15,459 common shares, representing approximately 0.002% of the then issued share capital, in Husky Energy.

Save as disclosed above, as at 31 December 2011, none of the Directors or chief executive of the Company or their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

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

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as is known to any Directors or chief executive of the Company, as at 31 December 2011, other than the interests of the Directors and chief executive of the Company as disclosed above, 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 SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK:

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

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee and beneficiary of a trust	2,130,202,773 (1)	49.97%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee and beneficiary of a trust	2,130,202,773 (1)	49.97%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee	2,130,202,773 (1)	49.97%
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interest of controlled corporations	2,130,202,773 (1)	49.97%
Continental Realty Limited	Beneficial owner	465,265,969 (2)	10.91%

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

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Approximate % of shareholding
Honourable Holdings Limited	Interest of controlled corporations	322,942,375 (2)	7.57%
Winbo Power Limited	Beneficial owner	236,260,200 (2)	5.54%
Polycourt Limited	Beneficial owner	233,065,641 (2)	5.47%
Well Karin Limited	Beneficial owner	226,969,600 (2)	5.32%

Notes:

(1) The four references to 2,130,202,773 shares of the Company relate to the same block of shares of the Company which represent the total number of shares of the Company held by certain wholly owned subsidiaries of Cheung Kong where Cheung Kong is taken to be interested in such shares under the SFO. In addition, by virtue of the SFO, each of TDT1, TDT2 and TUT1 is deemed to be interested in the same 2,130,202,773 shares of the Company held by Cheung Kong as described in Note (1)(a) of the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".

(2) These are wholly owned subsidiaries of Cheung Kong and their interests in the shares of the Company are duplicated in the interests of Cheung Kong.

Save as disclosed above, as at 31 December 2011, no other person (other than the Directors or chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

Share Option Schemes

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

(I) **3** Italia S.p.A. ("**3** Italia")

The purpose of the employee share option plan of **3** Italia (the "**3** Italia Plan") is to provide **3** Italia with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to any employee of **3** Italia and any other company of which **3** Italia has control from time to time (the "**3** Italia Participating Company") or any director of any **3** Italia Participating Company who is required to devote to his duties a substantial part of his working hours (the "**3** Italia Eligible Employees").

The remuneration committee of the board of directors of **3** Italia (the "**3** Italia Remuneration Committee") may grant share options under the **3** Italia Plan to acquire the ordinary shares in the capital of **3** Italia (the "**3** Italia Shares") to individuals who are **3** Italia Eligible Employees, subject always to any limits and restrictions specified in the rules of the **3** Italia Plan as amended from time to time.

The form, manner and timing of grant of the share options, the maximum number of **3** Italia Shares in respect of each share option, the price at which each **3** Italia Share subject to a share option may be acquired on the exercise of that share option being subject to adjustment in case of reorganisation of capital structure (the "Subscription Price"), any condition on exercise of each share option, and all other terms relating or attaching to such grant shall be at the absolute discretion of the **3** Italia Remuneration Committee subject to compliance with the Listing Rules.

A **3** Italia Eligible Employee is not required to pay for the grant of a share option under the **3** Italia Plan.

The Subscription Price will be, (i) in the case of the one-time initial grants of share options recognising the long service and ongoing contribution of those **3** Italia Eligible Employees who were **3** Italia Eligible Employees prior to 31 July 2001 and who at the date on which a share option is granted under the **3** Italia Plan (the "**3** Italia Date of Grant") remain so employed and who the **3** Italia Remuneration Committee determines should receive such an initial grant, the price as determined by the **3** Italia Remuneration Committee, and (ii) in any other case the market value of the **3** Italia Share at the **3** Italia Date of Grant as determined by the **3** Italia Remuneration Committee but in any event not being less than the nominal value (if any) of such **3** Italia Share at the **3** Italia Date of Grant.

In respect of any share option granted either: (i) after the Company has resolved to seek a separate listing and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the SEHK in relation to a listing on the Main Board of the SEHK (or an equivalent application in the case of a listing on the Growth Enterprise Market of the SEHK or an overseas exchange) up to the date of the listing, and where the Subscription Price notified to a share option holder is less than the issue price of the **3** Italia Shares on listing, the Subscription Price shall be adjusted to the issue price of the **3** Italia Shares on listing and no share option (to which the rules of the **3** Italia Plan applies) shall be exercised at a Subscription Price below such issue price.

Subject always to the paragraph below, no share option shall be granted under the **3** Italia Plan which would, at the **3** Italia Date of Grant, cause the number of **3** Italia Shares which shall have been or may be issued both in pursuance of share options granted under the **3** Italia Plan and under any other share option scheme (the "**3** Italia Option Plan Shares") to exceed 5% of the number of the **3** Italia Shares in the capital of **3** Italia in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the **3** Italia Plan. This limit may only be exceeded with the approval of the shareholders of both **3** Italia and the Company in a general meeting in accordance with the requirements of the Listing Rules. As at the date of this report, the total number of **3** Italia Shares available for issue under the **3** Italia Plan is 37,682,571, which represented approximately 2.89% of the total number of **3** Italia Shares in issue as at that date.

No share option shall be granted under the **3** Italia Plan which would, at the **3** Italia Date of Grant, cause the number of **3** Italia Option Plan Shares which shall have been or may be issued both in pursuance of the share options granted under the **3** Italia Plan and under any other share option scheme to exceed 130,185,000 without the prior written consent of the board of Directors of the Company.

The limit on the number of **3** Italia Shares which may be issued upon exercise of all outstanding share options granted and not yet exercised under the **3** Italia Plan and under any other share option scheme to **3** Italia Eligible Employees must not exceed 30% of the number of **3** Italia Shares in issue from time to time.

The **3** Italia Remuneration Committee shall not grant any share options (the "**3** Italia Relevant Options") to any **3** Italia Eligible Employee which, if exercised, would result in such **3** Italia Eligible Employee becoming entitled to subscribe for such number of **3** Italia Shares as, when aggregated with the total number of **3** Italia Shares already issued or to be issued to him under all share options granted to him (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the **3** Italia Date of Grant of the **3** Italia Relevant Options, exceed 1% of the number of **3** Italia Shares in issue at such date. Notwithstanding this, the **3** Italia Remuneration Committee may grant share options to any **3** Italia Eligible Employee causing this limit to be exceeded, but only with the approval of the shareholders of **3** Italia and the Company in general meetings (with such **3** Italia Eligible Employee and his associates (as defined in the Listing Rules) abstaining from voting in favour) in compliance with the requirements of the Listing Rules.

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

The **3** Italia Remuneration Committee may at any time, commencing on 20 May 2004 (being the date of adoption of the **3** Italia Plan) and until the eighth anniversary thereof grant share options under the **3** Italia Plan to individuals who are **3** Italia Eligible Employees.

No share option was granted, exercised, cancelled or lapsed under the **3** Italia Plan during the year ended 31 December 2011.

As at 1 January 2011, 31 December 2011 and the date of this report, **3** Italia had no share options outstanding under the **3** Italia Plan.

(II) Hutchison 3G UK Holdings Limited ("**3** UK")

The purpose of the employee share option plan of **3** UK (the "**3** UK Plan") is to provide **3** UK with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible employees of **3** UK (the "**3** UK Eligible Employees"), being:

(a) any employee of **3** UK and any other company of which **3** UK has control from time to time (collectively the "**3** UK Participating Company"); or

(b) any director of any **3** UK Participating Company who is required to devote to his duty substantially the whole of his working hours being not less than 25 hours per week.

The remuneration committee of the board of **3** UK (the "**3** UK Remuneration Committee") may grant share options under the **3** UK Plan to acquire the ordinary shares in the capital of **3** UK (the "**3** UK Shares") to individuals who are **3** UK Eligible Employees, subject always to any limits and restrictions specified in the rules of the **3** UK Plan as amended from time to time.

An **3** UK Eligible Employee is not required to pay for the grant of a share option under the **3** UK Plan.

The subscription price for **3** UK Shares will be, (i) in the case of the one-time initial grants of share options recognising the long service and ongoing contribution of the founders and other **3** UK Eligible Employees who were **3** UK Eligible Employees prior to 31 March 2001 and who at the date on which a share option is granted under the **3** UK Plan (the "**3** UK Grant Date") remain so employed and who the **3** UK Remuneration Committee determines should receive such an initial grant, the price as determined by the **3** UK Remuneration Committee (not being less than £1.00 per share); and (ii) in any other case the market value of the **3** UK Shares at the **3** UK Grant Date as determined by the **3** UK Remuneration Committee but in any event not being less than the nominal value (if any) of such **3** UK Share at the **3** UK Grant Date.

In respect of any share option granted either: (i) after the Company has resolved to seek a separate listing and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the SEHK in relation to a listing on the Main Board of the SEHK (or an equivalent application in case of a listing on the Growth Enterprise Market of the SEHK, London Stock Exchange plc or an overseas exchange) up to the date of listing, and where the subscription price notified to a share option holder is less than the issue price of the **3** UK Shares on listing, the subscription price shall be adjusted to the issue price of the **3** UK Shares on listing and no share option (to which the rules of the **3** UK Plan applies) shall be exercised at a subscription price below such issue price.

Subject always to the paragraph below, no share option shall be granted under the **3** UK Plan which would, at the **3** UK Grant Date, cause the number of **3** UK Shares which shall have been or may be issued both in pursuance of share options granted under the **3** UK Plan and under any share option scheme (the "**3** UK Option Plan Shares") to exceed 5% of the number of **3** UK Shares in the capital of **3** UK in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the **3** UK Plan. This limit may only be exceeded with the approval of the shareholders of both **3** UK and the Company in general meetings in accordance with the requirements of the Listing Rules. As at the date of this report, the total number of **3** UK Shares available for issue under the **3** UK Plan is 222,274,337, which represented 5% of the total number of **3** UK Shares in issue as at that date.

No share option shall be granted under the **3** UK Plan which would, at the **3** UK Grant Date, cause the number of **3** UK Option Plan Shares to exceed 4% of the number of **3** UK Shares in issue at the date of approval of the **3** UK Plan without the prior written consent of the board of Directors of the Company.

The limit on the number of **3** UK Shares which may be issued upon exercise of all outstanding share options granted and not yet exercised under the **3** UK Plan and under any other share option scheme to **3** UK Eligible Employees must not exceed 30% of the number of **3** UK Shares in issue from time to time.

The **3** UK Remuneration Committee shall not grant any share options (the "**3** UK Relevant Options") to any **3** UK Eligible Employee which, if exercised, would result in such **3** UK Eligible Employee becoming entitled to subscribe for such number of **3** UK Shares as, when aggregated with the total number of **3** UK Shares already issued or to be issued to him under all share options granted to him (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the **3** UK Grant Date of the **3** UK Relevant Options, exceed 1% of the number of **3** UK Shares in issue at such date. Notwithstanding this, the **3** UK Remuneration Committee may grant share options to any **3** UK Eligible Employee causing this limit to be exceeded, but only with the approval of the shareholders of **3** UK and the Company in a general meeting (with such **3** UK Eligible Employee and his associates (as defined in the Listing Rules) abstaining from voting in favour) in compliance with the requirements of the Listing Rules.

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

The **3** UK Remuneration Committee may at any time commencing on 20 May 2004 (being the date of adoption of the **3** UK Plan) and until the tenth anniversary thereof, grant share options under the **3** UK Plan to individuals who are **3** UK Eligible Employees.

Particulars of share options outstanding under the **3** UK Plan at the beginning and at the end of the financial year ended 31 December 2011 and share options granted, exercised, cancelled or lapsed under the **3** UK Plan during the year are as follows:

Category of participant	Effective date of grant or date of grant of share options [(1)]	Number of share options held at 1 January 2011	Granted during 2011	Exercised during 2011	Lapsed/ cancelled during 2011	Number of share options held at 31 December 2011	Exercise period of share options	Exercise price of share options £	Price of 3 UK Share at grant date of share options [(3)] £	Price of 3 UK Share at exercise date of share options £
Employees in aggregate	20.5.2004	5,807,250	-	-	(5,807,250)	-	From Listing [(2)] to 18.4.2011	1.00	1.00	N/A
	20.5.2004	21,348,500	-	-	(21,348,500)	-	From Listing to 18.4.2011	1.35	1.00	N/A
	20.5.2004	2,908,250	-	-	(2,908,250)	-	From Listing to 20.8.2011	1.35	1.00	N/A
	20.5.2004	420,000	-	-	(420,000)	-	From Listing to 18.12.2011	1.35	1.00	N/A
	20.5.2004	187,750	-	-	-	187,750	From Listing to 16.5.2012	1.35	1.00	N/A
	20.5.2004	1,567,750	-	-	(360,500)	1,207,250	From Listing to 29.8.2012	1.35	1.00	N/A
	20.5.2004	182,500	-	-	(35,000)	147,500	From Listing to 28.10.2012	1.35	1.00	N/A
	20.5.2004	340,000	-	-	(40,000)	300,000	From Listing to 11.5.2013	1.35	1.00	N/A
	20.5.2004	1,075,000	-	-	(715,000)	360,000	From Listing to 14.5.2014	1.35	1.00	N/A
	27.1.2005	662,250	-	-	(172,250)	490,000	From Listing to 26.1.2015	1.35	1.00	N/A
	11.7.2005	417,750	-	-	(17,750)	400,000	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	2,202,750	-	-	(230,000)	1,972,750	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		37,119,750	-	-	(32,054,500)	5,065,250				

Notes:

(1) The share options granted to certain founders of **3** UK shall vest as to 50% on the date of (and immediately following) a Listing, as to a further 25% on the date one calendar year after a Listing and as to the final 25% on the date two calendar years after a Listing. The share options granted to non-founders of **3** UK shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.

(2) Listing refers to an application being made to the Financial Services Authority for admission to the official list of the ordinary share capital of **3** UK or to have the **3** UK Shares admitted to trading on the Alternative Investment Market ("AIM") operated by London Stock Exchange plc or in the United Kingdom or elsewhere.

(3) Nominal value of **3** UK Shares on date of grant set out for reference only.

As at the date of this report, **3** UK had 2,870,250 share options outstanding under the **3** UK Plan, which represented approximately 0.06% of the **3** UK Shares in issue as at that date.

No share option was granted under the **3** UK Plan during the year ended 31 December 2011.

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

The purpose of the share option scheme of Chi-Med (the "Chi-Med Plan") is to provide Chi-Med with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Chi-Med Eligible Persons. A "Chi-Med Eligible Person" shall be 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 their subsidiaries, and any holding company, subsidiaries or affiliates of Chi-Med or other companies which the board of directors of Chi-Med (the "Chi-Med Board") determines will be subject to the Chi-Med Plan, who is notified by the Chi-Med Board that he or she is an eligible person. Actual participation is at the discretion of the Chi-Med Board.

The Chi-Med Board may offer the grant to a Chi-Med Eligible Person a share option to subscribe for such number of ordinary shares in the share capital of Chi-Med (the "Chi-Med Shares").

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

(a) the total number of Chi-Med Shares issued or issuable pursuant to share options granted under all employees' share schemes of Chi-Med must not in aggregate exceed 5% of the Chi-Med Shares in issue on the date on which the Chi-Med Shares are listed to trading on a recognised stock exchange (including the AIM) (the "Chi-Med Listing").

(b) the Chi-Med Board may refresh and recalculate the limit 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 employees' share schemes of Chi-Med may not exceed 10% of the issued ordinary share capital on the date of the approval of the refreshed limit. Share options previously granted under the Chi-Med Plan and any other employee share schemes of Chi-Med (including those outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the limit as refreshed. As at the date of this report, the total number of Chi-Med Shares available for issue under the Chi-Med Plan is 1,978,362 which represent 3.82% of the total number of Chi-Med Shares in issue as at that date.

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

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

(ii) notwithstanding paragraph (d)(i) above, share options may be granted to any Chi-Med Eligible Person or Chi-Med Eligible Persons which would cause the limit under paragraph (d)(i) above to be exceeded, but only with the approval of the shareholders of the listed parent in a general meeting and subject to paragraph (e) below.

(e) notwithstanding the above, under no circumstances may share options be outstanding over more than 10% of the issued ordinary share capital of Chi-Med at any time.

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

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

The exercise price, subject to any adjustment according to the rules of the Chi-Med Plan, for the share options will be:

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

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

where "Market Value" on any particular day on or after the Chi-Med Listing 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.

Subject to the termination provisions in the Chi-Med Plan, the Chi-Med Plan shall be valid and effective for a period of 10 years commencing on 18 May 2006, being the date of adoption of the Chi-Med Plan, after which period no further options will be granted but the provisions of the Chi-Med Plan shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior to the expiry of the 10-year period and which are at that time or become thereafter capable of exercise under the rules of the Chi-Med Plan, or otherwise to the extent as may be required in accordance with the provisions of the Chi-Med Plan. The Chi-Med Plan has a remaining term of approximately four years as at the date of this report.

Particulars of share options outstanding under the Chi-Med Plan at the beginning and at the end of the financial year ended 31 December 2011 and share options granted, exercised, cancelled or lapsed under the Chi-Med Plan during the year are as follows:

Name or category of participant	Effective date of grant or date of grant of share options	Number of share options held at 1 January 2011	Granted during 2011	Exercised during 2011	Lapsed/ cancelled during 2011	Number of share options held at 31 December 2011	Exercise period of share options	Exercise price of share options £	Price of Chi-Med Share at grant date of share options £	Price of Chi-Med Share at exercise date of share options £
Directors										
Christian Hogg	19.5.2006 (1)(2)	768,182	-	-	-	768,182	19.5.2006 to 3.6.2015	1.09	2.505 (5)	N/A
Cheng Chig Fung, Johnny	25.8.2008 (3)	256,146	-	-	-	256,146	25.8.2008 to 24.8.2018	1.26	1.26 (6)	N/A
Sub-total:		1,024,328	-	-	-	1,024,328				
Other employees in aggregate	19.5.2006 (1)(2)	128,030	-	-	-	128,030	19.5.2006 to 3.6.2015	1.09	2.505 (5)	N/A
	11.9.2006 (2)	80,458	-	-	-	80,458	11.9.2006 to 18.5.2016	1.715	1.715 (6)	N/A
	18.5.2007 (4)	52,182	-	-	-	52,182	18.5.2007 to 17.5.2017	1.535	1.535 (6)	N/A
	28.6.2010 (3)	102,628	-	-	-	102,628	28.6.2010 to 27.6.2020	3.195	3.15 (6)	N/A
	1.12.2010 (3)	227,600	-	-	-	227,600	1.12.2010 to 30.11.2020	4.967	4.85 (6)	N/A
	24.6.2011 (3)	N/A	150,000	-	-	150,000	24.6.2011 to 23.6.2021	4.405	4.4 (6)	N/A
Sub-total:		590,898	150,000	-	-	740,898				
Total:		1,615,226	150,000	-	-	1,765,226				

Notes:

(1) The share options were granted on 4 June 2005, conditionally upon Chi-Med's admission to trading on the AIM which took place on 19 May 2006.

(2) The share options granted to certain founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 50% on 19 May 2007 and 25% on each of 19 May 2008 and 19 May 2009. The share options granted to non-founders of Chi-Med are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of 19 May 2007, 19 May 2008 and 19 May 2009.

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

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

(5) The stated price was the closing price of the Chi-Med Shares quoted on the AIM on the date of admission of listing of the Chi-Med Shares.

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

As at the date of this report, Chi-Med had 1,765,226 share options outstanding under the Chi-Med Plan, which represented approximately 3.41% of the Chi-Med Shares in issue as at that date.

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

Value of each share option	£1.841
Significant inputs into the valuation model:	
Exercise price	£4.405
Share price at effective grant date	£4.325
Expected volatility	46.6%
Risk-free interest rate	3.13%
Expected life of share options	6.25 years
Expected dividend yield	0%

The volatility of the underlying stock during the life of the share options is estimated with reference to the volatility of Chi-Med four years prior to the issuance of share options. Changes in such subjective input assumptions could affect the fair value estimate.

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

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

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

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

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

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

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

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

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

(g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the HHR Group; and

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

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

The eligibility of any of the above class of participants to the grant of any share options shall be determined by the HHR Directors from time to time on the basis of their contribution to the development and growth of the HHR Group. The maximum number of HHR Shares to be allotted and issued is as follows:

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

(b) the total number of HHR Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HHR Plan and any other share option scheme of the HHR Group) to be granted under the HHR Plan and any other share option scheme of the HHR Group must not in aggregate exceed 6% of the relevant class of securities of HHR (or its subsidiaries) in issue as at 20 May 2004, being the date of passing the relevant resolution adopting the HHR Plan (the "HHR General Scheme Limit"). As at the date of this report, the total number of HHR Shares available for issue under the HHR Plan is 383,604,015, which represented 4.3% of the total number of HHR Shares in issue as at that date.

(c) subject to (a) above and without prejudice to (d) below, HHR may seek approval of its shareholders (the "HHR Shareholders") in a general meeting to refresh the HHR General Scheme Limit provided that the total number of HHR Shares which may be allotted and issued upon the exercise of all share options to be granted under the HHR Plan and any other share option scheme of the HHR Group must not exceed 10% of the relevant class of securities of HHR (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options including those outstanding, cancelled, lapsed or exercised in accordance with the HHR Plan and any other share option scheme of the HHR Group will not be counted.

(d) subject to (a) above and without prejudice to (c) above, HHR may seek separate approval of the HHR Shareholders in a general meeting to grant share options beyond the HHR General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by HHR before such approval is sought.

The total number of HHR Shares issued and which may fall to be issued upon the exercise of the share options granted under the HHR Plan and any other share option scheme of the HHR Group (including both exercised and outstanding share options) to any one participant in any 12-month period shall not exceed 1% of the issued share capital of HHR for the time being (the "HHR Individual Limit"). Any further grant of share options in excess of the HHR Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the approval of the HHR Shareholders in a general meeting of HHR with such participant and his associates (as defined in the Listing Rules) abstaining from voting. The number and terms (including the exercise price) of the share options to be granted (and share options previously granted to such participant) must be fixed before the approval of the HHR Shareholders and the date of the board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) 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 HHR Plan at any time during a period to be determined on the date of offer for the grant of share option and notified by the HHR Directors to each grantee, which period may commence, once the offer for the grant is accepted within the prescribed time by the grantee, from the date of the offer for the grant of share options but shall end in any event not later than 10 years from the date on which the offer for the grant of the share option is made, subject to the provisions for early termination thereof. Unless otherwise determined by the HHR Directors and stated in the offer of the grant of share options to a grantee, there is no minimum period required under the HHR Plan for the holding of a share option before it can be exercised.

The subscription price for HHR Shares under the HHR Plan shall be a price determined by the HHR Directors but shall not be less than the highest of (i) the closing price of HHR Shares as stated in the SEHK's daily quotations sheet for trade in one or more board lots of HHR Shares on the date of the offer of grant which must be a business day; (ii) the average closing price of HHR Shares as stated in the SEHK's daily quotations sheet for trade in one or more board lots of HHR Shares for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (iii) the nominal value of the HHR Shares. A nominal consideration of HK$1 is payable on acceptance of the grant of a share option.

The HHR Plan will remain in force for a period of 10 years commencing on the date on which the HHR Plan becomes unconditional and has a remaining term of approximately two years as at the date of this report.

Particulars of share options outstanding under the HHR Plan at the beginning and at the end of the financial year ended 31 December 2011 and share options granted, exercised, cancelled or lapsed under the HHR Plan during the year are as follows:

Name or category of participant	Date of grant of share options	Number of share options held at 1 January 2011	Granted during 2011	Exercised during 2011	Lapsed/ cancelled during 2011	Number of share options held at 31 December 2011	Exercise period of share options [1]	Exercise price of share options HK$	Price of HHR Share at grant date of share options [2] HK$	Price of HHR Share at exercise date of share options [3] HK$
Director										
Endo Shigeru [4]	3.6.2005	5,000,000	-	-	-	5,000,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
Sub-total:		5,000,000	-	-	-	5,000,000				
Other employees in aggregate	3.6.2005	600,000	-	-	-	600,000	3.6.2006 to 2.6.2015	0.822	0.82	N/A
	25.5.2007	1,536,000	-	(1,336,000)	-	200,000	25.5.2008 to 24.5.2017	0.616	0.61	0.72
Sub-total:		2,136,000	-	(1,336,000)	-	800,000				
Total:		7,136,000	-	(1,336,000)	-	5,800,000				

Notes:

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

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

(3) The stated price was the weighted average closing price of the HHR Shares immediately before the dates on which the share options were exercised.

(4) Mr Endo Shigeru retired as executive director of HHR with effect from 10 December 2011.

As at the date of this report, HHR had 800,000 share options outstanding under the HHR Plan, which represented approximately 0.01% of the HHR Shares in issue as at that date.

No share option was granted under the HHR Plan during the year ended 31 December 2011.

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

The purpose of the employee option plan of HTAL (the "HTAL Plan") is to provide HTAL with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits 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 an HTAL Eligible Person to acquire (in the case of a share option that has an exercise price, by subscription or purchase) ordinary shares in HTAL (the "HTAL Shares") (the "Right"). No payment is required for the grant of a Right unless the HTAL Board determines otherwise.

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 Rights and share 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. No share options may be granted under the HTAL Plan or Other HTAL Plan if the grant of such share option will result in the limit referred to in this paragraph being exceeded.

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

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

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

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

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

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

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

Except with the approval of the shareholders of the Company in a general meeting if required to do so and in compliance with the other applicable requirements under the Listing Rules, the total number of HTAL Shares issued and which may fall to be issued upon exercise of the share options granted under the HTAL Plan and Other HTAL Plan (including both exercised and outstanding share options) to each participant in any 12-month period shall not exceed 1% of the HTAL Shares in issue for the time being.

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.

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.

Subject to the termination provisions in the HTAL Plan, the HTAL Plan shall be valid and effective for a period of 10 years from the Adoption Date, after which date no further Rights may be issued but the provisions of the HTAL Plan shall remain in full force and effect to the extent necessary to the exercise of any Rights granted or exercised prior thereto and which are at any time or become thereafter capable of exercise under the HTAL Plan, or otherwise as may be required in accordance with the provisions of the HTAL Plan. As at the date of this report, HTAL Plan has a remaining term of approximately five years.

Particulars of share options outstanding under the HTAL Plan at the beginning and at the end of the financial year ended 31 December 2011 and share options granted, exercised, cancelled or lapsed under the HTAL Plan during the year are as follows:

Category of participant	Date of grant of share options	Number of share options held at 1 January 2011	Granted during 2011	Exercised during 2011	Lapsed/ cancelled during 2011	Number of share options held at 31 December 2011	Exercise period of share options	Exercise price of share options [2] A$	Price of HTAL Share at grant date of share options [3] A$	Price of HTAL Share at exercise date of share options A$
Employees in aggregate	14.6.2007 [1a]	22,850,000	-	-	(375,000)	22,475,000	1.7.2008 to 13.6.2012	0.145	0.145	N/A
	14.11.2007 [1b]	300,000	-	-	-	300,000	1.1.2009 to 13.11.2012	0.20	0.20	N/A
	4.6.2008 [1c]	300,000	-	-	-	300,000	1.1.2010 to 3.6.2013	0.139	0.139	N/A
Total:		23,450,000	-	-	(375,000)	23,075,000				

Notes:

(1) (a) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on 1 July 2008, one-third on 1 January 2009 and the remaining one-third on 1 January 2010.

(b) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-half on 1 January 2009 and the remaining one-half on 1 January 2010.

(c) The share options are exercisable, subject to amongst other relevant vesting criteria, on 1 January 2010.

(2) The stated exercise price of share option was the higher of (i) the closing price of the HTAL Shares on the ASX on the day on which the share options were granted; and (ii) the average closing price of the HTAL Shares for the five trading days immediately preceding the day on which the share options were granted.

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

As at the date of this report, the total number of HTAL Shares available for issue under the HTAL Plan (excluding the share options granted but yet to be exercised) is 12,056,271 shares, which represented approximately 0.09% of the HTAL Shares in issue as at that date.

No share option was granted under the HTAL Plan during the year ended 31 December 2011.

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

The purpose of the share option scheme of HTHKH (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.

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 shares of HK$0.25 each in the share capital of HTHKH (the "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.

The maximum number of HTHKH Shares to be allotted and issued 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 is 477,774,620, representing 9.92% of the existing issued share capital of HTHKH.

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

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

The total number of HTHKH Shares issued and which may fall to be issued upon exercise of the share options under the HTHKH Plan and Other HTHKH 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 HTHKH for the time being (the "HTHKH Individual Limit"). Any further grant of share options in excess of the HTHKH Individual Limit in any such 12-month period up to and including the date of such further grant shall be subject to the approval by the HTHKH Shareholders in a general meeting of HTHKH (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) with such participant and his associates (as defined in the Listing Rules) abstaining from voting. The number and terms (including the exercise price) of the share options to be granted (and share options previously granted to such participant) must be fixed before the approval of the HTHKH Shareholders and the date of the board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) 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. 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.

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 (i) 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 trading day; (ii) 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 trading days immediately preceding the date of the offer of grant of the share options which must be a trading day; and (iii) the nominal value of HTHKH Shares. A nominal consideration of HK$1 is payable on acceptance of the grant of a share option.

The HTHKH Plan will remain in force for a period of 10 years commencing from 21 May 2009, being the date on which the HTHKH Plan becomes unconditional and has a remaining term of approximately seven years as at the date of this report.

Particulars of share options outstanding under the HTHKH Plan at the beginning and at the end of the financial year ended 31 December 2011 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during the year are as follows:

Category of participant	Date of grant of share options (1)	Number of share options held at 1 January 2011	Granted during 2011	Exercised during 2011	Lapsed/ cancelled during 2011	Number of share options held at 31 December 2011	Exercise period of share options	Exercise price of share options (2) HK$	Price of HTHKH Share at grant date of share options (3) HK$	Price of HTHKH Share at exercise date of share options (4) HK$
Employees in aggregate	1.6.2009	3,340,000	-	(2,250,000)	-	1,090,000	1.6.2009 to 31.5.2019	1.00	0.96	2.76
Total:		3,340,000	-	(2,250,000)	-	1,090,000				

Notes:

(1) The share options were vested according to a schedule, namely, as to as close to one-third of the HTHKH Shares which are subject to the share options as possible on each of 1 June 2009, 23 November 2009 and 23 November 2010, and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as defined in the HTHKH Plan) on such vesting date.

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

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

(4) The stated price was the weighted average closing price of the HTHKH Shares immediately before the date(s) on which the share options were exercised.

As at the date of this report, HTHKH had 1,090,000 share options outstanding under the HTHKH Plan, which represented approximately 0.02% 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 2011.

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.

Directors' Interests in Competing Business

During the year ended 31 December 2011, the following Directors of the Company had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name of Director	Name of company	Nature of interest	Nature of competing business
Li Ka-shing	Cheung Kong	Chairman	- Property and hotels - Finance and investments
Li Tzar Kuoi, Victor	Cheung Kong	Managing Director and Deputy Chairman	- Property and hotels - Finance and investments
	CKI	Chairman	- Energy and infrastructure, finance and investments
	CK Life Sciences Int'l., (Holdings) Inc. ("CKLS")	Chairman	- Retail (research and development, manufacturing, commercialization, marketing and selling of human health products) - Finance and investments
	Power Assets	Executive Director	- Energy
	Husky Energy	Co-Chairman	- Energy
Fok Kin Ning, Canning	Cheung Kong	Non-executive Director	- Property and hotels - Finance and investments
	CKI	Deputy Chairman	- Energy and infrastructure, finance and investments
	Power Assets	Chairman	- Energy
	HHR	Chairman	- Property
	HTAL	Chairman	- Telecommunications
	Husky Energy	Co-Chairman	- Energy
	Hutchison Port Holdings Management Pte. Limited ("HPH")	Chairman	- Ports and related services
Chow Woo Mo Fong, Susan	CKI	Executive Director	- Energy and infrastructure, finance and investments
	Power Assets	Executive Director	- Energy
	HHR	Executive Director	- Property
	HTAL	Director	- Telecommunications
	TOM	Non-executive Director [(1)]	- Telecommunications (Internet and e-commerce)
	HPH	Alternate Director	- Ports and related services

Name of Director	Name of company	Nature of interest	Nature of competing business
Frank John Sixt	Cheung Kong	Non-executive Director	– Property and hotels – Finance and investments
	CKI	Executive Director	– Energy and infrastructure, finance and investments
	Power Assets	Executive Director	– Energy
	HTAL	Director	– Telecommunications
	Husky Energy	Director	– Energy
	TOM	Non-executive Chairman	– Telecommunications (Internet and e-commerce)
	HPH	Non-executive Director	– Ports and related services
Lai Kai Ming, Dominic	HHR	Deputy Chairman	– Property
	HTAL	Director	– Telecommunications
Kam Hing Lam	Cheung Kong	Deputy Managing Director	– Property and hotels – Finance and investments
	CKI	Group Managing Director	– Energy and infrastructure, finance and investments
	CKLS	President and Chief Executive Officer	– Retail (research and development, manufacturing, commercialization, marketing and selling of human health products) – Finance and investments
	Hui Xian Asset Management Limited	Chairman	– Property and hotels
	Power Assets	Executive Director	– Energy
George Colin Magnus	Cheung Kong	Non-executive Director	– Property and hotels – Finance and investments
	CKI	Non-executive Director	– Energy and infrastructure, finance and investments
	Power Assets	Non-executive Director	– Energy
	Husky Energy	Director (independent)	– Energy
William Shurniak	Husky Energy	Deputy Chairman	– Energy

Note:

(1) Mrs Chow Woo Mo Fong, Susan resigned as non-executive director of TOM and was appointed as alternate director to Mr Frank John Sixt, non-executive chairman of TOM, on 5 March 2012.

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

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

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

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

Purchase, Sale or Redemption of Shares

During the year, neither the Company nor any of its subsidiaries has purchased or sold any of the ordinary shares of the Company. In addition, the Company has not redeemed any of its ordinary shares during the year.

Major Customers and Suppliers

During the year, the respective percentage of purchases attributable to the Group's five largest suppliers combined and the turnover attributable to the Group's five largest customers combined was less than 30% of the total value of Group purchases and total Group turnover.

Public Float

As at the date of this report, based on information available to the Company and within the knowledge of the Directors of the Company, the public float capitalisation amounted to approximately HK$158,349 million, representing approximately 47% of the issued share capital of the Company.

Auditor

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

By order of the Board

Edith Shih
Company Secretary

Hong Kong, 29 March 2012

Corporate Governance Report

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

For the year ended 31 December 2011, the Company is fully compliant with all code provisions of the Code on Corporate Governance Practices (the "Existing Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and has adopted a number of recommended best practices stated therein. The Stock Exchange of Hong Kong Limited published its consultation conclusions on the review of the Existing Code in October 2011 and renamed it the Corporate Governance Code (the "Revised Code"), setting out the amendments that are to be made in 2012. The Company confirmed that as at the date of this report, it is compliant with nearly all the code provisions of the Revised Code, ahead of the scheduled effective date. The key corporate governance principles and practices of the Company are as follows:

THE BOARD

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

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

As at 31 December 2011, the Board comprised 13 Directors, including the Chairman, Deputy Chairman, Group Managing Director, Deputy Group Managing Director, Group Finance Director, two Executive Directors, one Non-executive Director and five Independent Non-executive Directors. The representation of Independent Non-executive Directors on the Board exceeded the requirement of the Existing Code throughout 2011 and the requirements of the Revised Code since June 2011. Biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" section on pages 92 to 94 and on the Group's website (www.hutchison-whampoa.com). In addition, a list containing the names of the Directors and their roles and functions is published on the websites of the Group and Hong Kong Exchanges and Clearing Limited (the "HKEx").

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

The Hon Sir Michael David Kadoorie, who is to retire by rotation at the 2012 annual general meeting of the Company, has served as an Independent Non-executive Director of the Company for more than 9 years. In addition to his confirmation of independence in accordance with Rule 3.13 of the Listing Rules, The Hon Sir Michael David Kadoorie continues to demonstrate the attributes of an independent non-executive director and there is no evidence that his tenure has had any impact on his independence. The Directors are of the opinion that The Hon Sir Michael David Kadoorie remains independent notwithstanding the length of his service and they believe that his valuable knowledge and experience in the Group's business and his general business acumen continue to generate significant contribution to the Company and the shareholders as a whole.

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

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

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

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

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

The Company held four Board meetings and an annual general meeting in 2011 with 100% attendance.

Directors	Meetings attended/eligible to attend Board	2011 Annual General Meeting
Chairman		
Li Ka-shing [1]	4/4	√
Executive Directors		
Li Tzar Kuoi, Victor [1] *(Deputy Chairman)*	4/4	√
Fok Kin Ning, Canning *(Group Managing Director)*	4/4	√
Chow Woo Mo Fong, Susan *(Deputy Group Managing Director)*	4/4	√
Frank John Sixt *(Group Finance Director)*	4/4	√
Lai Kai Ming, Dominic	4/4	√
Kam Hing Lam [1]	4/4	√
Non-executive Director		
George Colin Magnus	4/4	√
Independent Non-executive Directors		
Michael David Kadoorie	4/4	√
Holger Kluge	4/4	√
Margaret Leung Ko May Yee	4/4	√
William Shurniak [2]	4/4	√
Wong Chung Hin	4/4	√

Notes:

(1) Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor and brother-in-law of Mr Kam Hing Lam.

(2) Mr William Shurniak has been re-designated as Independent Non-executive Director since 29 June 2011.

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

All Non-executive Directors are engaged on service contracts for 12-month periods. All Directors are subject to re-election by shareholders at annual general meetings and at least about once every three years on a rotation basis in accordance with the Articles of Association of the Company. A retiring Director is eligible for re-election and re-election of retiring Directors at general meetings is dealt with by separate individual resolutions. None of the Directors who is proposed for re-election at a general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation). Where vacancies arise at the Board, candidates are proposed and put forward to the Board for consideration and approval, with the objective of appointing to the Board individuals with expertise in the businesses of the Group and leadership qualities to complement the capabilities of the existing Directors thereby enabling the Company to retain as well as improve its competitive position. Shareholders may propose a candidate for election as Director in accordance with the Articles of Association of the Company. The procedures for such proposal are published on the website of the Group.

Upon appointment to the Board, Directors receive a package of orientation materials on the Group and are provided with a comprehensive induction to the Group's businesses by senior executives. The Company provides Continuous Professional Development ("CPD") training and relevant reading materials to Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on the relevant topics also count toward CPD training. Besides providing sufficient time and attention to the affairs of the Group, Directors disclose to the Company their interests as director and other office in other public companies and organisation in a timely manner and update the Company on any subsequent changes.

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as the Group's code of conduct regarding Directors' securities transactions. In response to specific enquiries made of them, all Directors confirmed that they have complied with the Model Code in their securities transactions throughout 2011.

Board Committees

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

COMPANY SECRETARY

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

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

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

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The responsibility of Directors in relation to the financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 141 which acknowledges the reporting responsibility of the Group's Auditor.

Annual Report and Accounts

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

Accounting Policies

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

Accounting Records

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

Safeguarding Assets

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

Going Concern

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

Audit Committee

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

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

The Audit Committee held four meetings in 2011 with 100% attendance.

Name of Members	Attended/Eligible to attend
Wong Chung Hin *(Chairman)*	4/4
Holger Kluge	4/4
William Shurniak	4/4

During the year, the Audit Committee performed the duties and responsibilities under its terms of reference and other duties of the Existing Code.

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

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

External Auditor

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

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

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by external auditor.

- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, for example, audits of the Group's pension plans, accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that it must, or is best placed, to undertake in their capacity as auditor.

- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group uses the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.

- Other services – include, for example, financial due diligence, reviews of actuarial reports and calculations, risk management diagnostics and assessments, and non-financial systems consultations. The external auditor is also permitted to assist Management and the Group's internal auditor with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.

- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

An analysis of the fees of PwC and other external auditor is shown in note 43 to the accounts. In the year ended 31 December 2011, the PwC fees, amounting to HK$179 million, were primarily for audit services and those for non-audit services amounted to HK$70 million, 28.1% of the total fees.

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

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

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

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

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

Internal Control Environment and Systems

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

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

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

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

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

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

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

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

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

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 December 2011 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate. In addition, it has also reviewed and is satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

Corporate Governance

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

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

Having regard to the recent changes and developments of the regulatory and legal requirements relevant to the Group, the Board had updated or established in 2011 various policies and procedures in areas including, among others, handling of confidential and price-sensitive information, securities dealing, prevention of bribery and corruption, shareholders' communication and reporting on possible improprieties with respect to financial reporting and internal control. The Audit Committee has reviewed the compliance status of the Existing Code and the Revised Code, and is satisfied that all code provisions of the Existing Code are complied with and nearly all code provisions of the Revised Code are complied with ahead of schedule.

Legal and Regulatory

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

Group Risk Management

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

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

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

The Remuneration Committee met in November 2011 with 100% attendance to review background information on market data (including economic indicators, statistics and the Remuneration Bulletin), the Group's business activities and human resources issues, and headcount and staff costs. It reviewed and approved the proposed 2012 directors' fees and the revised Terms of Reference of the Remuneration Committee and made recommendation to the Board on the directors' fees for Non-executive Directors and the revised Terms of Reference. Prior to the end of the year, the Committee reviewed and approved the year end bonus and 2012 remuneration package of Executive Directors and senior management of the Company. 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. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

Directors' emoluments comprise payments to Directors from the Company and its Group companies. The emoluments of each of the Directors exclude amounts received from the Company's listed subsidiaries or associated companies and paid to the Company. The amounts paid to each Director for 2011 are as below:

Name of Directors	Director's Fees HK$ millions	Basic Salaries, Allowances and Benefits-in-Kind HK$ millions	Bonuses HK$ millions	Provident Fund Contributions HK$ millions	Inducement or Compensation Fees HK$ millions	Total Emoluments HK$ millions
Li Ka-shing [1][6]	0.05	-	-	-	-	0.05
Li Tzar Kuoi, Victor						
Paid by the Company	0.12	4.59	42.32	-	-	47.03
Paid by Cheung Kong Infrastructure Holdings Limited ("CKI")	0.08	-	18.90	-	-	18.98
Paid to the Company	(0.08)	-	-	-	-	(0.08)
	0.12	4.59	61.22	-	-	65.93
Fok Kin Ning, Canning [2]	0.12	10.69	157.34	2.22	-	170.37
Chow Woo Mo Fong, Susan [2]	0.12	7.87	35.20	1.59	-	44.78
Frank John Sixt [2]	0.12	7.87	34.04	0.69	-	42.72
Lai Kai Ming, Dominic [2]	0.12	5.31	33.00	1.01	-	39.44
Kam Hing Lam [2]						
Paid by the Company	0.12	2.30	7.68	-	-	10.10
Paid by CKI	0.08	4.20	7.43	-	-	11.71
Paid to the Company	(0.08)	(4.20)	-	-	-	(4.28)
	0.12	2.30	15.11	-	-	17.53
George Colin Magnus [4]						
Paid by the Company	0.12	-	-	-	-	0.12
Paid by CKI	0.08	-	-	-	-	0.08
	0.20	-	-	-	-	0.20
William Shurniak [3][5]	0.25	-	-	-	-	0.25
Michael David Kadoorie [3]	0.12	-	-	-	-	0.12
Holger Kluge [3][5][6]	0.31	-	-	-	-	0.31
Margaret Leung Ko May Yee [3]	0.12	-	-	-	-	0.12
Wong Chung Hin [3][5][6]	0.31	-	-	-	-	0.31
Total:	2.08	38.63	335.91	5.51	-	382.13

Notes:

(1) No remuneration was paid to Mr Li Ka-shing during the year other than Director's fees of HK$50,000 which he paid to Cheung Kong (Holdings) Limited.

(2) Directors' fees received by these Directors from the Company's listed subsidiaries during the period they served as executive directors or non-executive directors that have been paid to the Company are not included in the amounts above.

(3) Independent Non-executive Directors. The total emoluments of the Independent Non-executive Directors of the Company (including Mr William Shurniak who has been re-designated as Independent Non-executive Director since 29 June 2011) are HK$1,110,000.

(4) Non-executive Director.

(5) Members of the Audit Committee.

(6) Members of the Remuneration Committee.

CODE OF CONDUCT

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

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Group actively promotes investor relations and communication with the investment community when the interim and year end financial results are announced and during the course of the year. Through its Chairman, Group Managing Director, Group Finance Director and the Group Corporate Affairs Department, the Group responds to requests for information and queries from the investment community including institutional shareholders, analysts and the media through regular briefing meetings, conference calls and presentations.

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

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

The latest shareholders' meeting of the Company was the 2011 Annual General Meeting (the "AGM") which was held on 20 May 2011 at Harbour Grand Kowloon, Hung Hom, Kowloon, Hong Kong attended by PwC and all Directors (100%), including the Chairman of the Board and the Audit Committee, and the then Chairman of the Remuneration Committee. Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from attending such meetings. Separate resolutions were proposed at that meeting on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 20 May 2011 are set out below:-

Resolutions proposed at the AGM		Percentage of Votes
1	Adoption of the Statement of Audited Accounts and Reports of the Directors and Auditor for the year ended 31 December 2010	99.99%
2	Declaration of a final dividend	99.99%
3(1)	Re-election of Mr Fok Kin Ning, Canning as a Director	98.30%
3(2)	Re-election of Mr Kam Hing Lam as a Director	89.94%
3(3)	Re-election of Mr Holger Kluge as a Director	99.87%
3(4)	Re-election of Mr William Shurniak as a Director	93.59%
3(5)	Re-election of Mr Wong Chung Hin as a Director	99.15%
4	Appointment of Auditor and authorisation of Directors to fix the Auditor's remuneration	99.99%
5(1)	Granting of a general mandate to Directors to issue additional shares of the Company	84.98%
5(2)	Purchase by the Company of its own shares	99.99%
5(3)	Extension of the general mandate regarding issue of additional shares of the Company	85.14%
6	Amendments to the Articles of Association in relation to the poll voting process, dispatch of corporate communications to shareholders and a minor housekeeping change	99.66%

All resolutions put to shareholders at the AGM were passed. The results of the voting by poll were published on the websites of the Group and the HKEx.

Other corporate information is set out in the "Information for Shareholders" section of this annual report. This includes, among others, dates for key corporate events for 2012 and public float capitalisation as at 31 December 2011.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business. It has adopted a proactive approach to environmental, social and governance ("ESG") responsibility and has established a committee, chaired by the Deputy Group Managing Director Mrs Chow Woo Mo Fong, Susan, comprising representatives from key departments of the Company to spearhead the ESG activities of the Group. The committee focuses on initiatives related to our stakeholders, our employees, the environment, our operating practices and the community. Details of the initiatives of the committee are set out on pages 84 to 91.

By order of the Board

Edith Shih
Company Secretary

Hong Kong, 29 March 2012

Independent Auditor's Report

To the Shareholders of Hutchison Whampoa Limited

(incorporated in Hong Kong with limited liability)

We have audited the consolidated accounts of Hutchison Whampoa Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 142 to 238, which comprise the consolidated and Company statements of financial position as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated accounts

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2012

Consolidated Income Statement

for the year ended 31 December 2011

2011 US$ millions		Note	2011 HK$ millions	As restated Note 1 2010 HK$ millions
	Company and subsidiary companies:			
29,962	Revenue	4, 5	**233,700**	209,180
(11,931)	Cost of inventories sold		**(93,059)**	(78,321)
(3,909)	Staff costs		**(30,488)**	(28,768)
(2,884)	Telecommunications customer acquisition costs		**(22,497)**	(16,013)
(1,805)	Depreciation and amortisation	5	**(14,080)**	(14,932)
(6,802)	Other operating expenses	5	**(53,055)**	(50,456)
–	Change in fair value of investment properties		**–**	855
5,532	Profits on disposal of investments and others	6	**43,147**	–
	Share of profits less losses after tax of:			
1,772	Associated companies	19	**13,819**	6,469
753	Jointly controlled entities	20	**5,877**	9,387
10,688		5	**83,364**	37,401
(1,079)	Interest expenses and other finance costs	8	**(8,415)**	(8,476)
9,609	**Profit before tax**		**74,949**	28,925
(415)	Current tax	9	**(3,237)**	(2,493)
276	Deferred tax credit (charge)	9	**2,150**	(706)
9,470	**Profit after tax**		**73,862**	25,726
(2,288)	**Allocated as: Profit attributable to non-controlling interests and holders of perpetual capital securities**		**(17,843)**	(5,547)
7,182	**Profit attributable to ordinary shareholders of the Company**	11	**56,019**	20,179
US$ 1.68	**Earnings per share for profit attributable to ordinary shareholders of the Company**	11	**HK$ 13.14**	HK$ 4.73

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

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

2011 US$ millions		Note	2011 HK$ millions	As restated Note 1 2010 HK$ millions
9,470	**Profit after tax**		**73,862**	25,726
	Other comprehensive income (losses)			
	Available-for-sale investments:			
38	Valuation gains recognised directly in reserves		**298**	1,001
(36)	Valuation gains previously in reserves recognised in income statement for the year		**(280)**	(839)
(206)	Net actuarial gains (losses) of defined benefit plans recognised directly in reserves		**(1,607)**	463
	Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
(31)	Gains (losses) recognised directly in reserves		**(240)**	52
1	Losses (gains) previously in reserves recognised in initial cost of non-financial items for the year		**7**	(25)
208	Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves		**1,620**	(6,152)
120	Losses (gains) previously in exchange and other reserves related to subsidiaries disposed / de-recognised during the year recognised in income statement for the year		**937**	(17)
1	Revaluation gains recognised directly in reserves upon transfer from other properties to investment properties		**8**	–
(452)	Share of other comprehensive income (losses) of associated companies for the year		**(3,530)**	2,520
208	Share of other comprehensive income of jointly controlled entities for the year		**1,626**	1,840
(149)	Other comprehensive income (losses) before tax		**(1,161)**	(1,157)
13	Tax relating to components of other comprehensive income (losses)	12	**106**	(140)
(136)	Other comprehensive income (losses) after tax		**(1,055)**	(1,297)
9,334	**Total comprehensive income**		**72,807**	24,429
(2,199)	**Allocated as: Attributable to non-controlling interests and holders of perpetual capital securities**		**(17,150)**	(6,019)
7,135	**Attributable to ordinary shareholders of the Company**		**55,657**	18,410

Consolidated Statement of Financial Position

at 31 December 2011

31 December 2011 US$ millions		Note	31 December 2011 HK$ millions	As restated Note 1 31 December 2010 HK$ millions	As restated Note 1 1 January 2010 HK$ millions
	ASSETS				
	Non-current assets				
19,936	Fixed assets	13	**155,502**	167,851	176,192
5,463	Investment properties	14	**42,610**	43,240	42,323
1,282	Leasehold land	15	**10,004**	27,561	29,191
9,680	Telecommunications licences	16	**75,503**	68,333	70,750
3,377	Goodwill	17	**26,338**	27,332	28,858
1,617	Brand names and other rights	18	**12,615**	12,865	7,351
17,654	Associated companies	19	**137,703**	105,589	83,777
8,662	Interests in joint ventures	20	**67,562**	54,103	51,634
2,178	Deferred tax assets	21	**16,992**	14,097	14,650
1,306	Other non-current assets	22	**10,184**	9,131	5,286
2,595	Liquid funds and other listed investments	23	**20,239**	24,585	23,213
73,750			**575,252**	554,687	533,225
	Current assets				
8,531	Cash and cash equivalents	24	**66,539**	91,652	92,521
7,737	Trade and other receivables	25	**60,345**	57,229	48,146
2,360	Inventories		**18,408**	17,733	16,593
18,628			**145,292**	166,614	157,260
	Current liabilities				
10,012	Trade and other payables	26	**78,093**	80,889	73,029
3,697	Bank and other debts	28	**28,835**	23,122	17,589
312	Current tax liabilities		**2,431**	2,900	3,249
14,021			**109,359**	106,911	93,867
4,607	**Net current assets**		**35,933**	59,703	63,393
78,357	**Total assets less current liabilities**		**611,185**	614,390	596,618
	Non-current liabilities				
24,323	Bank and other debts	28	**189,719**	228,134	242,851
834	Interest bearing loans from non-controlling shareholders	29	**6,502**	13,493	13,424
1,140	Deferred tax liabilities	21	**8,893**	9,857	9,063
383	Pension obligations	30	**2,992**	1,702	2,436
551	Other non-current liabilities	31	**4,296**	3,945	4,520
27,231			**212,402**	257,131	272,294
51,126	**Net assets**		**398,783**	357,259	324,324

31 December 2011 US$ millions		Note	31 December 2011 HK$ millions	As restated Note 1 31 December 2010 HK$ millions	As restated Note 1 1 January 2010 HK$ millions
	CAPITAL AND RESERVES				
137	Share capital	32	**1,066**	1,066	1,066
2,000	Perpetual capital securities	32	**15,600**	15,600	–
43,967	Reserves		**342,946**	297,367	285,829
46,104	**Total ordinary shareholders' funds and perpetual capital securities**		**359,612**	314,033	286,895
5,022	Non-controlling interests		**39,171**	43,226	37,429
51,126	**Total equity**		**398,783**	357,259	324,324

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Cash Flows

for the year ended 31 December 2011

2011 US$ millions		Note	2011 HK$ millions	As restated Note 1 2010 HK$ millions
	Operating activities			
8,023	Cash generated from operating activities before interest expenses and other finance costs, tax paid, telecommunications customer acquisition costs and changes in working capital	33(a)	62,578	59,275
(992)	Interest expenses and other finance costs paid		(7,738)	(7,763)
(414)	Tax paid		(3,231)	(2,617)
6,617	Funds from operations before telecommunications customer acquisition costs		51,609	48,895
(2,884)	Telecommunications customer acquisition costs		(22,497)	(16,013)
3,733	**Funds from operations**		29,112	32,882
1,275	Changes in working capital	33(b)	9,948	(3,015)
5,008	**Net cash from operating activities**		39,060	29,867
	Investing activities			
(3,210)	Purchase of fixed assets and investment properties		(25,039)	(21,683)
(14)	Additions to leasehold land		(110)	(54)
(730)	Additions to telecommunications licences	16, 33(e)	(5,693)	(146)
(10)	Additions to brand names and other rights	18, 33(e)	(82)	(461)
–	Purchase of subsidiary companies	33(c)	1	–
(17)	Additions to other unlisted investments and long term receivables		(129)	(4,163)
326	Repayments from associated companies and jointly controlled entities		2,546	1,203
(3,304)	Purchase of and advances to (including deposits from) associated companies and jointly controlled entities		(25,768)	(16,056)
200	Proceeds on disposal of fixed assets, leasehold land and investment properties		1,554	9,997
4,565	Proceeds on disposal / de-recognition of subsidiary companies	33(d)	35,609	(69)
32	Proceeds on disposal of associated companies		250	1
–	Proceeds on disposal of jointly controlled entities		–	10
73	Proceeds on disposal of other unlisted investments		566	589
(2,089)	Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments		(16,295)	(30,832)
576	Disposal of liquid funds and other listed investments		4,498	523
(39)	Additions to liquid funds and other listed investments		(306)	(1,227)
(1,552)	**Cash flows used in investing activities**		(12,103)	(31,536)
3,456	**Net cash inflow (outflow) before financing activities**		26,957	(1,669)

2011 US$ millions		Note	2011 HK$ millions	As restated Note 1 2010 HK$ millions
	Financing activities			
2,430	New borrowings		**18,957**	41,232
(5,386)	Repayment of borrowings		**(42,014)**	(49,434)
161	Issue of shares by subsidiary companies to non-controlling shareholders and net loans from non-controlling shareholders		**1,260**	8,105
(617)	Payments to acquire additional interests in subsidiary companies		**(4,816)**	(4,727)
–	Proceeds on issue of perpetual capital securities, net of transaction costs		**–**	15,464
(2,072)	Dividends paid to non-controlling interests		**(16,165)**	(2,465)
(120)	Distributions paid on perpetual capital securities		**(936)**	–
(1,071)	Dividends paid to ordinary shareholders		**(8,356)**	(7,375)
(6,675)	**Cash flows from (used in) financing activities**		**(52,070)**	800
(3,219)	Decrease in cash and cash equivalents		**(25,113)**	(869)
11,750	Cash and cash equivalents at 1 January		**91,652**	92,521
8,531	**Cash and cash equivalents at 31 December**		**66,539**	91,652
	Analysis of cash, liquid funds and other listed investments			
8,531	Cash and cash equivalents, as above	24	**66,539**	91,652
2,595	Liquid funds and other listed investments	23	**20,239**	24,585
11,126	**Total cash, liquid funds and other listed investments**		**86,778**	116,237
27,417	Total principal amount of bank and other debts	28	**213,854**	247,362
834	Interest bearing loans from non-controlling shareholders	29	**6,502**	13,493
17,125	**Net debt**		**133,578**	144,618
(834)	Interest bearing loans from non-controlling shareholders		**(6,502)**	(13,493)
16,291	**Net debt (excluding interest bearing loans from non-controlling shareholders)**		**127,076**	131,125

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

	Attributable to								
	Ordinary shareholders					Holders of perpetual capital securities [c]	Total ordinary shareholders' funds and perpetual capital securities	Non-controlling interests	Total equity
	Share capital and premium [a]	Exchange reserve	Other reserves [b]	Retained profit	Sub-total				
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 1 January 2011, as previously reported	29,425	3,477	3,353	257,478	293,733	15,764	309,497	43,205	352,702
Prior year adjustments in respect of a change in accounting policy (see note 1)	–	(2)	31	4,507	4,536	–	4,536	21	4,557
At 1 January 2011, as restated	29,425	3,475	3,384	261,985	298,269	15,764	314,033	43,226	357,259
Profit for the year	–	–	–	56,019	56,019	936	56,955	16,907	73,862
Other comprehensive income (losses)									
Available-for-sale investments:									
Valuation gains recognised directly in reserves	–	–	273	–	273	–	273	25	298
Valuation gains previously in reserves recognised in income statement for the year	–	–	(236)	–	(236)	–	(236)	(44)	(280)
Net actuarial losses of defined benefit plans recognised directly in reserves	–	–	–	(1,394)	(1,394)	–	(1,394)	(213)	(1,607)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:									
Losses recognised directly in reserves	–	–	(199)	–	(199)	–	(199)	(41)	(240)
Losses previously in reserves recognised in initial cost of non-financial items for the year	–	–	7	–	7	–	7	–	7
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	–	1,656	–	–	1,656	–	1,656	(36)	1,620
Losses (gains) previously in exchange and other reserves related to subsidiaries disposed / de-recognised during the year recognised in income statement for the year	–	1,074	(22)	(14)	1,038	–	1,038	(101)	937
Revaluation gains recognised directly in reserves upon transfer from other properties to investment properties	–	–	6	–	6	–	6	2	8
Share of other comprehensive income (losses) of associated companies for the year	–	(565)	(903)	(1,538)	(3,006)	–	(3,006)	(524)	(3,530)
Share of other comprehensive income (losses) of jointly controlled entities for the year	–	1,387	48	(25)	1,410	–	1,410	216	1,626
Tax relating to components of other comprehensive income (losses)	–	–	(54)	137	83	–	83	23	106
Other comprehensive income (losses)	–	3,552	(1,080)	(2,834)	(362)	–	(362)	(693)	(1,055)
Total comprehensive income (losses)	–	3,552	(1,080)	53,185	55,657	936	56,593	16,214	72,807
Dividends paid relating to 2010	–	–	–	(6,011)	(6,011)	–	(6,011)	–	(6,011)
Dividends paid relating to 2011	–	–	–	(2,345)	(2,345)	–	(2,345)	–	(2,345)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(16,057)	(16,057)
Distributions paid on perpetual capital securities	–	–	–	–	–	(936)	(936)	–	(936)
Equity contribution from non-controlling interests	–	–	–	–	–	–	–	3,505	3,505
Share option schemes of subsidiaries	–	–	9	–	9	–	9	3	12
Relating to acquisition of a subsidiary	–	–	–	–	–	–	–	7	7
Relating to purchase of non-controlling interests	–	–	(3,033)	–	(3,033)	–	(3,033)	(1,777)	(4,810)
Relating to partial disposal / disposal / de-recognition of subsidiary companies	–	(59)	4,352	(2,991)	1,302	–	1,302	(5,950)	(4,648)
At 31 December 2011	29,425	6,968	3,632	303,823	343,848	15,764	359,612	39,171	398,783

	Attributable to								
	Ordinary shareholders								
	Share capital and premium [a]	Exchange reserve	Other reserves [b]	Retained profit	Sub-total	Holders of perpetual capital securities [c]	Total ordinary shareholders' funds and perpetual capital securities	Non-controlling interests	Total equity
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 1 January 2010, as previously reported	29,425	6,100	2,233	244,741	282,499	–	282,499	37,413	319,912
Prior year adjustments in respect of a change in accounting policy (see note 1)	–	(1)	31	4,366	4,396	–	4,396	16	4,412
At 1 January 2010, as restated	29,425	6,099	2,264	249,107	286,895	–	286,895	37,429	324,324
Profit for the year	–	–	–	20,179	20,179	164	20,343	5,383	25,726
Other comprehensive income (losses)									
Available-for-sale investments:									
Valuation gains recognised directly in reserves	–	–	833	–	833	–	833	168	1,001
Valuation gains previously in reserves recognised in income statement for the year	–	–	(679)	–	(679)	–	(679)	(160)	(839)
Net actuarial gains of defined benefit plans recognised directly in reserves	–	–	–	454	454	–	454	9	463
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:									
Gains recognised directly in reserves	–	–	44	–	44	–	44	8	52
Gains previously in reserves recognised in initial cost of non-financial items for the year	–	–	(25)	–	(25)	–	(25)	–	(25)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(6,244)	–	–	(6,244)	–	(6,244)	92	(6,152)
Losses (gains) previously in exchange and other reserves related to subsidiaries disposed / de-recognised during the year recognised in income statement for the year	–	(13)	1	–	(12)	–	(12)	(5)	(17)
Share of other comprehensive income (losses) of associated companies for the year	–	2,015	380	(27)	2,368	–	2,368	152	2,520
Share of other comprehensive income (losses) of jointly controlled entities for the year	–	1,618	26	(8)	1,636	–	1,636	204	1,840
Tax relating to components of other comprehensive income	–	–	(9)	(135)	(144)	–	(144)	4	(140)
Other comprehensive income (losses)	–	(2,624)	571	284	(1,769)	–	(1,769)	472	(1,297)
Total comprehensive income (losses)	–	(2,624)	571	20,463	18,410	164	18,574	5,855	24,429
Dividends paid relating to 2009	–	–	–	(5,201)	(5,201)	–	(5,201)	–	(5,201)
Dividends paid relating to 2010	–	–	–	(2,174)	(2,174)	–	(2,174)	–	(2,174)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(2,620)	(2,620)
Equity contribution from non-controlling interests	–	–	–	–	–	–	–	7,973	7,973
Transaction costs in relation to equity contribution from non-controlling interests	–	–	–	(107)	(107)	–	(107)	(19)	(126)
Share option schemes of subsidiaries	–	–	(40)	–	(40)	–	(40)	2	(38)
Share option lapsed	–	–	(28)	28	–	–	–	–	–
Unclaimed dividends write back	–	–	–	5	5	–	5	–	5
Issuance of perpetual capital securities	–	–	–	–	–	15,600	15,600	–	15,600
Transaction costs in relation to issuance of perpetual capital securities	–	–	–	(136)	(136)	–	(136)	–	(136)
Relating to purchase of non-controlling interests	–	–	617	–	617	–	617	(5,387)	(4,770)
Relating to disposal of subsidiary companies	–	–	–	–	–	–	–	(7)	(7)
At 31 December 2010	29,425	3,475	3,384	261,985	298,269	15,764	314,033	43,226	357,259

(a) Share capital and premium comprise share capital of HK$1,066 million, share premium of HK$27,955 million and capital redemption reserve of HK$404 million in all reporting years.

(b) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 31 December 2011, revaluation reserve surplus amounted to HK$2,277 million (1 January 2011 – HK$2,273 million and 1 January 2010 – HK$2,084 million), hedging reserve deficit amounted to HK$623 million (1 January 2011 – surplus of HK$501 million and 1 January 2010 – surplus of HK$120 million) and other capital reserves surplus amounted to HK$1,978 million (1 January 2011 – HK$610 million and 1 January 2010 – HK$60 million). Fair value changes arising from business combination and revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cash flow hedges are included in the hedging reserve.

(c) In October 2010, a wholly owned subsidiary company of the Group issued subordinated guaranteed perpetual capital securities (the "perpetual capital securities") with a nominal amount of US$2,000 million (approximately HK$15,600 million) for cash, which are classified as equity under Hong Kong Financial Reporting Standards.

(d) The Group's share of exchange reserve of associated companies and jointly controlled entities are losses of HK$163 million (2010 – gains of HK$1,597 million) and gains of HK$1,110 million (2010 – losses of HK$1,033 million) respectively. The Group's share of actuarial losses which are recognised directly in equity by associated companies and jointly controlled entities amounted to HK$1,540 million (2010 – gains of HK$242 million) and HK$25 million (2010 – HK$8 million) respectively.

Notes to the Accounts

1 Basis of preparation

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

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2011. 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.

In addition, the Group has adopted amendments to Hong Kong Accounting Standard ("HKAS") 12 "Income Taxes – Deferred Tax: Recovery of Underlying Assets", with retrospective effect, ahead of its mandatory effective date of 1 January 2012. As a result of the adoption of amendments to HKAS 12, the Group now measures deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the asset's value through use.

The effects, where material, of the adoption of amendments to HKAS 12 "Income Taxes" are summarised below:

(a) Estimated effect on the consolidated income statement for the year ended 31 December 2011

	Amendments to HKAS 12 "Income Taxes" HK$ millions
Company and subsidiary companies:	
Revenue	–
Cost of inventories sold	–
Staff costs	–
Telecommunications customer acquisition costs	–
Depreciation and amortisation	–
Other operating expenses	–
Change in fair value of investment properties	–
Profits on disposal of investments and others	–
Share of profits less losses after tax of:	
Associated companies	25
Jointly controlled entities	44
	69
Interest expenses and other finance costs	–
Profit before tax	69
Current tax	–
Deferred tax credit (charge)	–
Profit after tax	69
Allocated as: Profit attributable to non-controlling interests and holders of perpetual capital securities	–
Profit attributable to ordinary shareholders of the Company	69
Earnings per share for profit attributable to ordinary shareholders of the Company	HK$ 0.016

1 Basis of preparation (continued)

(b) Estimated effect on the consolidated statement of financial position as at 31 December 2011

	Amendments to HKAS 12 "Income Taxes" HK$ millions
ASSETS	
Non-current assets	
Fixed assets	–
Investment properties	–
Leasehold land	–
Telecommunications licences	–
Goodwill	–
Brand names and other rights	–
Associated companies	86
Interests in joint ventures	115
Deferred tax assets	(8)
Other non-current assets	–
Liquid funds and other listed investments	–
	193
Current assets	
Cash and cash equivalents	–
Trade and other receivables	–
Inventories	–
	–
Current liabilities	
Trade and other payables	–
Bank and other debts	–
Current tax liabilities	–
	–
Net current assets	–
Total assets less current liabilities	193
Non-current liabilities	
Bank and other debts	–
Interest bearing loans from non-controlling shareholders	–
Deferred tax liabilities	(4,433)
Pension obligations	–
Other non-current liabilities	–
	(4,433)
Net assets	4,626
CAPITAL AND RESERVES	
Share capital	–
Perpetual capital securities	–
Reserves	4,620
Total ordinary shareholders' funds and perpetual capital securities	4,620
Non-controlling interests	6
Total equity	4,626

1 Basis of preparation (continued)

(c) Effect on the consolidated income statement for the year ended 31 December 2010

	As previously reported*	Amendments to HKAS 12 "Income Taxes"	As restated
	HK$ millions	HK$ millions	HK$ millions
Company and subsidiary companies:			
Revenue	209,180	–	209,180
Cost of inventories sold	(78,321)	–	(78,321)
Staff costs	(28,768)	–	(28,768)
Telecommunications customer acquisition costs	(16,013)	–	(16,013)
Depreciation and amortisation	(14,932)	–	(14,932)
Other operating expenses	(50,456)	–	(50,456)
Change in fair value of investment properties	855	–	855
Share of profits less losses after tax of:			
Associated companies	6,469	–	6,469
Jointly controlled entities	9,382	5	9,387
	37,396	5	37,401
Interest and other finance costs	(8,476)	–	(8,476)
Profit before tax	28,920	5	28,925
Current tax charge	(2,493)	–	(2,493)
Deferred tax credit (charge)	(847)	141	(706)
Profit after tax	25,580	146	25,726
Allocated as: Profit attributable to non-controlling interests and holders of perpetual capital securities	(5,542)	(5)	(5,547)
Profit attributable to ordinary shareholders of the Company	20,038	141	20,179
Earnings per share for profit attributable to shareholders of the Company	HK$ 4.70	HK$ 0.03	HK$ 4.73

* In the audited 2010 annual accounts.

1 Basis of preparation (continued)

(d) Effect on the consolidated statement of financial position as at 31 December 2010

	As previously reported* HK$ millions	Amendments to HKAS 12 "Income Taxes" HK$ millions	As restated HK$ millions
ASSETS			
Non-current assets			
Fixed assets	167,851	–	167,851
Investment properties	43,240	–	43,240
Leasehold land	27,561	–	27,561
Telecommunications licences	68,333	–	68,333
Goodwill	27,332	–	27,332
Brand names and other rights	12,865	–	12,865
Associated companies	105,528	61	105,589
Interests in joint ventures	54,032	71	54,103
Deferred tax assets	14,105	(8)	14,097
Other non-current assets	9,131	–	9,131
Liquid funds and other listed investments	24,585	–	24,585
	554,563	124	554,687
Current assets			
Cash and cash equivalents	91,652	–	91,652
Trade and other receivables	57,229	–	57,229
Inventories	17,733	–	17,733
	166,614	–	166,614
Current liabilities			
Trade and other payables	80,889	–	80,889
Bank and other debts	23,122	–	23,122
Current tax liabilities	2,900	–	2,900
	106,911	–	106,911
Net current assets	59,703	–	59,703
Total assets less current liabilities	614,266	124	614,390
Non-current liabilities			
Bank and other debts	228,134	–	228,134
Interest bearing loans from non-controlling shareholders	13,493	–	13,493
Deferred tax liabilities	14,290	(4,433)	9,857
Pension obligations	1,702	–	1,702
Other non-current liabilities	3,945	–	3,945
	261,564	(4,433)	257,131
Net assets	352,702	4,557	357,259
CAPITAL AND RESERVES			
Share capital	1,066	–	1,066
Perpetual capital securities	15,600	–	15,600
Reserves	292,831	4,536	297,367
Total ordinary shareholders' funds and perpetual capital securities	309,497	4,536	314,033
Non-controlling interests	43,205	21	43,226
Total equity	352,702	4,557	357,259

* In the audited 2010 annual accounts.

1 Basis of preparation (continued)

(e) Effect on the consolidated income statement for the year ended 31 December 2009

	As previously reported* HK$ millions	Amendments to HKAS 12 "Income Taxes" HK$ millions	As restated HK$ millions
Company and subsidiary companies:			
Revenue	208,808	–	208,808
Cost of inventories sold	(74,275)	–	(74,275)
Staff costs	(28,309)	–	(28,309)
Telecommunications customer acquisition costs	(16,544)	–	(16,544)
Depreciation and amortisation	(16,258)	–	(16,258)
Other operating expenses	(60,769)	–	(60,769)
Change in fair value of investment properties	1,117	–	1,117
Profit on disposal of investments	12,472	–	12,472
Share of profits less losses after tax of:			
Associated companies	5,390	–	5,390
Jointly controlled entities	3,677	50	3,727
	35,309	50	35,359
Interest and other finance costs	(9,613)	–	(9,613)
Profit before tax	25,696	50	25,746
Current tax charge	(4,588)	–	(4,588)
Deferred tax credit	92	177	269
Profit after tax	21,200	227	21,427
Allocated as: Profit attributable to non-controlling interests	(7,569)	(4)	(7,573)
Profit attributable to shareholders of the Company	13,631	223	13,854
Earnings per share for profit attributable to shareholders of the Company	HK$ 3.20	HK$ 0.05	HK$ 3.25

* In the audited 2010 annual accounts.

1 Basis of preparation (continued)

(f) Effect on the consolidated statement of financial position as at 31 December 2009 and as at the beginning of 1 January 2010

	As previously reported* HK$ millions	Amendments to HKAS 12 "Income Taxes" HK$ millions	As restated HK$ millions
ASSETS			
Non-current assets			
Fixed assets	176,192	–	176,192
Investment properties	42,323	–	42,323
Leasehold land	29,191	–	29,191
Telecommunications licences	70,750	–	70,750
Goodwill	28,858	–	28,858
Brand names and other rights	7,351	–	7,351
Associated companies	83,716	61	83,777
Interests in joint ventures	51,568	66	51,634
Deferred tax assets	14,657	(7)	14,650
Other non-current assets	5,286	–	5,286
Liquid funds and other listed investments	23,213	–	23,213
	533,105	120	533,225
Current assets			
Cash and cash equivalents	92,521	–	92,521
Trade and other receivables	48,146	–	48,146
Inventories	16,593	–	16,593
	157,260	–	157,260
Current liabilities			
Trade and other payables	73,029	–	73,029
Bank and other debts	17,589	–	17,589
Current tax liabilities	3,249	–	3,249
	93,867	–	93,867
Net current assets	63,393	–	63,393
Total assets less current liabilities	596,498	120	596,618
Non-current liabilities			
Bank and other debts	242,851	–	242,851
Interest bearing loans from non-controlling shareholders	13,424	–	13,424
Deferred tax liabilities	13,355	(4,292)	9,063
Pension obligations	2,436	–	2,436
Other non-current liabilities	4,520	–	4,520
	276,586	(4,292)	272,294
Net assets	319,912	4,412	324,324
CAPITAL AND RESERVES			
Share capital	1,066	–	1,066
Reserves	281,433	4,396	285,829
Total shareholders' funds	282,499	4,396	286,895
Non-controlling interests	37,413	16	37,429
Total equity	319,912	4,412	324,324

* In the audited 2010 annual accounts.

2 Significant accounting policies

(a) Basis of consolidation

The consolidated accounts of the Group include the accounts for the year ended 31 December 2011 of the Company and of all its direct and indirect subsidiary companies and also incorporate the Group's interest in associated companies and jointly controlled entities on the basis set out in notes 2(c) and 2(d) below. Results of subsidiary and associated companies and jointly controlled entities acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2011 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the purchase method.

(b) Subsidiary companies

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

(c) Associated companies

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

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

(d) Joint ventures

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

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

(e) Fixed assets

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

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

Motor vehicles	20 - 25%
Plant, machinery and equipment	$3^1/_3$ - 20%
Container terminal equipment	3 - 20%
Telecommunications equipment	2.5 - 10%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

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

2 Significant accounting policies (continued)

(f) Investment properties

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

(g) Leasehold land

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

(h) Telecommunications licences

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

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

(i) Telecommunications customer acquisition costs

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

(j) Goodwill

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

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

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

(k) Brand names and other rights

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

(l) Deferred tax

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

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

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

Loans and receivables

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

Held-to-maturity investments

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

Financial assets at fair value through profit or loss

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

Available-for-sale investments

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

2 Significant accounting policies (continued)

(n) Derivative financial instruments and hedging activities

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

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

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

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

(o) Trade and other receivables

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

(p) Properties under development

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

(q) Inventories

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

(r) Cash and cash equivalents

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

2 Significant accounting policies (continued)

(s) Borrowings and borrowing costs

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

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

(t) Trade and other payables

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

(u) Customer loyalty credits

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

(v) Share capital

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

(w) Provisions

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

(x) Leased assets

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

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

(y) Asset impairment

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

2 Significant accounting policies (continued)

(z) Pension plans

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

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

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

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

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

(aa) Share-based payments

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

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

(ab) Foreign exchange

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

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

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

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

All other exchange differences are recognised in the income statement.

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 discounts and sales related taxes.

Ports and related services

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

Property and hotels

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

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

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

Retail

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

Infrastructure

Income from infrastructure projects is recognised on a time proportion basis, using the effective interest method.

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

Energy

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

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

Mobile and fixed-line telecommunications services

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

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

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

Other service income is recognised when the service is rendered.

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

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

Finance and investments

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

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

2 Significant accounting policies (continued)

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

HKFRS 7 (Amendments) [i]	Transfers of Financial Assets
HKFRS 7 (Amendments) [ii]	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 9 [iv]	Financial Instruments
HKFRS 9 and 7 (Amendments) [iv]	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 10 [ii]	Consolidated Financial Statements
HKFRS 11 [ii]	Joint Arrangements
HKFRS 12 [ii]	Disclosure of Interests in Other Entities
HKFRS 13 [ii]	Fair Value Measurement
HKAS 27 (2011) [ii]	Separate Financial Statements
HKAS 28 (2011) [ii]	Investments in Associates and Joint Ventures
HKAS 1 (Amendments) [ii]	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011) [ii]	Employees Benefits
HKAS 32 (Amendments) [iii]	Offsetting Financial Assets and Financial Liabilities

(i) Effective for the Group for annual periods beginning on or after 1 January 2012
(ii) Effective for the Group for annual periods beginning on or after 1 January 2013
(iii) Effective for the Group for annual periods beginning on or after 1 January 2014
(iv) Effective for the Group for annual periods beginning on or after 1 January 2015

The adoption of standards, amendments and interpretations listed above, with the exception of HKFRS 9 in future periods is not expected to result in substantial changes to the Group's accounting policies.

In December 2011, the HKICPA issued Amendments to HKFRS 9 and 7, Mandatory Effective Date of HKFRS 9 and Transition Disclosures, which deferred the effective date of HKFRS 9 to annual periods beginning on or after 1 January 2015, and modified the relief from restating comparative periods and the associated disclosures in HKFRS 7. The HKICPA intends to expand HKFRS 9 to add new requirements for impairment of financial assets measured at amortised cost, and hedge accounting. Accordingly, the impact of HKFRS 9 may change as a consequence of further development resulting from the HKICPA's project to replace HKAS 39. As a result, it is impracticable to quantify the impact of HKFRS 9 as at the date of publication of these accounts.

3 Critical accounting estimates and judgements

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

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

(a) Long-lived assets

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

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

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

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

The Group's **3**G businesses have achieved a second year of EBIT positive results but are still building up scale and growing their businesses. Impairment tests were undertaken as at 31 December 2011 and 31 December 2010 to assess whether the carrying values of the Group's **3**G telecommunications licences, network assets and goodwill were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective business. The results of the tests undertaken as at 31 December 2011 and 31 December 2010 indicated that no impairment charge was necessary.

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

3 Critical accounting estimates and judgements (continued)

(a) Long-lived assets (continued)

The forecast growth in recurring revenue and margins is driven primarily by the increasing size of the accumulating customer base, accompanied by profitability improvements due to beneficial changes to services usage profiles. Increasing demand for non-voice value added services such as mobile broadband, sport and music content, multimedia messaging and video services has been experienced and is forecast to continue. Improving operating margins are forecast driven in part by a change in the mix from voice toward non-voice revenues; increased incoming traffic, which generates revenue from other operators, and on-net or intra-network traffic, which avoids interconnection costs being paid to other operators to terminate calls; and operating cost optimisation and cost savings achieved through cell site and network sharing, network maintenances and other outsourcing programmes. Improving profitability is also expected to continue based on the economies of scale effect that is able to be achieved in customer operation and network operations functions. Also factored into the forecasts are the potential dilutive effect of attracting lower value customer when growing the customer base and the expected effect of market competition and development.

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

For the purposes of impairment tests, the recoverable amount of the Group's **3**G telecommunications licences, network assets and goodwill is determined based on value in use calculations. The value in use calculations primarily use cash flow projections based on financial budgets approved by management and estimated terminal value at the end of the approved financial budgets period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, growth rates and selection of discount rates and the earnings multiple that can be realised for the estimated terminal value. The Group prepared the financial budgets reflecting current and prior year performances and market development expectations. Projections in excess of the approved financial budgets period are used to take into account telecommunications spectrum licence periods, increasing market share and growth momentum. For the purpose of the impairment tests, a market specific growth rate ranging from approximately 2% to 3% was used to extrapolate cash flows beyond the approved financial budgets period. This low rate was selected solely for the purposes of the impairment tests to arrive at a conservative projection of cash flows in excess of the approved financial budgets period and does not reflect our expectation of the performance of these businesses nor our forecast of long term industry growth. The discount rates for the tests were based on country specific pre-tax risk adjusted discount rates (for example, 5.8% and 6.2% used in the Group's **3**G operations in Italy and the UK respectively). Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

3 Critical accounting estimates and judgements (continued)

(b) Depreciation and amortisation

(i) Fixed assets

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

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

(ii) Telecommunications licences

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

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

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

(iii) Telecommunications customer acquisition costs

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

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

3 Critical accounting estimates and judgements (continued)

(c) Goodwill

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

(d) Investment properties valuation

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

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

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

3 Critical accounting estimates and judgements (continued)

(f) Pension costs

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

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

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

(g) Sale and leaseback transactions

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

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

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

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

4 Turnover and revenue

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

	2011 **HK$ millions**	2010 HK$ millions
Sales of goods	**141,214**	106,882
Rendering of services	**89,223**	99,531
Interest	**3,004**	2,546
Dividends	**259**	221
	233,700	209,180

5 Operating segment information

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

Following the completion of the spin-off and separate listing of Hutchison Port Holdings Trust ("HPH Trust"), which holds the Group's interests in deep water container port businesses in the Pearl River Delta in Guangdong Province, including Hong Kong and Yantian ports, on the Main Board of the Singapore Stock Exchange during the year, as additional information, HPH Trust is presented as a separate operation within the Ports and related services segment. The Group accounts for the retained interests in this former subsidiary as an investment in an associated company. Prior year corresponding segment information that is presented for comparative purposes has been restated accordingly.

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

Revenue from external customers is after elimination of inter-segment revenue. The amount eliminated mainly attributable to Ports and related services is HK$7 million (2010 – HK$59 million), Property and hotels is HK$324 million (2010 – HK$310 million) and Hutchison Telecommunications Hong Kong Holdings is HK$121 million (2010 – HK$123 million).

5 Operating segment information (continued)

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

	Revenue							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2011 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2010 Total HK$ millions	%
Ports and related services	25,742	6,776	32,518	8%	24,469	4,649	29,118	9%
Hutchison Ports Group other than HPH Trust operations	24,628	4,566	29,194	7%	21,674	4,476	26,150	8%
HPH Trust / HPH Trust operations#	1,114	2,210	3,324	1%	2,795	173	2,968	1%
Property and hotels	6,046	11,180	17,226	4%	5,682	10,477	16,159	5%
Retail	118,051	25,513	143,564	37%	102,014	21,163	123,177	38%
Cheung Kong Infrastructure	3,637	26,790	30,427	8%	2,997	15,268	18,265	6%
Husky Energy	–	63,027	63,027	16%	–	44,640	44,640	14%
Hutchison Telecommunications Hong Kong Holdings	13,407	–	13,407	4%	9,880	–	9,880	3%
Hutchison Asia Telecommunications	2,332	–	2,332	1%	2,486	–	2,486	1%
3 Group	56,877	17,411	74,288	19%	47,823	16,382	64,205	20%
Finance & Investments and others	6,545	4,383	10,928	3%	5,578	3,231	8,809	3%
	232,637	155,080	387,717	100%	200,929	115,810	316,739	99%
Reconciliation item	–	–	–	–	2,238	119	2,357	1%
	232,637	155,080	387,717	100%	203,167	115,929	319,096	100%
Non-controlling interests' share of HPH Trust / HPH Trust operations' revenue	1,063	726	1,789		6,013	240	6,253	
	233,700	155,806	389,506		209,180	116,169	325,349	

\# represents the Group's attributable share of HPH Trust / HPH Trust operations' revenue based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011, i.e. revenue reduced by HK$1,789 million and HK$8,610 million for 2011 and 2010 respectively, being (1) HK$2,357 million adjustment to reduce 2010 revenue to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 shown under "Reconciliation item"; and (2) HK$1,789 million and HK$6,253 million adjustments to exclude non-controlling interests' share of revenue of HPH Trust / HPH Trust operations for 2011 and 2010 respectively.

5 Operating segment information (continued)

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

	EBITDA (LBITDA) [m]							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2011 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2010 Total HK$ millions	%
Ports and related services[o]	8,183	3,562	11,745	14%	7,964	2,321	10,285	17%
Hutchison Ports Group other than HPH Trust operations	7,557	2,317	9,874	12%	6,417	2,217	8,634	14%
HPH Trust / HPH Trust operations#	626	1,245	1,871	2%	1,547	104	1,651	3%
Property and hotels	4,122	5,781	9,903	12%	3,472	5,807	9,279	15%
Retail	9,626	2,098	11,724	15%	8,197	1,884	10,081	16%
Cheung Kong Infrastructure	1,405	15,837	17,242	22%	1,219	9,788	11,007	18%
Husky Energy	–	16,053	16,053	20%	–	8,987	8,987	15%
Hutchison Telecommunications Hong Kong Holdings	2,618	(2)	2,616	3%	2,191	(20)	2,171	4%
Hutchison Asia Telecommunications[p]	(142)	–	(142)	–	(1,893)	–	(1,893)	-3%
3 Group	8,030	2,494	10,524	13%	5,424	3,294	8,718	14%
Finance & Investments and others	(375)	1,062	687	1%	218	849	1,067	2%
	33,467	46,885	80,352	100%	26,792	32,910	59,702	98%
Reconciliation item	–	–	–	–	1,244	66	1,310	2%
EBITDA before property revaluation and profits on disposal of investments and others	33,467	46,885	80,352	100%	28,036	32,976	61,012	100%
Dilution gain arising from spin-off and separate listing of HPH Trust (see note 6(a))	55,644	–	55,644		–	–	–	
Non-controlling interests' share of HPH Trust / HPH Trust operations' EBITDA	677	510	1,187		3,829	147	3,976	
EBITDA (see note 33(a))	89,788	47,395	137,183		31,865	33,123	64,988	
Less: Depreciation and amortisation	(14,080)	(15,656)	(29,736)		(14,932)	(11,820)	(26,752)	
Add: One-time gains[q]	457	–	457		3,757	–	3,757	
Change in fair value of investment properties	–	780	780		855	3,343	4,198	
Provision for impairment on certain port assets (see note 6(b))	(8,185)	–	(8,185)		–	–	–	
Provision for impairment on fixed assets (see note 6(c))	(2,997)	–	(2,997)		–	–	–	
Write-off of fixed assets (see note 6(d))	(1,315)	–	(1,315)		–	–	–	
Group's share of the following income statement items of associated companies and jointly controlled entities:								
Interest expenses and other finance costs	–	(6,389)	(6,389)		–	(3,830)	(3,830)	
Current tax	–	(4,047)	(4,047)		–	(3,015)	(3,015)	
Deferred tax	–	(2,106)	(2,106)		–	(1,947)	(1,947)	
Non-controlling interests	–	(281)	(281)		–	2	2	
	63,668	19,696	83,364		21,545	15,856	37,401	

\# represents the Group's attributable share of HPH Trust / HPH Trust operations' EBITDA based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011, i.e. EBITDA reduced by HK$1,187 million and HK$5,286 million for 2011 and 2010 respectively, being (1) HK$1,310 million adjustment to reduce 2010 EBITDA to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 shown under "Reconciliation item"; and (2) HK$1,187 million and HK$3,976 million adjustments to exclude non-controlling interests' share of EBITDA of HPH Trust / HPH Trust operations for 2011 and 2010 respectively.

5 Operating segment information (continued)

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

	EBIT (LBIT)[n]							
	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2011 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JCE HK$ millions	2010 Total HK$ millions	%
Ports and related services[o]	5,760	2,466	8,226	16%	5,496	1,711	7,207	18%
Hutchison Ports Group other than HPH Trust operations	5,257	1,680	6,937	13%	4,251	1,626	5,877	15%
HPH Trust / HPH Trust operations#	503	786	1,289	3%	1,245	85	1,330	3%
Property and hotels	3,870	5,647	9,517	18%	3,189	5,658	8,847	23%
Retail	7,722	1,608	9,330	18%	6,388	1,478	7,866	20%
Cheung Kong Infrastructure	1,273	12,205	13,478	26%	1,077	7,377	8,454	22%
Husky Energy	–	8,614	8,614	17%	–	3,073	3,073	8%
Hutchison Telecommunications Hong Kong Holdings	1,439	(4)	1,435	3%	1,111	(21)	1,090	3%
Hutchison Asia Telecommunications[p]	(1,181)	–	(1,181)	-2%	(2,688)	–	(2,688)	-7%
3 Group[q]								
EBITDA before the following:	27,633	7,651	35,284		19,004	7,621	26,625	
Telecommunications CACs	(19,603)	(5,157)	(24,760)		(13,580)	(4,327)	(17,907)	
EBITDA before the following non-cash items (see note 33(e)):	8,030	2,494	10,524		5,424	3,294	8,718	
Depreciation	(6,502)	(1,736)	(8,238)		(6,827)	(1,394)	(8,221)	
Amortisation of licence fees and other rights	(419)	(843)	(1,262)		(552)	(771)	(1,323)	
One-time gains[q]	457	–	457		3,757	–	3,757	
EBIT (LBIT) - 3 Group[q]	1,566	(85)	1,481	3%	1,802	1,129	2,931	8%
Finance & Investments and others	(479)	949	470	1%	88	722	810	2%
	19,970	31,400	51,370	100%	16,463	21,127	37,590	97%
Reconciliation item	–	–	–	–	1,003	55	1,058	3%
EBIT before property revaluation and profits on disposal of investments and others	19,970	31,400	51,370	100%	17,466	21,182	38,648	100%
Change in fair value of investment properties	–	780	780		855	3,343	4,198	
EBIT	19,970	32,180	52,150		18,321	24,525	42,846	
Group's share of profits on disposal of investments and others (see note 6)	32,868	–	32,868		–	–	–	
Non-controlling interests' share of profits on disposal of investments and others (see note 6)	10,279	–	10,279		–	–	–	
Non-controlling interests' share of HPH Trust / HPH Trust operations' EBIT	551	339	890		3,224	121	3,345	
Group's share of the following income statement items of associated companies and jointly controlled entities:								
Interest expenses and other finance costs	–	(6,389)	(6,389)		–	(3,830)	(3,830)	
Current tax	–	(4,047)	(4,047)		–	(3,015)	(3,015)	
Deferred tax	–	(2,106)	(2,106)		–	(1,947)	(1,947)	
Non-controlling interests	–	(281)	(281)		–	2	2	
	63,668	19,696	83,364		21,545	15,856	37,401	

represents the Group's attributable share of HPH Trust / HPH Trust operations' EBIT based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011, i.e. EBIT reduced by HK$890 million and HK$4,403 million for 2011 and 2010 respectively, being (1) HK$1,058 million adjustment to reduce 2010 EBIT to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 shown under "Reconciliation item"; and (2) HK$890 million and HK$3,345 million adjustments to exclude non-controlling interests' share of EBIT of HPH Trust / HPH Trust operations for 2011 and 2010 respectively.

5 Operating segment information (continued)

(d) The following is an analysis of the Group's depreciation and amortisation by operating segments:

	Depreciation and amortisations					
	Company and Subsidiaries	**Associates and JCE**	**2011 Total**	Company and Subsidiaries	Associates and JCE	2010 Total
	HK$ millions	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions
Ports and related services	**2,423**	**1,096**	**3,519**	2,468	610	3,078
Hutchison Ports Group other than HPH Trust operations	**2,300**	**637**	**2,937**	2,166	591	2,757
HPH Trust / HPH Trust operations#	**123**	**459**	**582**	302	19	321
Property and hotels	**252**	**134**	**386**	283	149	432
Retail	**1,904**	**490**	**2,394**	1,809	406	2,215
Cheung Kong Infrastructure	**132**	**3,632**	**3,764**	142	2,411	2,553
Husky Energy	**–**	**7,439**	**7,439**	–	5,914	5,914
Hutchison Telecommunications Hong Kong Holdings	**1,179**	**2**	**1,181**	1,080	1	1,081
Hutchison Asia Telecommunications	**1,039**	**–**	**1,039**	795	–	795
3 Group	**6,921**	**2,579**	**9,500**	7,379	2,165	9,544
Finance & Investments and others	**104**	**113**	**217**	130	127	257
	13,954	**15,485**	**29,439**	14,086	11,783	25,869
Reconciliation item	**–**	**–**	**–**	241	11	252
	13,954	**15,485**	**29,439**	14,327	11,794	26,121
Non-controlling interests' share of HPH Trust / HPH Trust operations' depreciation and amortisation	**126**	**171**	**297**	605	26	631
	14,080	**15,656**	**29,736**	14,932	11,820	26,752

represents the Group's attributable share of HPH Trust / HPH Trust operations' depreciation and amortisation based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011, i.e. depreciation and amortisation reduced by HK$297 million and HK$883 million for 2011 and 2010 respectively, being (1) HK$252 million adjustment to reduce 2010 depreciation and amortisation to reflect the Group's share based on the effective shareholdings in HPH Trust / HPH Trust operations during 2011 shown under "Reconciliation item"; and (2) HK$297 million and HK$631 million adjustments to exclude non-controlling interests' share of depreciation and amortisation of HPH Trust / HPH Trust operations for 2011 and 2010 respectively.

5 Operating segment information (continued)

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

	Capital expenditure							
	Fixed assets, investment properties and leasehold land	**Telecom-munications licences**	**Brand names and other rights**	**2011 Total**	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	2010 Total
	HK$ millions	**HK$ millions**	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Ports and related services	**5,928**	**–**	**–**	**5,928**	6,726	–	–	6,726
Hutchison Ports Group other than HPH Trust operations	**5,788**	**–**	**–**	**5,788**	5,735	–	–	5,735
HPH Trust / HPH Trust operations	**140**	**–**	**–**	**140**	991	–	–	991
Property and hotels	**274**	**–**	**–**	**274**	127	–	–	127
Retail	**2,622**	**–**	**–**	**2,622**	1,791	–	–	1,791
Cheung Kong Infrastructure	**353**	**–**	**–**	**353**	70	–	–	70
Husky Energy	**–**	**–**	**–**	**–**	–	–	–	–
Hutchison Telecommunications Hong Kong Holdings	**1,143**	**1,532**	**70**	**2,745**	1,118	–	18	1,136
Hutchison Asia Telecommunications	**6,543**	**1,351**	**–**	**7,894**	2,411	–	70	2,481
3 Group[f]	**8,158**	**2,810**	**12**	**10,980**	9,375	146	373	9,894
Finance & Investments and others	**128**	**–**	**–**	**128**	119	–	–	119
	25,149	**5,693**	**82**	**30,924**	21,737	146	461	22,344

(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[s]	**Deferred tax assets**	**Investments in associated companies and interests in joint ventures**	**2011 Total assets**	Segment assets[s]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2010 Total assets
	HK$ millions	**HK$ millions**	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Ports and related services	**61,143**	**146**	**27,776**	**89,065**	96,734	172	13,892	110,798
Hutchison Ports Group other than HPH Trust operations	**61,143**	**146**	**12,638**	**73,927**	59,948	163	13,516	73,627
HPH Trust / HPH Trust operations	**–**	**–**	**15,138**	**15,138**	36,786	9	376	37,171
Property and hotels	**51,640**	**134**	**39,597**	**91,371**	50,732	109	24,869	75,710
Retail	**48,184**	**444**	**5,559**	**54,187**	45,254	680	5,239	51,173
Cheung Kong Infrastructure	**14,744**	**15**	**68,115**	**82,874**	14,303	9	56,146	70,458
Husky Energy	**–**	**–**	**48,552**	**48,552**	–	–	43,493	43,493
Hutchison Telecommunications Hong Kong Holdings	**18,635**	**369**	**326**	**19,330**	16,783	369	265	17,417
Hutchison Asia Telecommunications	**18,356**	**–**	**–**	**18,356**	18,011	–	–	18,011
3 Group[t]	**199,166**	**15,861**	**12,929**	**227,956**	186,436	12,748	12,929	212,113
Finance & Investments and others	**86,419**	**23**	**2,411**	**88,853**	119,259	10	2,859	122,128
	498,287	**16,992**	**205,265**	**720,544**	547,512	14,097	159,692	721,301

5 Operating segment information (continued)

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

	Total liabilities							
	Segment liabilities(u)	Current & non-current borrowings(v) and other non-current liabilities	Current & deferred tax liabilities	2011 Total liabilities	Segment liabilities(u)	Current & non-current borrowings(v) and other non-current liabilities	Current & deferred tax liabilities	2010 Total liabilities
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Ports and related services	14,993	23,906	4,600	43,499	17,542	41,865	6,449	65,856
Hutchison Ports Group other than HPH Trust operations	14,993	23,906	4,600	43,499	8,701	26,132	4,647	39,480
HPH Trust / HPH Trust operations	–	–	–	–	8,841	15,733	1,802	26,376
Property and hotels	2,142	511	2,356	5,009	1,872	693	2,125	4,690
Retail	23,302	6,421	1,062	30,785	21,381	6,328	973	28,682
Cheung Kong Infrastructure	2,345	14,669	933	17,947	1,945	8,489	1,053	11,487
Husky Energy	–	–	–	–	–	–	–	–
Hutchison Telecommunications Hong Kong Holdings	4,541	4,885	241	9,667	3,990	4,175	198	8,363
Hutchison Asia Telecommunications	4,250	2,407	1	6,658	4,339	2,622	584	7,545
3 Group	24,673	117,552	393	142,618	26,759	118,437	349	145,545
Finance & Investments and others	4,839	59,001	1,738	65,578	4,763	86,085	1,026	91,874
	81,085	229,352	11,324	321,761	82,591	268,694	12,757	364,042

Additional information in respect of geographical locations

With effect from the current year, the Group has expanded its list of geographical locations for presentation of additional information. Prior year corresponding information that is presented for comparative purposes has been restated accordingly.

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

	Revenue							
	Company and Subsidiaries	Associates and JCE	2011 Total		Company and Subsidiaries	Associates and JCE	2010 Total	
	HK$ millions	HK$ millions	HK$ millions	%	HK$ millions	HK$ millions	HK$ millions	%
Hong Kong	49,296	11,490	60,786	16%	42,862	8,352	51,214	16%
Mainland China	21,972	12,937	34,909	9%	18,539	12,044	30,583	9%
Europe	125,232	37,168	162,400	42%	109,726	23,500	133,226	42%
Canada	120	63,004	63,124	16%	127	44,270	44,397	14%
Asia, Australia and others	29,472	26,098	55,570	14%	26,335	24,532	50,867	16%
Finance & Investments and others	6,545	4,383	10,928	3%	5,578	3,231	8,809	3%
	232,637	155,080	387,717 (1)	100%	203,167	115,929	319,096 (1)	100%

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

5 Operating segment information (continued)

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

	EBITDA (LBITDA) [m]							
	Company and Subsidiaries	**Associates and JCE**	**2011 Total**		Company and Subsidiaries	Associates and JCE	2010 Total	
	HK$ millions	**HK$ millions**	**HK$ millions**	**%**	HK$ millions	HK$ millions	HK$ millions	%
Hong Kong	**7,491**	**5,340**	**12,831**	**16%**	7,389	4,333	11,722	19%
Mainland China	**3,327**	**7,814**	**11,141**	**14%**	4,220	5,464	9,684	16%
Europe	**15,189**	**10,083**	**25,272**	**31%**	11,519	4,545	16,064	26%
Canada	**115**	**15,969**	**16,084**	**20%**	141	8,982	9,123	15%
Asia, Australia and others	**7,720**	**6,617**	**14,337**	**18%**	4,549	8,803	13,352	22%
Finance & Investments and others	**(375)**	**1,062**	**687**	**1%**	218	849	1,067	2%
EBITDA before property revaluation and profits on disposal of investments and others	**33,467**	**46,885**	**80,352** [2]	**100%**	28,036	32,976	61,012 [2]	100%

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

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

	EBIT (LBIT) [n]							
	Company and Subsidiaries	**Associates and JCE**	**2011 Total**		Company and Subsidiaries	Associates and JCE	2010 Total	
	HK$ millions	**HK$ millions**	**HK$ millions**	**%**	HK$ millions	HK$ millions	HK$ millions	%
Hong Kong	**5,709**	**4,052**	**9,761**	**19%**	5,680	3,358	9,038	24%
Mainland China	**2,835**	**6,910**	**9,745**	**19%**	3,605	4,887	8,492	22%
Europe	**6,774**	**8,235**	**15,009**	**29%**	6,048	3,609	9,657	25%
Canada	**114**	**8,534**	**8,648**	**17%**	143	3,094	3,237	8%
Asia, Australia and others	**5,017**	**2,720**	**7,737**	**15%**	1,902	5,512	7,414	19%
Finance & Investments and others	**(479)**	**949**	**470**	**1%**	88	722	810	2%
EBIT before property revaluation and profits on disposal of investments and others	**19,970**	**31,400**	**51,370**	**100%**	17,466	21,182	38,648	100%
Change in fair value of investment properties	**–**	**780**	**780**		855	3,343	4,198	
EBIT	**19,970**	**32,180**	**52,150** [3]		18,321	24,525	42,846 [3]	

(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	2011 Total	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	2010 Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	1,841	1,532	62	3,435	1,870	–	14	1,884
Mainland China	1,844	–	–	1,844	1,516	–	–	1,516
Europe	11,043	2,810	12	13,865	12,848	146	373	13,367
Canada	–	–	–	–	–	–	–	–
Asia, Australia and others	10,293	1,351	8	11,652	5,384	–	74	5,458
Finance & Investments and others	128	–	–	128	119	–	–	119
	25,149	5,693	82	30,924	21,737	146	461	22,344

(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[5]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2011 Total assets	Segment assets[5]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2010 Total assets
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	76,164	525	28,814	105,503	88,723	734	22,385	111,842
Mainland China	9,354	261	56,318	65,933	27,696	147	30,667	58,510
Europe	266,192	15,921	38,843	320,956	252,903	12,914	25,349	291,166
Canada	264	–	48,162	48,426	143	–	44,619	44,762
Asia, Australia and others	59,894	262	30,717	90,873	58,788	292	33,813	92,893
Finance & investments and others	86,419	23	2,411	88,853	119,259	10	2,859	122,128
	498,287	16,992	205,265	720,544	547,512	14,097	159,692	721,301

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

5 Operating segment information (continued)

(n) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and jointly controlled entities except for HPH Trust / HPH Trust operations which are included based on the Group's effective share of EBIT for these operations. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under generally accepted accounting principles in Hong Kong and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with generally accepted accounting principles in Hong Kong.

(o) Included in EBITDA and EBIT of Ports and related services in 2010 are valuation gains totalling HK$550 million in relation to an available-for-sale investment. These gains were previously recorded directly into reserves but were subsequently recognised in 2010's income statement as a result of the investment becoming an associated company in 2010.

(p) Included in EBITDA and EBIT of Hutchison Asia Telecommunications in 2011 are contributions from certain suppliers amounting to HK$1,270 million (2010 – HK$669 million).

(q) Included in EBIT (LBIT) of **3** Group in 2011 is a one-time net gain of HK$457 million, comprising a benefit of HK$1,843 million relating to two blocks of 5MHz of 1,800MHz spectrum assigned to **3** Italy in 2010, as a result of favourable changes in the licence terms in 2011, partially offset by a write-off of HK$917 million due to an adverse court ruling on the incoming mobile termination rates by the Italian State Council and certain other one-off provisions amounting to HK$469 million. Included in comparable EBIT (LBIT) of **3** Group in 2010 are a one-time net gain of HK$2,268 million arising from a revised **3** UK network sharing arrangement whereby **3** UK received the right of use of approximately 3,000 cell sites, free of acquisition and future operating costs, for a gain of HK$6,010 million, partially offset by one-time provisions of HK$3,742 million mainly related to the restructuring of **3** UK's network infrastructure, and a one-time gain of HK$1,489 million with reference to the assignment of two blocks of 5MHz of 1,800MHz spectrum to **3** Italy.

(r) Included in capital expenditures of **3** Group in 2011 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 31 December 2011 which has an effect of increasing total expenditures by HK$68 million (2010 – decreasing total expenditures by HK$604 million).

(s) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, goodwill, brand names and other rights, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets. As additional information, non-current assets (excluding financial instruments, deferred tax assets, post-employment benefits assets and assets from insurance contracts) for Hong Kong, Mainland China, Europe, Canada and Asia, Australia and others amounted to HK$94,873 million (2010 – HK$102,339 million), HK$64,104 million (2010 – HK$57,015 million), HK$248,449 million (2010 – HK$230,393 million), HK$48,204 million (2010 – HK$44,619 million) and HK$72,207 million (2010 – HK$72,508 million) respectively.

(t) Included in total assets of **3** Group is an unrealised foreign currency exchange gain arising in 2011 of HK$626 million (2010 – loss of HK$8,086 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.

(u) Segment liabilities comprise trade and other payables and pension obligations.

(v) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.

6 Profits on disposal of investments and others

	Attributable to			
	Ordinary shareholders of the Company HK$ millions	Holders of perpetual capital securities HK$ millions	Non-controlling interests HK$ millions	Total HK$ millions
Year ended 31 December 2011				
Dilution gain arising from spin-off and separate listing of HPH Trust[a]	44,290	–	11,354	55,644
Provision for impairment on certain port assets[b]	(7,110)	–	(1,075)	(8,185)
Provision for impairment on fixed assets[c]	(2,997)	–	–	(2,997)
Write-off of fixed assets[d]	(1,315)	–	–	(1,315)
	32,868	–	10,279	43,147
Year ended 31 December 2010	–	–	–	–

(a) The Group completed an initial public offering of units in HPH Trust and the units were listed on the Main Board of the Singapore Stock Exchange on 18 March 2011. Immediately following the completion of the spin-off and separate listing of HPH Trust, the Group retains a 27.6% interest in HPH Trust. Included in the HK$55,644 million dilution gain arising from spin-off and separate listing of HPH Trust is the gain of HK$17,625 million on remeasurement of the 27.6% retained interest from its carrying value to fair value.

(b) During the current year, following the IPO of the HPH Trust, a strategic review of its ports portfolio, and assessment of the market opportunities, the Group recognised impairment charges on certain port assets. One-time impairment charges are recognised on these port assets in view of the performance, uncertain business climate and the continuing challenging trading environment faced by these operations. In aggregate the impairment charges amounted to HK$8,185 million. The main classes of assets affected by these impairment charges are fixed assets and interests in joint ventures and associated companies.

(c) During the current year, the Group recognised a one-time impairment charge of HK$2,997 million in relation to fixed assets of Hutchison Asia Telecommunications in Vietnam in view of an ongoing reassessment of the business opportunity in that country. The recoverable amount of these fixed assets is determined based on the higher of fair value less cost to sell and value in use calculations, which are estimated by reference to market transactions and projected cash flows. The charge reflects the effects of market pressure and increasing competition on projected cash flows.

(d) The Group recognised a one-time write-off of HK$1,315 million as a result of a review process by **3** UK on its fixed assets base, following near finalisation of network integration processes.

7 Directors' emoluments

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments of each of the directors of the Company excludes amounts received from the Company's listed subsidiaries and paid to the Company. The amounts paid to each director for both 2011 and 2010 are as below (also see Report of the Directors):

	2011					
Name of directors	Fees HK$ millions	Basic salaries, allowances and benefits-in-kind HK$ millions	Bonuses HK$ millions	Provident fund contributions HK$ millions	Inducement or compensation fees HK$ millions	Total emoluments HK$ millions
LI Ka-shing[(a) (f)]	0.05	–	–	–	–	0.05
LI Tzar Kuoi, Victor						
Paid by the Company	0.12	4.59	42.32	–	–	47.03
Paid by Cheung Kong Infrastructure	0.08	–	18.90	–	–	18.98
Paid to the Company	(0.08)	–	–	–	–	(0.08)
	0.12	4.59	61.22	–	–	65.93
FOK Kin Ning, Canning[(b)]	0.12	10.69	157.34	2.22	–	170.37
CHOW WOO Mo Fong, Susan[(b)]	0.12	7.87	35.20	1.59	–	44.78
Frank John SIXT[(b)]	0.12	7.87	34.04	0.69	–	42.72
LAI Kai Ming, Dominic[(b)]	0.12	5.31	33.00	1.01	–	39.44
KAM Hing Lam[(b)]						
Paid by the Company	0.12	2.30	7.68	–	–	10.10
Paid by Cheung Kong Infrastructure	0.08	4.20	7.43	–	–	11.71
Paid to the Company	(0.08)	(4.20)	–	–	–	(4.28)
	0.12	2.30	15.11	–	–	17.53
George Colin MAGNUS[(d)]						
Paid by the Company	0.12	–	–	–	–	0.12
Paid by Cheung Kong Infrastructure	0.08	–	–	–	–	0.08
	0.20	–	–	–	–	0.20
William SHURNIAK[(c) (e)]	0.25	–	–	–	–	0.25
Michael David KADOORIE[(c)]	0.12	–	–	–	–	0.12
Holger KLUGE[(c) (e) (f)]	0.31	–	–	–	–	0.31
Margaret LEUNG KO May Yee[(c)]	0.12	–	–	–	–	0.12
WONG Chung Hin[(c) (e) (f)]	0.31	–	–	–	–	0.31
Total	2.08	38.63	335.91	5.51	–	382.13

(a) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$50,000 (2010 – HK$50,000) which he paid to Cheung Kong (Holdings) Limited.

(b) Directors' fees received by these directors from the Company's listed subsidiaries during the period they served as executive directors or non-executive directors that have been paid to the Company are not included in the amounts above.

(c) Independent non-executive directors. The total emoluments of the independent non-executive directors of the Company (including Mr William Shurniak who has been re-designated as independent non-executive director since 29 June 2011) are HK$1,110,000 (2010 – HK$860,000).

(d) Non-executive directors.

(e) Members of the Audit Committee.

(f) Members of the Remuneration Committee.

7 Directors' emoluments (continued)

	2010					
Name of directors	Fees HK$ millions	Basic salaries, allowances and benefits-in-kind HK$ millions	Bonuses HK$ millions	Provident fund contributions HK$ millions	Inducement or compensation fees HK$ millions	Total emoluments HK$ millions
LI Ka-shing[(a) (f)]	0.05	–	–	–	–	0.05
LI Tzar Kuoi, Victor						
Paid by the Company	0.12	4.44	38.48	–	–	43.04
Paid by Cheung Kong Infrastructure	0.07	–	13.33	–	–	13.40
Paid to the Company	(0.07)	–	–	–	–	(0.07)
	0.12	4.44	51.81	–	–	56.37
FOK Kin Ning, Canning[(b)]	0.12	10.29	141.10	2.13	–	153.64
CHOW WOO Mo Fong, Susan[(b)]	0.12	7.69	32.00	1.55	–	41.36
Frank John SIXT[(b)]	0.12	7.62	30.94	0.68	–	39.36
LAI Kai Ming, Dominic[(b)]	0.12	5.14	30.00	0.98	–	36.24
KAM Hing Lam[(b)]						
Paid by the Company	0.12	2.25	6.98	–	–	9.35
Paid by Cheung Kong Infrastructure	0.07	4.20	5.82	–	–	10.09
Paid to the Company	(0.07)	(4.20)	–	–	–	(4.27)
	0.12	2.25	12.80	–	–	15.17
George Colin MAGNUS[(d)]						
Paid by the Company	0.12	–	–	–	–	0.12
Paid by Cheung Kong Infrastructure	0.07	–	–	–	–	0.07
	0.19	–	–	–	–	0.19
William SHURNIAK[(d) (e)]	0.25	–	–	–	–	0.25
Michael David KADOORIE[(c)]	0.12	–	–	–	–	0.12
Holger KLUGE[(c) (e) (f)]	0.31	–	–	–	–	0.31
Margaret LEUNG KO May Yee[(c)]	0.12	–	–	–	–	0.12
WONG Chung Hin[(c) (e) (f)]	0.31	–	–	–	–	0.31
Total	2.07	37.43	298.65	5.34	–	343.49

The Company does not have an option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2010 – nil).

In 2011, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind – HK$6.43 million; provident fund contribution – HK$0.50 million; and bonus – HK$37 million. In 2010, the five individuals whose emoluments were the highest for the year were five directors of the Company.

8 Interest expenses and other finance costs

	2011 HK$ millions	2010 HK$ millions
Bank loans and overdrafts	**1,845**	1,474
Other loans repayable within 5 years	**66**	59
Other loans not wholly repayable within 5 years	**20**	18
Notes and bonds repayable within 5 years	**3,481**	2,968
Notes and bonds not wholly repayable within 5 years	**2,120**	3,028
	7,532	7,547
Interest bearing loans from non-controlling shareholders repayable within 5 years	**254**	245
Interest bearing loans from non-controlling shareholders not wholly repayable within 5 years	**9**	57
	7,795	7,849
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	**281**	243
Notional non-cash interest accretion[(a)]	**396**	470
Other finance costs	**74**	72
	8,546	8,634
Less: interest capitalised[(b)]	**(131)**	(158)
	8,415	8,476

(a) Notional non-cash interest accretion represents notional adjustments to accrete the carrying amount of certain obligations recognised in the statement of financial position such as asset retirement obligation to the present value of the estimated future cash flows expected to be required for their settlement in the future.

(b) Borrowing costs have been capitalised at various applicable rates ranging from 0.2% to 4.3% per annum (2010 – 0.3% to 6.0% per annum).

9 Tax

	Current tax HK$ millions	Deferred tax HK$ millions	2011 Total HK$ millions	Current tax HK$ millions	Deferred tax HK$ millions	2010 Total HK$ millions
Hong Kong	**332**	**654**	**986**	581	837	1,418
Outside Hong Kong	**2,905**	**(2,804)**	**101**	1,912	(131)	1,781
	3,237	**(2,150)**	**1,087**	2,493	706	3,199

Hong Kong profits tax has been provided for at the rate of 16.5% (2010 – 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

The differences between the Group's expected tax charge (credit), calculated at the domestic rates applicable to the country concerned, and the Group's tax charge (credit) for the years were as follows:

	2011 HK$ millions	2010 HK$ millions
Tax calculated at the domestic rates applicable in the country concerned	**2,715**	2,353
Tax effect of:		
Tax losses not recognised	**3,162**	2,073
Tax incentives	**(176)**	(540)
Income not subject to tax	**(802)**	(979)
Expenses not deductible for tax purposes	**979**	816
Recognition of previously unrecognised tax losses	**(3,841)**	(105)
Utilisation of previously unrecognised tax losses	**(492)**	(347)
Under provision in prior years	**52**	2
Deferred tax assets written off	**–**	(1)
Other temporary differences	**(475)**	(79)
Effect of change in tax rate	**(35)**	6
Total tax for the year	**1,087**	3,199

10 Distributions and dividends

	2011 HK$ millions	2010 HK$ millions
Distributions paid on perpetual capital securities	**936**	–
Dividends paid and payable on ordinary shares		
Interim, paid of HK$0.55 per share (2010 – HK$0.51)	**2,345**	2,174
Final, proposed of HK$1.53 per share (2010 – HK$1.41)	**6,523**	6,011
	8,868	8,185

11 Earnings per share for profit attributable to ordinary shareholders of the Company

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company HK$56,019 million (2010 – HK$20,179 million) and on 4,263,370,780 shares in issue during 2011 (2010 – 4,263,370,780 shares).

The Company has no share option scheme. Certain of the Company's subsidiary and associated companies have employee share options outstanding as at 31 December 2011. The employee share options of these subsidiary and associated companies outstanding as at 31 December 2011 did not have a dilutive effect on earnings per share.

12 Other comprehensive income (losses)

	2011		
	Before-tax amount HK$ millions	Tax effect HK$ millions	Net-of-tax amount HK$ millions
Available-for-sale investments:			
Valuation gains recognised directly in reserves	298	(64)	234
Valuation gains previously in reserves recognised in income statement for the year	(280)	–	(280)
Net actuarial losses of defined benefit plans recognised directly in reserves	(1,607)	170	(1,437)
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
Losses recognised directly in reserves	(240)	–	(240)
Losses previously in reserves recognised in initial cost of non-financial items for the year	7	–	7
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	1,620	–	1,620
Losses previously in exchange and other reserves related to subsidiaries disposed / de-recognised during the year recognised in income statement for the year	937	–	937
Revaluation gains recognised directly in reserves upon transfer from other properties to investment properties	8	–	8
Share of other comprehensive income (losses) of associated companies for the year	(3,530)	–	(3,530)
Share of other comprehensive income of jointly controlled entities for the year	1,626	–	1,626
	(1,161)	106	(1,055)

	2010		
	Before-tax amount HK$ millions	Tax effect HK$ millions	Net-of-tax amount HK$ millions
Available-for-sale investments:			
Valuation gains recognised directly in reserves	1,001	(11)	990
Valuation gains previously in reserves recognised in income statement for the year	(839)	–	(839)
Net actuarial gains of defined benefit plans recognised directly in reserves	463	(129)	334
Cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts:			
Gains recognised directly in reserves	52	–	52
Gains previously in reserves recognised in initial cost of non-financial items for the year	(25)	–	(25)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(6,152)	–	(6,152)
Gains previously in exchange and other reserves related to subsidiaries disposed / de-recognised during the year recognised in income statement for the year	(17)	–	(17)
Share of other comprehensive income of associated companies for the year	2,520	–	2,520
Share of other comprehensive income of jointly controlled entities for the year	1,840	–	1,840
	(1,157)	(140)	(1,297)

13 Fixed assets

	Land and buildings HK$ millions	Telecom-munications network assets HK$ millions	Other assets HK$ millions	Total HK$ millions
Cost				
At 1 January 2010	50,993	125,908	112,890	289,791
Additions	3,396	3,321	14,872	21,589
Disposals	(81)	(8,794)	(6,872)	(15,747)
Relating to subsidiaries disposed / de-recognised of	(1)	–	(151)	(152)
Write-off for the year[(a)]	–	(4,959)	(565)	(5,524)
Transfer from other assets	44	–	45	89
Transfer between categories / investment properties / leasehold land	(193)	8,932	(8,380)	359
Exchange translation differences	(264)	(4,342)	(3,705)	(8,311)
At 1 January 2011	**53,894**	**120,066**	**108,134**	**282,094**
Additions	**3,273**	**6,887**	**14,616**	**24,776**
Relating to subsidiaries acquired	**–**	**–**	**2**	**2**
Disposals	**(174)**	**(1,063)**	**(1,770)**	**(3,007)**
Relating to subsidiaries disposed / de-recognised of	**(13,957)**	**(4,446)**	**(14,736)**	**(33,139)**
Revaluation upon transfer to investment properties	**6**	**–**	**–**	**6**
Transfer from other assets	**8**	**147**	**72**	**227**
Transfer between categories / investment properties / leasehold land	**428**	**6,182**	**(5,300)**	**1,310**
Exchange translation differences	**(92)**	**(292)**	**22**	**(362)**
At 31 December 2011	**43,386**	**127,481**	**101,040**	**271,907**
Accumulated depreciation and impairment				
At 1 January 2010	11,577	36,591	65,431	113,599
Charge for the year	1,209	6,138	5,746	13,093
Disposals	(51)	(1,706)	(4,583)	(6,340)
Relating to subsidiaries disposed / de-recognised of	–	–	(150)	(150)
Write-off for the year[(a)]	–	(2,733)	(424)	(3,157)
Transfer from (to) other assets	5	–	(35)	(30)
Transfer between categories / investment properties / leasehold land	22	122	166	310
Exchange translation differences	(126)	(446)	(2,510)	(3,082)
At 1 January 2011	**12,636**	**37,966**	**63,641**	**114,243**
Charge for the year	**1,076**	**6,166**	**5,446**	**12,688**
Relating to subsidiaries acquired	**–**	**–**	**2**	**2**
Disposals	**(60)**	**(598)**	**(1,589)**	**(2,247)**
Relating to subsidiaries disposed / de-recognised of	**(3,054)**	**(4,417)**	**(7,168)**	**(14,639)**
Provision for impairment and write-off[(b)]	**44**	**4,260**	**1,249**	**5,553**
Transfer from other assets	**5**	**52**	**16**	**73**
Transfer between categories / investment properties / leasehold land	**3**	**2,914**	**(1,657)**	**1,260**
Exchange translation differences	**3**	**(322)**	**(209)**	**(528)**
At 31 December 2011	**10,653**	**46,021**	**59,731**	**116,405**
Net book value				
At 31 December 2011	**32,733**	**81,460**	**41,309**	**155,502**
At 31 December 2010	41,258	82,100	44,493	167,851
At 1 January 2010	39,416	89,317	47,459	176,192

13 Fixed assets (continued)

(a) Mainly due to the decommissioning and upgrade programme undertaken pursuant to **3** UK network sharing agreement (see note 5(q)).

(b) Mainly relate to certain port operations (see note 6(b)), Hutchison Asia Telecommunications' Vietnam operation (see note 6(c)) and **3** UK's operation (see note 6(d)).

Land and buildings include projects under development in the amount of HK$3,990 million (2010 – HK$5,228 million).

Cost and net book value of fixed assets include HK$130,032 million (2010 – HK$120,868 million) and HK$78,162 million (2010 – HK$77,227 million) respectively, relating to **3** Group. Impairment tests were undertaken at 31 December 2011 and 31 December 2010 to assess whether the carrying value of the Group's **3**G telecommunications licences and network assets were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective business. Note 3(a) contains information about the estimates, assumptions and judgements relating to the impairment tests. Save as disclosed above, the results of the tests undertaken as at 31 December 2011 and 31 December 2010 indicated that no other impairment charge was necessary.

14 Investment properties

	2011 HK$ millions	2010 HK$ millions
Valuation		
At 1 January	**43,240**	42,323
Additions	**263**	94
Disposals	**(324)**	(65)
Relating to subsidiaries disposed / de-recognised of	**(590)**	(4)
Change in fair value of investment properties	**–**	855
Transfer from fixed assets and leasehold land	**16**	2
Exchange translation differences	**5**	35
At 31 December	**42,610**	43,240

Investment properties have been fair valued as at 31 December 2011 and 31 December 2010 by DTZ Debenham Tie Leung Limited, professional valuers, on an open market value basis.

The Group's investment properties comprise:

	2011 HK$ millions	2010 HK$ millions
Hong Kong		
Long leasehold (not less than 50 years)	**16,834**	17,037
Medium leasehold (less than 50 years but not less than 10 years)	**24,624**	25,032
Outside Hong Kong		
Freehold	**109**	210
Medium leasehold	**1,043**	961
	42,610	43,240

14 Investment properties (continued)

At 31 December, the analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases is as follows:

	2011 HK$ millions	2010 HK$ millions
Within 1 year	**2,222**	2,697
After 1 year, but within 5 years	**3,987**	2,559
After 5 years	**357**	94

15 Leasehold land

	2011 HK$ millions	2010 HK$ millions
Net book value		
At 1 January	**27,561**	29,191
Additions	**110**	54
Disposals	**(4)**	–
Relating to subsidiaries disposed / de-recognised of	**(16,603)**	–
Revaluation upon transfer to investment properties	**2**	–
Amortisation for the year	**(522)**	(912)
Impairment recognised for the year[(a)]	**(529)**	–
Transfer to fixed assets and investment properties	**(66)**	(51)
Exchange translation differences	**55**	(721)
At 31 December	**10,004**	27,561

The Group's leasehold land comprises:

	2011 HK$ millions	2010 HK$ millions
Hong Kong		
Medium leasehold	**–**	9,119
Outside Hong Kong		
Long leasehold	**1,013**	1,007
Medium leasehold	**8,991**	17,435
	10,004	27,561

(a) Impairment recognised mainly represents provision for certain port operations (see note 6(b)).

16 Telecommunications licences

	2011 HK$ millions	2010 HK$ millions
Net book value		
At 1 January	68,333	70,750
Additions	5,693	146
Non-cash addition (see note 5(q))	1,843	1,489
Amortisation for the year	(458)	(390)
Write-off for the year	(84)	–
Exchange translation differences	176	(3,662)
At 31 December	75,503	68,333
Cost	101,719	94,743
Accumulated amortisation and impairment	(26,216)	(26,410)
	75,503	68,333

The carrying amount of the Group's telecommunications licences with indefinite useful life in Italy and the UK is €3,002 million (2010 – €2,650 million) and £3,127 million (2010 – £3,127 million), respectively.

In accordance with the Group's accounting policy on asset impairment (see note 2(y)), the carrying values of telecommunications licences were tested for impairment as at 31 December 2011 and 31 December 2010. Note 3(a) contains information about the estimates, assumptions and judgements relating to telecommunications licences impairment tests. The results of the tests undertaken as at 31 December 2011 and 31 December 2010 indicated no impairment charge was necessary.

17 Goodwill

	2011 HK$ millions	2010 HK$ millions
Cost		
At 1 January	27,332	28,858
Relating to subsidiaries acquired	13	–
Impairment recognised and write-off for the year[a]	(509)	–
Relating to subsidiaries disposed / de-recognised of	(463)	–
Exchange translation differences	(35)	(1,526)
At 31 December	26,338	27,332

(a) Mainly represents provision for certain port operations (see note 6(b)) and write-off for the year.

The carrying amount of goodwill primarily arises from the acquisition of four retail chains: Marionnaud of €645 million (2010 – €645 million), Kruidvat of €600 million (2010 – €600 million), The Perfume Shop of £140 million (2010 – £140 million), Superdrug of £78 million (2010 – £78 million), **3** Italy of €275 million (2010 – €275 million), Hutchison Telecommunications Hong Kong Holdings of HK$3,754 million (2010 – HK$3,754 million) and Hutchison Asia Telecommunications of HK$1,184 million (2010 – HK$1,582 million).

In accordance with the Group's accounting policy on asset impairment (see note 2(y)), the carrying values of goodwill were tested for impairment as at 31 December 2011 and 31 December 2010. Note 3(a) contains information about the estimates, assumptions and judgements relating to goodwill impairment tests. Save as disclosed above, the results of the tests undertaken as at 31 December 2011 and 31 December 2010 indicated no other impairment charge was necessary.

18 Brand names and other rights

	Brand names HK$ millions	Other rights HK$ millions	Total HK$ millions
Net book value			
At 1 January 2011	**1,950**	**10,915**	**12,865**
Additions	**–**	**82**	**82**
Amortisation for the year	**(12)**	**(400)**	**(412)**
Relating to subsidiaries disposed / de-recognised of	**–**	**(16)**	**(16)**
Exchange translation differences	**7**	**89**	**96**
At 31 December 2011	**1,945**	**10,670**	**12,615**
Cost	**1,990**	**17,066**	**19,056**
Accumulated amortisation	**(45)**	**(6,396)**	**(6,441)**
	1,945	**10,670**	**12,615**

	Brand names HK$ millions	Other rights HK$ millions	Total HK$ millions
Net book value			
At 1 January 2010	2,093	5,258	7,351
Additions	–	461	461
Non-cash addition (see note 5(q))	–	6,010	6,010
Transfer from (to) other assets	1	(33)	(32)
Amortisation for the year	(12)	(525)	(537)
Write-off for the year	–	(2)	(2)
Exchange translation differences	(132)	(254)	(386)
At 31 December 2010	1,950	10,915	12,865
Cost	1,981	17,059	19,040
Accumulated amortisation	(31)	(6,144)	(6,175)
	1,950	10,915	12,865

The brand names as at 31 December 2011 primarily resulted from the acquisitions of Marionnaud and The Perfume Shop in 2005 and are assessed to have indefinite useful lives. The factors considered in the assessment of the useful lives include analysis of market and competitive trends, product life cycles, brand extension opportunities and management's long term strategic development.

The value of brand names acquired in 2005 was determined by an external valuer based on a royalty relief methodology, a commonly applied approach to valuing brand names, which was completed in December 2005. Brand names were tested for impairment as at 31 December 2011 and 31 December 2010 and the results of the tests indicated no impairment charge was necessary.

Other rights, which include a right of use of telecommunications network infrastructure sites, operating and service content rights, are amortised over their finite useful lives.

19 Associated companies

	31 December 2011 HK$ millions	31 December 2010 HK$ millions	1 January 2010 HK$ millions
Unlisted shares	**24,504**	18,947	8,665
Listed shares, Hong Kong	**9,512**	9,512	9,512
Listed shares, outside Hong Kong	**31,082**	13,021	10,341
Share of undistributed post acquisition reserves	**53,295**	49,710	46,071
	118,393	91,190	74,589
Amounts due from associated companies	**19,310**	14,399	9,188
	137,703	105,589	83,777

The market value of the above listed investments at 31 December 2011 was HK$119,906 million (2010 – HK$103,714 million).

Particulars regarding the principal associated companies are set forth on pages 233 to 238.

The aggregate amounts of revenues, results, assets and liabilities of the Group's associated companies are as follows:

	2011 HK$ millions	2010 HK$ millions
Revenue	**339,090**	243,878
Profit after tax	**33,325**	15,502
Non-current assets	**812,617**	575,273
Current assets	**105,095**	73,732
Total assets	**917,712**	649,005
Non-current liabilities	**432,473**	268,509
Current liabilities	**113,065**	118,208
Total liabilities	**545,538**	386,717

19 Associated companies (continued)

The Group's share of the revenues, expenses and results of associated companies are as follows:

	2011 HK$ millions	2010 HK$ millions
Revenue	**95,252**	61,709
Expense	**(60,866)**	(42,287)
EBITDA[(a)]	**34,386**	19,422
Depreciation and amortisation	**(11,947)**	(8,507)
Change in fair value of investment properties	**150**	10
EBIT[(b)]	**22,589**	10,925
Interest expenses and other finance costs	**(5,027)**	(2,562)
Current tax	**(1,770)**	(1,296)
Deferred tax	**(1,692)**	(600)
Non-controlling interests	**(281)**	2
Profit after tax	**13,819**	6,469

(a) EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings of a cash nature but excludes change in fair value of investment properties.

(b) EBIT is defined as earnings before interest expenses and other finance costs and tax.

20 Interests in joint ventures

	31 December 2011 HK$ millions	31 December 2010 HK$ millions	1 January 2010 HK$ millions
Jointly controlled entities			
Unlisted shares	**45,648**	43,456	41,935
Share of undistributed post acquisition reserves	**10,014**	4,886	(1,857)
	55,662	48,342	40,078
Amounts due from jointly controlled entities	**11,900**	5,761	11,556
	67,562	54,103	51,634

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save as for those disclosed in note 36.

Particulars regarding the principal jointly controlled entities are set forth on pages 233 to 238.

The aggregate amounts of revenues, results, assets and liabilities related to the Group's interests in its jointly controlled entities are as follows:

	2011 HK$ millions	2010 HK$ millions
Revenue	**124,242**	117,704
Profit after tax	**15,625**	27,989
Non-current assets	**142,044**	111,363
Current assets	**121,535**	112,753
Total assets	**263,579**	224,116
Non-current liabilities	**77,623**	70,454
Current liabilities	**69,903**	62,787
Total liabilities	**147,526**	133,241

20 Interests in joint ventures (continued)

The Group's share of the revenues, expenses, results and capital commitments of jointly controlled entities are as follows:

	2011 HK$ millions	2010 HK$ millions
Revenue	**60,554**	54,460
Expense	**(47,545)**	(40,759)
EBITDA[(a)]	**13,009**	13,701
Depreciation and amortisation	**(3,709)**	(3,313)
Change in fair value of investment properties	**630**	3,333
EBIT[(b)]	**9,930**	13,721
Interest expenses and other finance costs	**(1,362)**	(1,268)
Current tax	**(2,277)**	(1,719)
Deferred tax	**(414)**	(1,347)
Profit after tax	**5,877**	9,387
Capital commitments	**178**	248

(a) EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings of a cash nature but excludes change in fair value of investment properties.

(b) EBIT is defined as earnings before interest expenses and other finance costs and tax.

21 Deferred tax

	31 December 2011 HK$ millions	31 December 2010 HK$ millions	1 January 2010 HK$ millions
Deferred tax assets	**16,992**	14,097	14,650
Deferred tax liabilities	**8,893**	9,857	9,063
Net deferred tax assets	**8,099**	4,240	5,587

Movements in net deferred tax assets are summarised as follows:

	2011 HK$ millions	2010 HK$ millions
At 1 January	**4,240**	5,587
Relating to subsidiaries disposed / de-recognised of	**1,691**	5
Transfer to current tax	**(204)**	(236)
Net credit (charge) to other comprehensive income	**106**	(140)
Net credit (charge) to the income statement		
Unused tax losses	**2,676**	(159)
Accelerated depreciation allowances	**(301)**	(327)
Fair value adjustments arising from acquisitions	**136**	162
Revaluation of investment properties and other investments	**–**	(3)
Withholding tax on undistributed earnings	**(21)**	47
Other temporary differences	**(340)**	(426)
Exchange translation differences	**116**	(270)
At 31 December	**8,099**	4,240

Analysis of net deferred tax assets (liabilities):

	2011 HK$ millions	2010 HK$ millions
Unused tax losses	**18,293**	15,263
Accelerated depreciation allowances	**(4,631)**	(4,516)
Fair value adjustments arising from acquisitions	**(3,674)**	(4,708)
Revaluation of investment properties and other investments	**(169)**	(182)
Withholding tax on undistributed earnings	**(223)**	(305)
Other temporary differences	**(1,497)**	(1,312)
	8,099	4,240

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associates, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the consolidated statement of financial position are determined after appropriate offset.

21 Deferred tax (continued)

During the year, deferred tax assets of HK$3,615 million (2010 – nil) have been recognised for the losses of **3** Group. At 31 December 2011, the Group has recognised accumulated deferred tax assets amounting to HK$16,992 million (2010 – HK$14,097 million) of which HK$15,861 million (2010 – HK$12,748 million) relates to **3** Group.

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 potential net deferred tax asset mainly arising from accumulated unutilised tax losses, after appropriate offsetting, which has not been provided for in the accounts amounted to HK$28,031 million at 31 December 2011 (2010 – HK$33,551 million). Unrecognised tax losses of HK$104,437 million (2010 – HK$85,999 million) can be carried forward indefinitely. The remaining HK$16,624 million (2010 – HK$44,873 million) expires in the following years:

	2011 HK$ millions	2010 HK$ millions
In the first year	**288**	9,221
In the second year	**2,083**	13,562
In the third year	**2,111**	13,598
In the fourth year	**3,205**	2,734
In the fifth to tenth years inclusive	**8,937**	5,758
	16,624	44,873

22 Other non-current assets

	2011 HK$ millions	2010 HK$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	**571**	990
Other receivables	**3,857**	3,876
	4,428	4,866
Available-for-sale investments		
Unlisted equity securities	**1,197**	1,175
Fair value hedges (see note 28(a))		
Interest rate swaps	**2,518**	1,776
Cross currency interest rate swaps	**1,883**	1,105
Cash flow hedges (see note 28(a))		
Interest rate swaps	**–**	15
Forward foreign exchange contracts	**158**	194
	10,184	9,131

The carrying value of the unlisted debt securities approximates the fair value as these investments bear floating interest rates and are repriced within one to six-month periods at the prevailing market interest rates. The weighted average effective interest rate of unlisted debt securities as at 31 December 2011 is 2.3% (2010 – 2.0%).

Unlisted equity securities where there is a history of dividends are carried at fair value based on the discounted present value of expected future dividends. The value of the remaining unlisted equity securities are not significant to the Group.

23 Liquid funds and other listed investments

	2011 HK$ millions	2010 HK$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	**10,485**	14,505
Listed / traded debt securities, outside Hong Kong	**3,120**	3,036
Listed equity securities, Hong Kong	**988**	913
Listed equity securities, outside Hong Kong	**5,188**	5,262
	19,781	23,716
Loans and receivables		
Long term deposits	**36**	36
Financial assets at fair value through profit or loss	**422**	833
	20,239	24,585

Components of managed funds, outside Hong Kong are as follows:

	2011 HK$ millions	2010 HK$ millions
Listed debt securities	**10,432**	14,281
Cash and cash equivalents	**53**	224
	10,485	14,505

Included in listed / traded debt securities outside Hong Kong is a principal amount of US$103 million notes issued by listed associated company, Husky Energy Inc. Of which, US$78 million and US$25 million of these notes will mature in 2014 and 2019, respectively.

The fair value of the available-for-sale investments and financial assets designated as "at fair value through profit or loss" are based on quoted market prices. The market value of the liquid funds and other listed investments excluding long term deposits at 31 December 2011 was HK$20,203 million (2010 – HK$24,549 million).

Loans and receivables, represent long term deposits, are carried at amortised cost, which approximates their fair value as the deposits carry floating interest rates and are repriced every three months based on the prevailing market interest rates. The weighted average effective interest rate on long term deposits as at 31 December 2011 was 3.6% (2010 – 4.1%).

At 31 December, liquid funds and other listed investments are denominated in the following currencies:

	2011			2010		
	Available-for-sale investments Percentage	**Loans and receivables Percentage**	**Financial assets at fair value through profit or loss Percentage**	Available-for-sale investments Percentage	Loans and receivables Percentage	Financial assets at fair value through profit or loss Percentage
HK dollars	**5%**	**–**	**–**	4%	–	–
US dollars	**70%**	**–**	**59%**	76%	–	79%
Others	**25%**	**100%**	**41%**	20%	100%	21%
	100%	**100%**	**100%**	100%	100%	100%

23 Liquid funds and other listed investments (continued)

Listed / traded debt securities as at 31 December presented above are analysed as follows:

	2011 Percentage	2010 Percentage
Credit ratings		
Aaa / AAA	**26%**	77%
Aa1 / AA+	**48%**	5%
Aa2 / AA	**3%**	–
Other investment grades	**7%**	5%
Unrated	**16%**	13%
	100%	100%
Sectorial		
US Treasury notes	**48%**	12%
Government guaranteed notes	**15%**	47%
Supranational notes	**14%**	17%
Husky Energy Inc issued notes	**7%**	5%
Government related entities issued notes	**–**	7%
Others	**16%**	12%
	100%	100%
Weighted average maturity	**2.1 years**	1.1 years
Weighted average effective yield	**1.71%**	1.42%

24 Cash and cash equivalents

	2011 HK$ millions	2010 HK$ millions
Cash at bank and in hand	**22,545**	29,690
Short term bank deposits	**43,994**	61,962
	66,539	91,652

The carrying amount of cash and cash equivalents approximates their fair value.

25 Trade and other receivables

	2011 HK$ millions	2010 HK$ millions
Trade receivables[a]	**29,792**	30,484
Less: provision for estimated impairment losses for bad debts[b]	**(6,048)**	(5,563)
Trade receivables – net	**23,744**	24,921
Other receivables and prepayments	**36,334**	32,112
Cash flow hedges (see note 28(a))		
Forward foreign exchange contracts	**267**	196
	60,345	57,229

Trade and other receivables are stated at the expected recoverable amount, net of any estimated impairment losses for bad debts where it is deemed that a receivable may not be fully recoverable.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days. The carrying amount of these assets approximates their fair value. As stated above trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, net of provision for estimated impairment losses for bad debts. Given the profile of our customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 6% of the Group's turnover for the years ended 31 December 2011 and 2010.

(a) At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2011 HK$ millions	2010 HK$ millions
Less than 31 days	**11,251**	12,629
Within 31 to 60 days	**1,487**	2,191
Within 61 to 90 days	**872**	841
Over 90 days	**16,182**	14,823
	29,792	30,484

25 Trade and other receivables (continued)

(b) As at 31 December 2011, out of the trade receivables of HK$29,792 million (2010 – HK$30,484 million), HK$14,409 million (2010 – HK$15,593 million) are impaired and it is assessed that a portion of these receivables is expected to be recoverable. The amount of the provision for estimated impairment losses for bad debts is HK$6,048 million (2010 – HK$5,563 million). The ageing analysis of these trade receivables is as follows:

	2011 HK$ millions	2010 HK$ millions
Not past due	**4,685**	5,353
Past due less than 31 days	**1,316**	2,000
Past due within 31 to 60 days	**326**	468
Past due within 61 to 90 days	**717**	696
Past due over 90 days	**7,365**	7,076
	14,409	15,593

Movements on the provision for estimated impairment losses for bad debts are as follows:

	2011 HK$ millions	2010 HK$ millions
At 1 January	**5,563**	5,852
Additions	**2,323**	842
Utilisations	**(415)**	(729)
Write back	**(1,073)**	(131)
Relating to subsidiaries disposed / de-recognised of	**(129)**	(12)
Exchange translation differences	**(221)**	(259)
At 31 December	**6,048**	5,563

The ageing analysis of trade receivables not impaired is as follows:

	2011 HK$ millions	2010 HK$ millions
Not past due	**4,270**	4,685
Past due less than 31 days	**1,992**	2,304
Past due within 31 to 60 days	**554**	554
Past due within 61 to 90 days	**474**	354
Past due over 90 days	**8,093**	6,994
	15,383	14,891

26 Trade and other payables

	2011 HK$ millions	2010 HK$ millions
Trade payables[(a)]	**24,694**	22,460
Other payables and accruals	**51,663**	54,429
Provisions (see note 27)	**1,256**	1,613
Interest free loans from non-controlling shareholders	**468**	2,327
Cash flow hedges (see note 28(a))		
Forward foreign exchange contracts	**12**	60
	78,093	80,889

The Group's five largest suppliers accounted for less than 24% of the Group's cost of purchases for the years ended 31 December 2011 and 2010.

(a) At 31 December, the ageing analysis of the trade payables is as follows:

	2011 HK$ millions	2010 HK$ millions
Less than 31 days	**14,124**	13,842
Within 31 to 60 days	**2,429**	2,145
Within 61 to 90 days	**1,248**	863
Over 90 days	**6,893**	5,610
	24,694	22,460

27 Provisions

	Restructuring and closure provision HK$ millions	Assets retirement HK$ millions	Others HK$ millions	Total HK$ millions
At 1 January 2010	1,527	963	796	3,286
Additions	226	112	255	593
Interest accretion	31	42	–	73
Utilisations	(675)	(5)	(136)	(816)
Write back	(23)	(168)	(28)	(219)
Transfer to other assets / liabilities	(26)	–	–	(26)
Exchange translation differences	(64)	(44)	(320)	(428)
At 1 January 2011	**996**	**900**	**567**	**2,463**
Additions	**101**	**14**	**122**	**237**
Interest accretion	**39**	**6**	**–**	**45**
Utilisations	**(269)**	**–**	**(21)**	**(290)**
Write back	**(130)**	**(219)**	**(197)**	**(546)**
Relating to subsidiaries disposed / de-recognised of	**–**	**(2)**	**–**	**(2)**
Exchange translation differences	**10**	**16**	**9**	**35**
At 31 December 2011	**747**	**715**	**480**	**1,942**

27 Provisions (continued)

Provisions are analysed as:

	2011 HK$ millions	2010 HK$ millions
Current portion (see note 26)	**1,256**	1,613
Non-current portion (see note 31)	**686**	850
	1,942	2,463

The provision for restructuring and closure obligations represents costs to execute restructuring plans and store closures.

The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

28 Bank and other debts

The carrying amount of bank and other debts comprises of items measured at amortised cost and an element of fair value which is due to movements in interest rates. The following is an analysis of the carrying amount of the bank and other debts:

	2011			2010		
	Current portion HK$ millions	**Non-current portion HK$ millions**	**Total HK$ millions**	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Bank loans	**28,812**	**44,768**	**73,580**	14,357	83,432	97,789
Other loans	**55**	**409**	**464**	188	441	629
Notes and bonds	**–**	**139,810**	**139,810**	8,580	140,364	148,944
Total principal amount of bank and other debts	**28,867**	**184,987**	**213,854**	23,125	224,237	247,362
Unamortised loan facilities fees and premiums or discounts related to debts	**(32)**	**331**	**299**	(3)	1,016	1,013
Unrealised gain on bank and other debts pursuant to interest rate swap contracts[a]	**–**	**4,401**	**4,401**	–	2,881	2,881
	28,835	**189,719**	**218,554**	23,122	228,134	251,256

28 Bank and other debts (continued)

Analysis of principal amount of bank and other debts:

	2011			2010		
	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Bank loans						
Repayable within 5 years	28,812	44,753	73,565	14,355	83,413	97,768
Not wholly repayable within 5 years	–	15	15	2	19	21
	28,812	44,768	73,580	14,357	83,432	97,789
Other loans						
Repayable within 5 years	35	58	93	169	84	253
Not wholly repayable within 5 years	20	351	371	19	357	376
	55	409	464	188	441	629
Notes and bonds						
US$1,100 million notes, 7% due 2011	–	–	–	8,580	–	8,580
US$3,146 million notes, 6.5% due 2013	–	24,542	24,542	–	24,542	24,542
US$1,309 million notes, 6.25% due 2014	–	10,206	10,206	–	10,206	10,206
US$2,189 million notes, 4.625% due 2015	–	17,077	17,077	–	17,077	17,077
US$500 million notes-Series B, 7.45% due 2017	–	3,900	3,900	–	3,900	3,900
US$1,000 million notes, 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$329 million notes-Series C, 7.5% due 2027	–	2,565	2,565	–	2,565	2,565
US$25 million notes-Series D, 6.988% due 2037	–	196	196	–	196	196
US$1,144 million notes, 7.45% due 2033	–	8,926	8,926	–	8,926	8,926
EUR1,000 million notes, 5.875% due 2013	–	10,150	10,150	–	10,360	10,360
EUR603 million notes, 4.125% due 2015	–	6,119	6,119	–	6,245	6,245
EUR669 million notes, 4.625% due 2016	–	6,791	6,791	–	6,932	6,932
EUR1,750 million notes, 4.75% due 2016	–	17,763	17,763	–	18,130	18,130
GBP325 million bonds, 6.75% due 2015	–	3,962	3,962	–	3,907	3,907
GBP113 million bonds, 5.625% due 2017	–	1,378	1,378	–	1,359	1,359
GBP303 million bonds, 5.625% due 2026	–	3,693	3,693	–	3,641	3,641
JPY30,000 million notes, 3.5% due 2032	–	3,042	3,042	–	2,878	2,878
	–	139,810	139,810	8,580	140,364	148,944
	28,867	184,987	213,854	23,125	224,237	247,362

28 Bank and other debts (continued)

Bank and other debts at principal amount are repayable as follows:

	2011			2010		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Bank loans						
Current portion	28,812	–	28,812	14,357	–	14,357
After 1 year, but within 2 years	–	14,490	14,490	–	21,853	21,853
After 2 years, but within 5 years	–	30,274	30,274	–	61,561	61,561
After 5 years	–	4	4	–	18	18
	28,812	44,768	73,580	14,357	83,432	97,789
Other loans						
Current portion	55	–	55	188	–	188
After 1 year, but within 2 years	–	51	51	–	56	56
After 2 years, but within 5 years	–	119	119	–	135	135
After 5 years	–	239	239	–	250	250
	55	409	464	188	441	629
Notes and bonds						
Current portion	–	–	–	8,580	–	8,580
After 1 year, but within 2 years	–	34,692	34,692	–	–	–
After 2 years, but within 5 years	–	61,918	61,918	–	72,337	72,337
After 5 years	–	43,200	43,200	–	68,027	68,027
	–	139,810	139,810	8,580	140,364	148,944
	28,867	184,987	213,854	23,125	224,237	247,362

Subsequent to the year end date, in January and February 2012, US$1,000 million (approximately HK$7,800 million) principal amount of the notes due 2017 and US$1,500 million (approximately HK$11,700 million) principal amount of the notes due 2022 were issued to refinance certain existing indebtedness and, to the extent not so used, for general corporate purposes.

The bank and other debts of the Group as at 31 December 2011 are secured to the extent of HK$793 million (2010 – HK$952 million).

Borrowings with principal amount of HK$73,635 million (2010 – HK$97,777 million) bear interest at floating interest rates and borrowings with principal amount of HK$140,219 million (2010 – HK$149,585 million) bear interest at fixed interest rates.

28 Bank and other debts (continued)

The carrying amounts and fair values of the borrowings are as follows:

	Carrying amounts		Fair values	
	2011 HK$ millions	2010 HK$ millions	**2011 HK$ millions**	2010 HK$ millions
Bank loans	**73,312**	97,395	**73,312**	97,395
Other loans	**410**	571	**408**	568
Notes and bonds	**144,832**	153,290	**160,318**	161,699
	218,554	251,256	**234,038**	259,662

The fair values of the non-current borrowings are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued. The carrying amounts of current portion of the borrowings approximate their fair value.

Borrowings at principal amount are denominated in the following currencies (inclusive of the effect of hedging transactions):

	2011 Percentage	2010 Percentage
Euro	**33%**	28%
US dollars	**29%**	29%
HK dollars	**22%**	31%
British pounds	**9%**	5%
Other currencies	**7%**	7%
	100%	100%

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. The Group has entered into interest rate swap agreements with banks and other financial institutions mainly to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. At 31 December 2011, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK$70,988 million (2010 – HK$71,300 million).

In addition, interest rate swap agreements with notional amount of HK$3,996 million (2010 – HK$4,270 million) was entered to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings.

As at 31 December 2011, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$28,593 million (2010 – HK$28,593 million) to Hong Kong dollar principal amount of borrowings to match currency exposures of the underlying businesses.

28 Bank and other debts (continued)

(a) The analysis of derivative financial instruments utilised by the Group in the management of its interest rate and foreign currency exposures are as follows:

	2011			2010		
	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Fair value hedges						
Derivative financial assets						
Interest rate swaps (see note 22)	–	2,518	2,518	–	1,776	1,776
Cross currency interest rate swaps (see note 22)	–	1,883	1,883	–	1,105	1,105
	–	4,401	4,401	–	2,881	2,881
Cash flow hedges						
Derivative financial assets						
Interest rate swaps (see note 22)	–	–	–	–	15	15
Forward foreign exchange contracts (see notes 22 and 25)	267	158	425	196	194	390
	267	158	425	196	209	405
Derivative financial liabilities						
Interest rate swaps (see note 31)	–	(201)	(201)	–	(2)	(2)
Forward foreign exchange contracts (see note 26)	(12)	–	(12)	(60)	–	(60)
	(12)	(201)	(213)	(60)	(2)	(62)
	255	(43)	212	136	207	343

29 Interest bearing loans from non-controlling shareholders

	2011 HK$ millions	2010 HK$ millions
Interest bearing loans from non-controlling shareholders	6,502	13,493

The carrying amount of the borrowings approximates their fair value.

30 Pension plans

	2011 HK$ millions	2010 HK$ millions
Defined benefit plans		
Pension assets	–	–
Pension obligations	2,992	1,702
	2,992	1,702

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The Group's major plans were valued by Towers Watson, qualified actuaries as at 31 December 2011 and 31 December 2010 using the projected unit credit method to account for the Group's pension accounting costs.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2011	2010
Discount rate applied to defined benefit plan obligations	1.20% - 6.10%	2.20% - 17.00%
Expected return on plan assets	2.62% - 7.77%	3.50% - 14.50%
Future salary increases	1.00% - 4.00%	0.29% - 9.00%
Interest credited on two principal plans in Hong Kong	5.00% - 6.00%	5.00% - 6.00%

The expected return on plan assets is based on market expectations for returns and long-term benchmark allocation of equities and bonds in each plan and allowing for administration fees and other expenses charged to the plans.

The amount recognised in the consolidated statement of financial position is determined as follows:

	2011 HK$ millions	2010 HK$ millions
Present value of defined benefit obligations	13,468	13,635
Fair value of plan assets	11,373	12,375
	2,095	1,260
Unrecognised past services costs	(17)	(32)
Restrictions on asset recognised	914	474
Net defined benefit plan obligations	2,992	1,702

Fair value of plan assets of HK$11,373 million (2010 – HK$12,375 million) includes investments in the Company's shares with a fair value of HK$43 million (2010 – HK$56 million).

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Changes in the present value of the defined benefit obligations are as follows:

	2011 HK$ millions	2010 HK$ millions
At 1 January	**13,635**	13,985
Current service cost net of employee contributions	**434**	531
Actual employee contributions	**106**	113
Interest cost	**586**	603
Actuarial losses (gains) on obligations	**586**	(373)
Gains on curtailments and settlements	**(1)**	(105)
Relating to subsidiaries disposed / de-recognised of	**(1,457)**	–
Transfer to other liabilities	**–**	(11)
Actual benefits paid	**(574)**	(608)
Exchange translation differences	**153**	(500)
At 31 December	**13,468**	13,635

Changes in the fair value of the plan assets are as follows:

	2011 HK$ millions	2010 HK$ millions
At 1 January	**12,375**	11,574
Expected return on plan assets	**719**	718
Actuarial gains (losses) on plan assets	**(582)**	536
Actual company contributions	**639**	623
Actual employee contributions	**106**	113
Relating to subsidiaries disposed / de-recognised of	**(1,374)**	–
Actual benefits paid	**(574)**	(608)
Exchange translation differences	**64**	(581)
At 31 December	**11,373**	12,375

30 Pension plans (continued)

(a) Defined benefit plans (continued)

The amount recognised in the consolidated income statement is as follows:

	2011 HK$ millions	2010 HK$ millions
Current service cost	434	531
Past service cost	101	30
Interest cost	586	603
Gains on curtailments and settlements	(1)	(105)
Expected return on plan assets	(719)	(718)
Total expense	401	341
Less: expense capitalised	(2)	(2)
Total, included in staff costs	399	339

The actual return on plan assets was HK$137 million (2010 – HK$1,254 million).

The actuarial losses recognised in other comprehensive income in current year was HK$1,607 million (2010 – gains of HK$463 million). The cumulative actuarial losses recognised in other comprehensive income amounted to HK$2,828 million (2010 – HK$1,421 million).

Fair value of the plan assets are analysed as follows:

	2011 Percentage	2010 Percentage
Equity instruments	46%	51%
Debt instruments	45%	42%
Other assets	9%	7%
	100%	100%

The experience adjustments are as follows:

	2011 HK$ millions	2010 HK$ millions	2009 HK$ millions	2008 HK$ millions	2007 HK$ millions
Present value of defined benefit obligations	13,468	13,635	13,985	11,452	13,151
Fair value of plan assets	11,373	12,375	11,574	8,981	12,175
Deficit	2,095	1,260	2,411	2,471	976
Experience adjustments on defined benefit obligations	(104)	(249)	(82)	502	(13)
Experience adjustments on plan assets	(597)	413	729	(2,253)	648

30 Pension plans (continued)

(a) Defined benefit plans (continued)

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2011. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 31 July 2011 reported a funding level of 118% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 6% per annum and salary increases of 4%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2011 this plan is fully funded for the funding of vested benefits in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$18 million (2010 – HK$18 million) were used to reduce the current year's level of contributions and HK$1 million was available at 31 December 2011 (2010 – HK$1 million) to reduce future years' contributions.

The Group operates three contributory defined benefit plans in the United Kingdom for its ports division, of which the Port of Felixstowe Pension Plan is the principal plan. The plans are all final salary in nature and were closed to new entrants in June 2003. On the assumptions adopted at the last formal actuarial valuation using the projected unit method at 1 January 2010, the ratio of assets to liabilities for the Felixstowe Scheme was 73%. Contributions to fund the deficit remained unchanged and at the valuation date, the shortfall was expected to be eliminated by 31 March 2020. The main assumptions in the valuation are an investment return of 7.55% (pre-retirement) and 4.8% (post-retirement), pensionable salary increases of 3.80% per annum and pension increases of 3.6% per annum (for service before 6 April 1997), 3.2% per annum (for service between 6 April 1997 and 5 April 2005) and 2.25% per annum (for service after 5 April 2005). The valuation was performed by Graham Mitchell, a Fellow of the Institute of Actuaries, of Towers Watson Limited. A new valuation has been commissioned in January 2010.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit pensions in return for actuarially agreed contributions. The risk of providing past pension benefits is underwritten by the insurance companies. The Group does not carry funding risk relating to past service. The funding rate to provide current year benefits varies in accordance with annual actuarial calculations. As at the end of 2011, the combination of the interest rate and a high risk spread result in a relatively low defined benefit obligation for the plan of the retail operations and the value of the plan assets are temporarily higher than the present value of the plan obligation. The Group is required by the applicable accounting standard not to recognise the excess amount as an asset as the excess amount is not refundable to the Group and not available to reduce future contributions to the plan.

The Group operates a defined benefit pension plan for part of its retail operations in the United Kingdom. It was assumed on acquisition of a subsidiary company in 2002. It was not open to new entrants. The latest formal valuation for funding purposes was carried out at 31 March 2009. This allowed for the cessation of accrual of future defined benefits for all active members on 28 February 2010, from which date final salary linkage was also severed. On the assumptions adopted at the valuation using the projected unit method, the ratio of actual asset value to the target asset value being funded for past service benefits was 61%. The sponsoring employer made additional cash contributions totalling £2.5 million in 2010 and £4 million in 2011, and will make further addition contributions of £4 million per annum from 1 January 2012 to 30 November 2021 towards the shortfall being corrected by 30 November 2021. The main assumptions in the valuation are an investment return of 4.9% to 6.5% per annum and pensionable salary increases of 3.62% to 4.57% per annum. The valuation was performed by Clare Wilmington, a Fellow of the Institute and Faculty of Actuaries, of Hewitt Associates Limited.

30 Pension plans (continued)

(b) Defined contribution plans

The Group's costs in respect of defined contribution plans for the year amounted to HK$865 million (2010 – HK$786 million). No forfeited contributions (2010 – nil) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2011 (2010 – nil) to reduce future years' contributions.

31 Other non-current liabilities

	2011 HK$ millions	2010 HK$ millions
Cash flow hedges (see note 28(a))		
Interest rate swaps	201	2
Obligations for telecommunications licences and other rights	3,409	3,093
Provisions (see note 27)	686	850
	4,296	3,945

32 Share capital and capital management

(a) Share capital

	2011 Number of shares	2010 Number of shares	2011 HK$ millions	2010 HK$ millions
Authorised:				
Ordinary shares of HK$0.25 each	5,500,000,000	5,500,000,000	1,375	1,375
7½% cumulative redeemable participating preference shares of HK$1 each	402,717,856	402,717,856	403	403
			1,778	1,778
Issued and fully paid:				
Ordinary shares	4,263,370,780	4,263,370,780	1,066	1,066

32 Share capital and capital management (continued)

(b) Perpetual capital securities

In October 2010, a wholly owned subsidiary company of the Group issued subordinated guaranteed perpetual capital securities with a nominal amount of US$2,000 million (approximately HK$15,600 million) for cash. These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2011, total equity amounted to HK$398,783 million (2010 – HK$357,259 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK$127,076 million (2010 – HK$131,125 million). The Group's net debt to net total capital ratio decreased to 23.8% from 26.0% 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

	2011	2010
A1 – excluding interest-bearing loans from non-controlling shareholders from debt	**23.8%**	26.0%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**21.7%**	23.3%
B1 – including interest-bearing loans from non-controlling shareholders as debt	**25.1%**	28.7%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**22.8%**	25.7%

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

33 Notes to consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid, telecommunications CACs and changes in working capital

	2011 HK$ millions	2010 HK$ millions
Profit after tax	**73,862**	25,726
Adjustments for:		
Current tax charge	**3,237**	2,493
Deferred tax charge (credit)	**(2,150)**	706
Interest expenses and other finance costs	**8,415**	8,476
Change in fair value of investment properties	**–**	(855)
Depreciation and amortisation	**14,080**	14,932
Provision for impairment on certain port assets (see note 6(b))	**8,185**	–
Provision for impairment on fixed assets (see note 6(c))	**2,997**	–
Write-off of fixed assets (see note 6(d))	**1,315**	–
Non-cash items (see note 33(e))	**(457)**	(3,757)
Share of associated companies' and jointly controlled entities'		
Depreciation and amortisation	**15,656**	11,820
Change in fair value of investment properties	**(780)**	(3,343)
Interest expenses and other finance costs	**6,389**	3,830
Current tax charge	**4,047**	3,015
Deferred tax charge	**2,106**	1,947
Non-controlling interests	**281**	(2)
EBITDA (see notes 5(b) and 5(m))	**137,183**	64,988
Telecommunications CACs	**22,497**	16,013
Share of jointly controlled entity's telecommunications CACs	**5,157**	4,327
EBITDA before telecommunications CACs	**164,837**	85,328
Share of EBITDA of associated companies and jointly controlled entities	**(52,552)**	(37,450)
Profit on disposal of unlisted investments	**(309)**	(236)
Profit on disposal of fixed assets, leasehold land and investment properties	**(478)**	(549)
Dividends received from associated companies and jointly controlled entities	**6,864**	9,944
Distribution from property jointly controlled entities	**1,395**	2,198
Profit on disposal / de-recognition of subsidiary companies and jointly controlled entities	**(57,330)**	(24)
Valuation gains on transfer of an available-for-sale investment to investment in associated company	**–**	(550)
Other non-cash items	**151**	614
	62,578	59,275

33 Notes to consolidated statement of cash flows (continued)

(b) Changes in working capital

	2011 HK$ millions	2010 HK$ millions
Increase in inventories	(951)	(1,901)
Decrease (increase) in debtors and prepayments	9,701	(10,793)
Increase in creditors	1,371	7,494
Other non-cash items	(173)	2,185
	9,948	(3,015)

(c) Purchase of subsidiary companies

	2011	2010
	Book / Fair value HK$ millions	Fair value HK$ millions
Aggregate net assets acquired at acquisition date:		
Cash and cash equivalents	16	–
Creditors and current tax liabilities	(1)	–
Non-controlling interests	(7)	–
	8	–
Goodwill arising on acquisition	13	–
	21	–
Less: Cost of investments just prior to purchase	(6)	–
Discharged by cash payment	15	–
Net cash outflow (inflow) arising from acquisition:		
Cash payment	15	–
Cash and cash equivalents acquired	(16)	–
Total net cash acquired	(1)	–

The contribution to the Group's revenue and profit after tax from these subsidiaries acquired since the respective date of acquisition is not material.

33 Notes to consolidated statement of cash flows (continued)

(d) Disposal / de-recognition of subsidiary companies

	2011 HK$ millions	2010 HK$ millions
Aggregate net assets disposed / de-recognised at date of disposal / de-recognition (excluding cash and cash equivalents):		
Fixed assets	18,500	2
Investment properties	590	4
Leasehold land	16,603	–
Goodwill	463	–
Brand name and other rights	16	–
Associated companies	128	–
Interests in joint ventures	291	–
Liquid funds and other listed investments	37	–
Trade and other receivables	3,498	12
Inventories	151	–
Creditors and current tax liabilities	(21,717)	(82)
Bank and other debts	(9,318)	–
Loans from non-controlling shareholders	(6,613)	–
Deferred tax liabilities	(1,691)	(5)
Pension obligations	(83)	–
Other non-current liabilities	(693)	–
Non-controlling interests	(4,962)	(12)
Reserves	1,038	(12)
	(3,762)	(93)
Profit on disposal / de-recognition*	57,167	24
	53,405	(69)
Less: Investments retained subsequent to disposal / de-recognition	(17,796)	–
	35,609	(69)
Satisfied by:		
Cash and cash equivalents received as consideration	41,698	3
Less: Cash and cash equivalents sold	(6,089)	(72)
Total net cash consideration	35,609	(69)

* The profit on disposal / de-recognition is recognised in the consolidated income statement and is mainly presented in the line item titled profits on disposal of investments and others.

(e) Included in the non-cash items in 2011 are a one-time gain of HK$457 million, comprising a benefit of HK$1,843 million relating to two blocks of 5MHz of 1,800MHz spectrum assigned to **3** Italy in 2010, as a result of favourable changes in the licence terms in 2011, partially offset by a write-off of HK$917 million due to an adverse court ruling on the incoming mobile termination rates by the Italian State Council and certain other one-off provisions amounting to HK$469 million. Included in the non-cash items in 2010 are a one-time net gain of HK$2,268 million arising from a revised **3** UK network sharing arrangement whereby **3** UK received the right of use of approximately 3,000 cell sites, free of acquisition and future operating costs, for a gain of HK$6,010 million, partially offset by one-time provisions of HK$3,742 million mainly related to the restructuring of **3** UK's network infrastructure, and a one-time HK$1,489 million gain with reference to the assignment of two blocks of 5MHz of 1,800MHz spectrum to **3** Italy.

34 Share-based payments

The Company has no share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies are not material to the Group.

35 Pledge of assets

At 31 December 2011, assets of the Group totalling HK$524 million (2010 – HK$963 million) were pledged as security for bank and other debts.

36 Contingent liabilities

At 31 December 2011, Hutchison Whampoa Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to associated companies and jointly controlled entities of HK$10,932 million (2010 – HK$5,805 million).

The amount utilised by its associated companies and jointly controlled entities are as follows:

	2011 HK$ millions	2010 HK$ millions
To associated companies		
Other businesses	**1,366**	2,258
To jointly controlled entities		
Property businesses	**1,619**	1,556
Other businesses	**5,602**	1,308
	7,221	2,864

At 31 December 2011, the Group had provided performance and other guarantees of HK$4,838 million (2010 – HK$3,159 million).

37 Commitments

Outstanding Group commitments not provided for in the accounts at 31 December 2011 are as follows:

Capital commitments

(a) Contracted for:

- (i) Ports and related services – HK$2,050 million (2010 – HK$7,637 million)
- (ii) **3** Group – HK$953 million (2010 – HK$569 million)
- (iii) Telecommunications, Hong Kong and Asia – HK$14,738 million (2010 – HK$643 million)
- (iv) Investment properties, Hong Kong – HK$13 million (2010 – HK$656 million)
- (v) Other fixed assets – HK$995 million (2010 – HK$133 million)
- (vi) Other assets – HK$1,121 million (2010 – nil)

(b) Authorised but not contracted for:

The Group, as part of its annual budget process, budgets for future capital expenditures and these amounts are shown below. These budgeted amounts are subject to a rigorous authorisation process before the expenditure is committed.

- (i) Ports and related services – HK$6,899 million (2010 – HK$2,493 million)
- (ii) **3** Group – HK$10,779 million (2010 – HK$5,693 million)
- (iii) Telecommunications, Hong Kong and Asia – HK$3,257 million (2010 – HK$4,302 million)
- (iv) Investment properties, Hong Kong – HK$1,178 million (2010 – HK$297 million)
- (v) Investment in joint ventures, Hong Kong – HK$282 million (2010 – nil)
- (vi) Investment in joint ventures outside Hong Kong – HK$5,662 million (2010 – HK$3,296 million)
- (vii) Other fixed assets – HK$4,840 million (2010 – HK$2,850 million)
- (viii) Other assets – HK$1,280 million (2010 – nil)

Operating lease commitments – future aggregate minimum lease payments for land and buildings leases

(a) In the first year – HK$10,680 million (2010 – HK$9,949 million)
(b) In the second to fifth years inclusive – HK$23,221 million (2010 – HK$23,502 million)
(c) After the fifth year – HK$32,256 million (2010 – HK$36,806 million)

Operating lease commitments – future aggregate minimum lease payments for other assets

(a) In the first year – HK$1,642 million (2010 – HK$1,451 million)
(b) In the second to fifth years inclusive – HK$5,442 million (2010 – HK$5,003 million)
(c) After the fifth year – HK$4,378 million (2010 – HK$4,747 million)

38 Related parties transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and jointly controlled entities as disclosed in notes 19 and 20 are unsecured. Balances totalling HK$7,741 million (2010 – HK$2,325 million) are interest bearing. In addition, during 2009, the Group acquired traded debt securities outside Hong Kong with a principal amount of US$200 million notes issued by listed associated company, Husky Energy Inc and sold certain of these notes with a principal amount of US$97 million. As disclosed in note 23, as at 31 December 2011 and 2010, principal amount totalling US$78 million and US$25 million of these notes will mature in 2014 and 2019 respectively.

The Group has entered into joint ventures with Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake various, mainly property and infrastructure, projects. At 31 December 2011, included in associated companies and interests in joint ventures on the statement of financial position is a total amount of HK$40,864 million (2010 – HK$27,301 million) representing equity contributions to and the net amount due from these related entities. The Group had guaranteed bank and other borrowing facilities of HK$3,649 million (2010 – HK$1,653 million) for the benefit of these same entities.

No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 7.

39 Legal proceedings

As at 31 December 2011, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

40 Subsequent events

In February 2012, Hutchison 3G Austria ("**3** Austria"), a wholly owned subsidiary of the Group, announced that it has entered into an agreement to acquire 100% interest of Orange Austria for an enterprise value of approximately EUR1,300 million. Immediately after the acquisition, **3** Austria will sell part of the acquired assets to a third party for a consideration of EUR390 million. The completion of these transactions is subject to the approval by the relevant regulatory and anti-trust authorities.

In February and March 2012, Cheung Kong Infrastructure ("CKI"), a subsidiary company of the Group raised approximately HK$2,291 million and HK$2,307 million by issuing new perpetual capital securities and new shares respectively. Following these issues, the Group's interest in CKI's ordinary shares has reduced from approximately 82% to 80% (which excludes the shares issued to and held by the fiduciary in connection with the issue of new perpetual capital securities in February 2012).

41 US dollar equivalents

Amounts in these accounts are stated in Hong Kong dollars (HK$), the currency of the place in which the Company is incorporated and is the functional currency of the Company. The translation into US dollars of these accounts as of, and for the year ended, 31 December 2011, is for convenience only and has been made at the rate of HK$7.80 to US$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

42 Approval of accounts

The accounts set out on pages 142 to 238 were approved by the Board of Directors on 29 March 2012.

43 Profit before tax

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, profit before tax is shown after crediting and charging the following items:

	2011 HK$ millions	2010 HK$ millions
Credits:		
Share of profits less losses after tax of associated companies		
Listed	**9,343**	4,683
Unlisted	**4,476**	1,786
	13,819	6,469
Share of gross rental income of associated companies and jointly controlled entities	**466**	635
Gross rental income from investment properties held by:		
Listed subsidiary – HHR	**82**	78
Other subsidiaries (excluding HHR)	**3,393**	3,314
Less: intra group rental income	**(360)**	(349)
	3,115	3,043
Less: related outgoings	**(25)**	(26)
Net rental income of subsidiary companies	**3,090**	3,017
Dividend and interest income from managed funds and other investments		
Listed	**694**	840
Unlisted	**67**	75
Charges:		
Depreciation and amortisation		
Fixed assets	**12,688**	13,093
Leasehold land	**522**	912
Telecommunications licences	**458**	390
Brand names and other rights	**412**	537
	14,080	14,932
Inventories write-off	**1,193**	950
Operating leases		
Properties	**16,185**	14,604
Hire of plant and machinery	**2,262**	1,931
Auditors' remuneration		
Audit and audit related work – PricewaterhouseCoopers	**179**	177
– other auditors	**12**	15
Non-audit work – PricewaterhouseCoopers	**70**	28
– other auditors	**30**	22

44 Financial risk management

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

(a) Cash management and funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associates to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, which 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 be in a healthy financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK$86,778 million at 31 December 2011, a 25% reduction from the balance of HK$116,237 million at 31 December 2010, mainly reflecting the utilisation of cash for the repayment and early repayment of certain borrowings, dividend payments to ordinary and non-controlling shareholders as well as to perpetual capital securities holders, acquisition of fixed assets and investments, net of the positive funds from operations from the Group's businesses, proceeds from IPO of HPH Trust and disposal of fixed assets. Liquid assets were denominated as to 6% in HK dollars, 48% in US dollars, 19% in Renminbi, 8% in Euro, 5% in British pounds and 14% in other currencies (2010 – 9% were denominated in HK dollars, 46% in US dollars, 21% in Renminbi, 8% in Euro, 5% in British pounds and 11% in other currencies).

Cash and cash equivalents represented 76% (2010 – 79%) of the liquid assets, US Treasury notes and listed / traded debt securities 16% (2010 – 15%), listed equity securities 7% (2010 – 5%) and long-term deposits and others 1% (2010 – 1%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of US Treasury notes of 48% (2010 – 12%), government guaranteed notes of 15% (2010 – 47%), supranational notes of 14% (2010 – 17%), notes issued by the Group's associated company, Husky Energy Inc of 7% (2010 – 5%), government related entities issued notes of nil (2010 – 7%), and others of 16% (2010 – 12%). Of these US Treasury notes and listed / traded debt securities, 74% (2010 – 82%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 2.1 years (2010 – 1.1 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

(b) Interest rate exposure

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

44 Financial risk management (continued)

(b) Interest rate exposure (continued)

At 31 December 2011, approximately 34% (2010 – approximately 40%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% (2010 – approximately 60%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$70,988 million (2010 – approximately HK$71,300 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$3,996 million (2010 – HK$4,270 million) principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 66% (2010 – approximately 67%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 34% (2010 – approximately 33%) were at fixed rates at 31 December 2011.

(c) Foreign currency exposure

For overseas subsidiaries and associates and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinancing these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currencies hedges in respect of its long-term equity investments in overseas subsidiaries and associates. During the year, the currencies of certain countries where the Group has overseas operations, including the Euro, British pound, the Canadian and Australian dollars as well as Renminbi in the Mainland, fluctuated against the Hong Kong dollar. This gave rise to an unrealised gain of approximately HK$2,478 million (2010 – loss of HK$2,611 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associated companies and jointly controlled entities. This unrealised gain is reflected as a movement in the Consolidated Statement of Changes in Equity under the heading of exchange reserve.

At 31 December 2011, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$28,593 million (2010 – HK$28,593 million) to Hong Kong dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 33% in Euro, 29% in US dollars, 22% in HK dollars, 9% in British pounds and 7% in other currencies (2010 – 28% in Euro, 29% in US dollars, 31% in HK dollars, 5% in British pounds and 7% in other currencies).

(d) Credit exposure

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

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

(e) Market price risk

The Group's main market price risk exposures relate to listed / traded debt and equity securities described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed / traded debt and equity securities represented approximately 23% (2010 – approximately 20%) 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.

44 Financial risk management (continued)

(f) Market risks sensitivity analyses

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

(i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments, changes in market interest rates affect their fair value. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 24)
- some of the listed debt securities and managed funds (see note 23) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 23) that bear interest at floating rate
- some of the bank and other debts (see note 28) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 29)

44 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis (continued)

Under these assumptions, the impact of a hypothetical 100 basis points increase in market interest rate at the end of the reporting period, with all other variables held constant:

- profit for the year would decrease by HK$958 million (2010 – HK$1,366 million) due to increase in interest expense;
- total equity would decrease by HK$958 million (2010 – HK$1,366 million) due to increase in interest expense; and
- total equity would decrease by HK$119 million (2010 – HK$9 million) mainly due to decrease in value of available-for-sale investments.

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward currency contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments, changes in foreign exchange rates affect their fair value. All fair value hedges designed for hedging currency risk 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.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 24)
- some of the liquid funds and other listed investments (see note 23)
- some of the bank and other debts (see note 28)

44 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis (continued)

Under these assumptions, the impact of a hypothetical 10% weakening of HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

	2011		2010	
	Hypothetical increase (decrease) in profit for the year HK$ millions	**Hypothetical increase (decrease) in total equity HK$ millions**	Hypothetical increase (decrease) in profit for the year HK$ millions	Hypothetical increase (decrease) in total equity HK$ millions
EURO	**66**	**66**	59	59
GBP	**156**	**(1,672)**	159	224
AUD	**167**	**11**	265	405
RMB	**16**	**86**	25	102
USD	**1,647**	**1,647**	2,168	2,174
Japanese Yen	**(309)**	**(311)**	(290)	(295)

(iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair value. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- available-for-sale investments (see note 23)
- financial assets at fair value through profit or loss (see note 23)

Under these assumptions, the impact of a hypothetical 10% increase in the market price of the Group's available-for-sale investments and financial assets at fair value through profit or loss at the end of the reporting period, with all other variables held constant:

- profit for the year would increase by HK$42 million (2010 – HK$83 million) due to increase in gains on financial assets at fair value through profit or loss;
- total equity would increase by HK$42 million (2010 – HK$83 million) due to increase in gains on financial assets at fair value through profit or loss; and
- total equity would increase by HK$1,978 million (2010 – HK$2,372 million) due to increase in gains on available-for-sale investments.

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

	Contractual maturities					
	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions	Total undiscounted cash flows HK$ millions	Difference from carrying amount HK$ millions	Carrying amounts HK$ millions
At 31 December 2011						
Trade payables	24,694	–	–	24,694	–	24,694
Other payables and accruals	51,663	–	–	51,663	–	51,663
Interest free loans from non-controlling shareholders	468	–	–	468	–	468
Bank loans	28,812	44,764	4	73,580	(268)	73,312
Other loans	55	170	239	464	(54)	410
Notes and bonds	–	96,610	43,200	139,810	5,022	144,832
Interest bearing loans from non-controlling shareholders	–	6,269	233	6,502	–	6,502
Obligations for telecommunications licences and other rights	637	2,798	1,405	4,840	(1,431)	3,409
	106,329	150,611	45,081	302,021	3,269	305,290

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$9,617 million in "within 1 year" maturity band, HK$22,527 million in "after 1 year, but within 5 years" maturity band, and HK$20,843 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

	Contractual maturities			
	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions	Total undiscounted cash flows HK$ millions
At 31 December 2011				
Derivative settled gross:				
Cash flow hedges – interest rate swaps				
Net outflow	(42)	(95)	–	(137)
Cash flow hedges – forward foreign exchange contracts				
Inflow	1,642	–	–	1,642
Outflow	(1,594)	–	–	(1,594)

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amount	Carrying amounts
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 31 December 2010						
Trade payables	22,460	–	–	22,460	–	22,460
Other payables and accruals	54,429	–	–	54,429	–	54,429
Interest free loans from non-controlling shareholders	2,327	–	–	2,327	–	2,327
Bank loans	14,357	83,414	18	97,789	(394)	97,395
Other loans	188	191	250	629	(58)	571
Notes and bonds	8,580	72,337	68,027	148,944	4,346	153,290
Interest bearing loans from non-controlling shareholders	–	10,246	3,247	13,493	–	13,493
Obligations for telecommunications licences and other rights	874	2,782	253	3,909	(816)	3,093
	103,215	168,970	71,795	343,980	3,078	347,058

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$9,756 million in "within 1 year" maturity band, HK$27,910 million in "after 1 year, but within 5 years" maturity band, and HK$24,597 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

	Contractual maturities			
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows
	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 31 December 2010				
Derivative settled gross:				
Cash flow hedges – interest rate swaps				
Net outflow	(11)	(34)	–	(45)
Cash flow hedges – forward foreign exchange contracts				
Inflow	3,075	–	–	3,075
Outflow	(3,091)	–	–	(3,091)

(h) In accordance with the disclosure requirement of HKFRS 7, other gains and losses recognised in income statement includes the following items:

	2011	2010
	HK$ millions	HK$ millions
Change in fair value of financial assets at fair value through profit or loss	**(6)**	48
Gains arising on derivatives in a designated fair value hedge	**1,530**	2,747
Losses arising on adjustment for hedged item in a designated fair value hedge	**(1,530)**	(2,747)
Interest income on available-for-sale financial assets	**492**	666

44 Financial risk management (continued)

(i) Fair value of financial instruments

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value. The amendment to HKFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

The following tables provide an analysis of financial instruments that are measured at fair value, grouped into Level 1 to Level 3:

	Level 1 HK$ millions	Level 2 HK$ millions	Level 3 HK$ millions	Total HK$ millions
At 31 December 2011				
Financial instruments measured at fair value				
Available-for-sale investments				
Unlisted equity securities (see note 22)	–	–	1,197	1,197
Managed funds, outside Hong Kong (see note 23)	10,485	–	–	10,485
Listed / traded debt securities, outside Hong Kong (see note 23)	902	2,218	–	3,120
Listed equity securities, Hong Kong (see note 23)	988	–	–	988
Listed equity securities, outside Hong Kong (see note 23)	4,046	–	1,142	5,188
Financial assets at fair value through profit or loss (see note 23)	–	422	–	422
	16,421	2,640	2,339	21,400
Fair value hedges				
Interest rate swaps (see note 22)	–	2,518	–	2,518
Cross currency interest rate swaps (see note 22)	–	1,883	–	1,883
	–	4,401	–	4,401
Cash flow hedges				
Forward foreign exchange contracts (see notes 22 and 25)	–	425	–	425
Interest rate swaps (see note 31)	–	(201)	–	(201)
Forward foreign exchange contracts (see note 26)	–	(12)	–	(12)
	–	212	–	212

44 Financial risk management (continued)

(i) Fair value of financial instruments (continued)

	Level 1 HK$ millions	Level 2 HK$ millions	Level 3 HK$ millions	Total HK$ millions
At 31 December 2010				
Financial instruments measured at fair value				
Available-for-sale investments				
Unlisted equity securities (see note 22)	–	–	1,175	1,175
Managed funds, outside Hong Kong (see note 23)	14,505	–	–	14,505
Listed/traded debt securities, outside Hong Kong (see note 23)	867	2,169	–	3,036
Listed equity securities, Hong Kong (see note 23)	913	–	–	913
Listed equity securities, outside Hong Kong (see note 23)	4,191	–	1,071	5,262
Financial assets at fair value through profit or loss (see note 23)	–	833	–	833
	20,476	3,002	2,246	25,724
Fair value hedges				
Interest rate swaps (see note 22)	–	1,776	–	1,776
Cross currency interest rate swaps (see note 22)	–	1,105	–	1,105
	–	2,881	–	2,881
Cash flow hedges				
Interest rate swaps (see note 22)	–	15	–	15
Forward foreign exchange contracts (see notes 22 and 25)	–	390	–	390
Interest rate swaps (see note 31)	–	(2)	–	(2)
Forward foreign exchange contracts (see note 26)	–	(60)	–	(60)
	–	343	–	343

44 Financial risk management (continued)

(i) Fair value of financial instruments (continued)

There were no transfers between the Level 1 and Level 2 during the year.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques.

Specific valuation techniques used to value financial instruments include discounted cash flow analysis, are used to determine fair value for the financial instruments.

The movements of the balance of financial instruments measured at fair value based on Level 3 are as follows:

	2011 **HK$ millions**	2010 HK$ millions
At 1 January	**2,246**	2,337
Total gains (losses) recognised in		
Income statement	**(1)**	(1)
Other comprehensive income	**91**	382
Additions	**129**	264
Disposals	**(133)**	(736)
Exchange translation differences	**7**	–
At 31 December	**2,339**	2,246
Total losses for the year included in income statement and presented in other operating expenses	**(1)**	(1)
Total losses recognised in income statement relating to those instruments held at the end of the reporting period	**(1)**	(1)

45 Statement of financial position of the Company, unconsolidated

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the statement of financial position of the Company as at 31 December 2011 is set out as follows:

	2011 **HK$ millions**	2010 HK$ millions
Assets		
Non-current assets		
Subsidiary companies – Unlisted shares[(a)]	**39,931**	39,931
Current assets		
Amounts due from subsidiary companies[(b)]	**67,766**	66,906
Current liabilities		
Other payables and accruals	**81**	69
Net current assets	**67,685**	66,837
Net assets	**107,616**	106,768
Capital and reserves		
Share capital (see note 32(a))	**1,066**	1,066
Reserves[(c)]	**106,550**	105,702
Shareholders' funds	**107,616**	106,768

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

45 Statement of financial position of the Company, unconsolidated (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 233 to 238.

(b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.

(c) Reserves

	Share premium HK$ millions	Retained profit HK$ millions	Total HK$ millions
At 1 January 2010	28,359	77,314	105,673
Profit for the year	–	7,399	7,399
Unclaimed dividend write back	–	5	5
Dividends paid relating to 2009	–	(5,201)	(5,201)
Dividends paid relating to 2010	–	(2,174)	(2,174)
At 31 December 2010	**28,359**	**77,343**	**105,702**
Profit for the year	**–**	**9,204**	**9,204**
Dividends paid relating to 2010	**–**	**(6,011)**	**(6,011)**
Dividends paid relating to 2011	**–**	**(2,345)**	**(2,345)**
At 31 December 2011	**28,359**	**78,191**	**106,550**

(d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(e) Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the Company is required to disclose that it has guaranteed the borrowings of its finance and other subsidiary companies which have been consolidated and included in the consolidated statement of financial position of the Group. Of the consolidated borrowings included in note 28 totalling HK$218,554 million (2010 – HK$251,256 million), the Company has guaranteed a total of HK$173,244 million (2010 – HK$201,429 million) which has been borrowed in the name of subsidiary companies. The Company has also guaranteed perpetual capital securities of US$2,000 million, approximately HK$15,600 million (2010 – HK$15,600 million) issued by a wholly owned subsidiary company.

(f) The Company has provided some guarantees in respect of the bank and other borrowing facilities utilised by the jointly controlled entities and associated companies totalling HK$5,102 million (2010 – nil) and HK$1,366 million (2010 – nil) respectively and other guarantees of HK$1,214 million (2010 – nil). These amounts have been included in the Group's contingent liabilities disclosed in note 36.

(g) Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the net profit of the Company is HK$9,204 million (2010 – HK$7,399 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.

(h) Reserves of the Company available for distribution to shareholders of the Company as at 31 December 2011 amounting to HK$78,191 million (2010 – HK$77,343 million).

Principal Subsidiary and Associated Companies and Jointly Controlled Entities

at 31 December 2011

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital	Percentage of equity attributable to the Group	Principal activities
	Ports and related services				
#	Alexandria International Container Terminals Company S.A.E.	Egypt	USD 30,000,000	40	Container terminal operating
	Amsterdam Port Holdings B.V.	Netherlands	EUR 170,704	56	Holding Company
	Brisbane Container Terminals Pty Limited	Australia	AUD 34,568,593	80	Container terminal operating
	Buenos Aires Container Terminal Services S.A.	Argentina	ARS 31,628,668	80	Container terminal operating
	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
	ECT Delta Terminal B.V.	Netherlands	EUR 18,000	71	Stevedoring activities
	Euromax Terminal Rotterdam B.V.	Netherlands	EUR 18,000	75	Stevedoring activities
	ECT Home Terminal B.V.	Netherlands	EUR 18,000	75	Stevedoring activities
	Freeport Container Port Limited	Bahamas	B$ 2,000	41	Container terminal operating
	Gdynia Container Terminal S.A.	Poland	PLN 11,379,300	79	Container terminal operating
	Harwich International Port Limited	United Kingdom	GBP 16,812,002	80	Container terminal operating
✡	Hongkong United Dockyards Limited	Hong Kong	HKD 76,000,000	50	Ship repairing, general engineering and tug operations
	HPH Finance Limited	British Virgin Islands	USD 1	80	Finance
✡	Huizhou Port Industrial Corporation Limited	China	RMB 300,000,000	27	Container terminal operating
✡ ⌘	Huizhou Quanwan Port Development Co., Ltd.	China	RMB 359,300,000	40	Port related land development
	Hutchison Atlantic Limited	British Virgin Islands	USD 10,000	80	Holding company
	Hutchison Delta Ports Limited	Cayman Islands/ Hong Kong	USD 2	80	Holding company
	Hutchison Port Holdings Limited	British Virgin Islands/ Hong Kong	USD 26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Korea Terminals Limited	South Korea	Won 4,107,500,000	80	Container terminal operating
	Hutchison Laemchabang Terminal Limited	Thailand	THB 1,000,000,000	64	Container terminal operating
✧ ❋ #	Hutchison Port Holdings Trust	Singapore/China	USD 8,795,976,880	28	Container port business trust
	Hutchison Ports Finance Limited	British Virgin Islands	USD 10	80	Finance
	Hutchison Ports (UK) Finance Plc	United Kingdom	GBP 50,000	80	Finance
	Hutchison Port Investments Limited	Cayman Islands	USD 74,870,807	80	Holding company
	Hutchison Ports Investments S.à r.l.	Luxembourg	EUR 12,500	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Ports (Jersey) Port Development Limited	Jersey	GBP 30,000,002	80	Port development and property management
	Hutchison Ports (Jersey) Property Management Limited	Jersey	GBP 25,000,100	80	Port property management and leasing
	Hutchison Westport Investments Limited	British Virgin Islands	USD 2	80	Holding company
	Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP 138,623,200	80	Container terminal operating
	International Ports Services Co. Ltd.	Saudi Arabia	SAR 2,000,000	41	Container terminal operating
✡ ⌘	Jiangmen International Container Terminals Limited	China	USD 14,461,665	40	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	PKR 1,109,384,220	80	Container terminal operating
	Korea International Terminals Limited	South Korea	Won 45,005,000,000	71	Container terminal operating
	L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP 50,000,000	80	Container terminal operating
	Maritime Transport Services Limited	United Kingdom	GBP 13,921,323	64	Container terminal operating

Principal Subsidiary and Associated Companies and Jointly Controlled Entities
at 31 December 2011

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services (continued)					
✡ ⌘	Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
✡ ⌘	Ningbo Beilun International Container Terminals Limited	China	RMB	700,000,000	39	Container terminal operating
	Oman International Container Terminal L.L.C.	Oman	OMR	4,000,000	52	Container terminal operating
	Panama Ports Company, S. A.	Panama	USD	10,000,000	72	Container terminal operating
	Port of Felixstowe Limited	United Kingdom	GBP	100,002	80	Container terminal operating
+	PT Hutchison Ports Indonesia	Indonesia	IDR	130,000,000,000	80	Holding company
+	PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,500	41	Container terminal operating
✡	River Trade Terminal Co. Limited	British Virgin Islands/ Hong Kong	USD	1	40	River trade terminal operation
	Saigon International Terminals Vietnam Limited	Vietnam	USD	80,084,000	56	Container terminal operating
✡ ⌘	Shanghai Container Terminals Limited	China	RMB	1,000,000,000	30	Container terminals owning
✡ ⌘ +	Shanghai Mingdong Container Terminals Limited	China	RMB	4,000,000,000	40	Container terminal operating
⌘	Shantou International Container Terminals Limited	China	USD	88,000,000	56	Container terminal operating
	South Asia Pakistan Terminals Limited	Pakistan	PKR	3,826,770,000	72	Container terminal operating
	Sydney International Container Terminals Pty Limited	Australia	AUD	38,747,642	80	Container terminal operating
✡	Taranto Container Terminal S.p.A.	Italy	EUR	1,280,000	40	Container terminal operating
	Talleres Navales del Golfo, S.A. de C.V.	Mexico	MXP	143,700,000	80	Marine construction and ship repair yard
	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
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	1,801,666,000	56	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	64	Container terminal operating
# +	Westports Holdings Sdn. Bhd.	Malaysia	MYR	117,000,000	25	Holding company
✡ ⌘	Xiamen Haicang International Container Terminals Limited	China	RMB	555,515,000	39	Container terminal operating
✡ ⌘	Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	39	Container terminal operating
✡ ⌘	Zhuhai International Container Terminals (Gaolan) Limited	China	USD	105,750,000	40	Container terminal operating
✡ ⌘	Zhuhai International Container Terminals (Jiuzhou) Limited	China	USD	52,000,000	40	Container terminal operating
	Property and hotels					
	Aberdeen Commercial Investments Limited	Hong Kong	HKD	2	100	Property owning
	Consolidated Hotels Limited	Hong Kong	HKD	78,000,000	39	Investment in hotel
	Elbe Office Investments Limited	Hong Kong	HKD	2	100	Property owning
	Foxton Investments Limited	Hong Kong	HKD	10,000	100	Property owning
	Glenfuir Investments Limited	Hong Kong	HKD	1,000,000	100	Property owning
	Grafton Properties Limited	Hong Kong	HKD	100,000	100	Property owning
#	Harbour Plaza Hotel Management (International) Limited	British Virgin Islands/ Hong Kong	USD	2	50	Hotel management
	Harley Development Inc.	Panama/Hong Kong	USD	2	100	Property owning
	Hongville Limited	Hong Kong	HKD	2	100	Property owning
✡ ♰	Hutchison Enterprises (Chongqing) Limited	China	RMB	470,000,000	50	Property owning
	Hutchison Estate Agents Limited	Hong Kong	HKD	50,000	100	Property management, agency & related services
	Hutchison Hotel Hong Kong Limited	Hong Kong	HKD	2	100	Investment in hotel
	Hutchison International Hotels Limited	British Virgin Islands	USD	1	100	Holding company
	Hutchison Lucaya Limited	Bahamas	USD	5,000	100	Investment in hotel

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital		Percentage of equity attributable to the Group	Principal activities
	Property and hotels (continued)					
	Hutchison Whampoa Properties Limited	Hong Kong	HKD	2	100	Holding company
✡ ⚐ +	Hutchison Whampoa Properties (Beijing Chaoyang) Limited	China	USD	81,579,000	50	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Changchun) Limited	China	USD	34,870,000	50	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (ChangSha WangCheng) Limited	China	RMB	149,000,000	50	Property developing
✡ 🕈 +	Hutchison Whampoa Properties (Chengdu) Limited	China	RMB	1,050,000,000	50	Property developing & investment
✡ ⌘ +	Hutchison Whampoa Properties (Chongqing Nanan) Limited	China	RMB	290,000,000	48	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Chongqing Jingkaiyuan) Limited	China	RMB	250,000,000	50	Property developing
✡ 🕈 +	Hutchison Whampoa Properties (Guangzhou Panyu) Limited	China	RMB	285,000,000	50	Property developing & investment
✡ ⚐ +	Hutchison Whampoa Properties (Guangzhou Liwan) Limited	China	RMB	600,000,000	50	Property developing & investment
	Hutchison Whampoa Properties (Management & Agency) Limited	Hong Kong	HKD	20	100	Project management & related services
# 🕈 +	Hutchison Whampoa Properties (Shanghai) Lujiazui Limited	China	USD	372,000,000	25	Property developing & investment
✡ 🕈	Hutchison Whampoa Properties (Shanghai) Gubei Limited	China	USD	48,550,000	50	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Shenzhen) Co., Ltd.	China	USD	100,000,000	50	Property developing & investment
✡ ⚐	Hutchison Whampoa Properties (Tianjin) Limited	China	USD	47,500,000	40	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Wuhan Jianghan North) Limited	China	USD	54,400,000	50	Property developing & investment
✡ 🕈 +	Hutchison Whampoa Properties (Wuhan Jianghan South) Limited	China	USD	147,300,000	50	Property developing
✡ 🕈 +	Hutchison Whampoa Properties (Xi An) Limited	China	USD	59,600,000	50	Property developing
✡ 🕈 +	Hutchison Whampoa Properties (Zhuhai) Company Limited	China	USD	15,000,000	50	Property developing & investment
	Hybonia Limited	Hong Kong	HKD	20	100	Property owning
✡ ⌘ +	Jiangmen Hutchison Whampoa Properties Limited	China	RMB	120,000,000	45	Property developing
✡ +	Konorus Investment Limited	Hong Kong	HKD	2	43	Property developing
✡ +	Marketon Investment Limited	Hong Kong	HKD	4	50	Property owning
	Matrica Limited	Hong Kong	HKD	20	70	Property owning and hotel operation
	Mossburn Investments Limited	Hong Kong	HKD	1,000	100	Property owning
	Omaha Investments Limited	Hong Kong	HKD	10,000	100	Property owning
	Palliser Investments Limited	Hong Kong	HKD	100,000	100	Property owning
# +	Randash Investment Limited	Hong Kong	HKD	110	39	Investment in hotel
✡ ⚐ +	Regal Lake Property Development Limited Guang Zhou	China	RMB	1,040,640,000	40	Property developing
	Rhine Office Investments Limited	Hong Kong	HKD	2	100	Property owning
✡ 🕈 +	Shanghai Cheung Tai Property Development Limited	China	RMB	870,000,000	50	Property developing
✡ 🕈 +	Shanghai Helian Property Development Co., Ltd.	China	USD	74,700,000	50	Property developing
✡ ⚐	Shanghai Westgate Mall Co., Ltd.	China	USD	40,000,000	30	Property owning
✡ ⚐ +	Shenzhen Hutchison Whampoa CATIC Properties Limited	China	RMB	620,000,000	40	Property developing & investment
✡ 🕈 +	Shenzhen Hutchison Whampoa Guanlan Properties Limited	China	RMB	250,000,000	50	Property developing
✡ 🕈 +	Shenzhen Hutchison Whampoa Longgang Properties Limited	China	RMB	232,000,000	50	Property developing
#	The Kowloon Hotel Limited	Bahamas/Hong Kong	USD	5	50	Investment in hotel
	Trillium Investment Limited	Bahamas/Hong Kong	USD	1,060,000	100	Property owning
	Turbo Top Limited	Hong Kong	HKD	2	100	Property owning
	Vember Lord Limited	Hong Kong	HKD	2	100	Property owning

Principal Subsidiary and Associated Companies and Jointly Controlled Entities
at 31 December 2011

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital		Percentage of equity attributable to the Group	Principal activities
	Retail					
	A.S. Watson & Company, Limited	Hong Kong	HKD	109,550,965	100	Holding company
	A.S. Watson (Europe) Finance B.V.	Netherlands	EUR	18,000	100	Finance
	A.S. Watson (Europe) Holdings B.V.	Netherlands	EUR	18,300	100	Holding company
	A.S. Watson Group Holdings Limited	British Virgin Islands	USD	1	100	Holding company
	A.S. Watson Group (HK) Limited	British Virgin Islands/ Hong Kong	USD	1	100	Retailing, supermarket operating, and water, beverage & fruit juice manufacturing & distributing
	A.S. Watson Investments S.à r.l.	Luxembourg	EUR	125,025	100	Holding company
	A/S Drogas	Latvia	LVL	1,280,000	100	Retailing
	DC Ukraine	Ukraine	UAH	29,300,000	100	Retailing
✡ +	Dirk Rossmann GmbH	Germany	EUR	12,000,000	40	Retailing
	Fortress Limited	Hong Kong	HKD	20	100	Retailing
⌘	Guangzhou Park'N Shop Supermarkets Limited	China	HKD	83,330,000	97	Retailing
⌘	Guangzhou Watson's Food and Beverages Co. Limited	China	USD	32,283,432	95	Beverage manufacturing & trading
⌘	Guangzhou Watson's Personal Care Stores Limited	China	HKD	71,600,000	95	Retailing
	Ici Paris XL Nederland B.V.	Netherlands	EUR	20,000	100	Perfume retailing
	Kruidvat B.V.B.A.	Belgium	EUR	62,000	100	Retailing
	Kruidvat Retail B.V.	Netherlands	EUR	20,000	100	Retailing
+	Marionnaud Parfumeries S A S	France	EUR	76,575,832	100	Holding in perfume retailing business
	Marionnaud Parfumeries Autriche GmbH	Austria	EUR	2,543,549	100	Perfume retailing
	Marionnaud Parfumeries Iberica, S.L.	Spain	EUR	35,802,167	100	Perfume retailing
	Marionnaud Parfumeries Portugal Lda	Portugal	EUR	550,000	100	Perfume retailing
	Marionnaud Parfumeries Italia S.p.A.	Italy	EUR	3,500,000	100	Perfume retailing
	Marionnaud Switzerland AG	Switzerland	CHF	10,000,000	100	Perfume retailing
✡	Nuance-Watson (HK) Limited	Hong Kong	HKD	20	50	Operation of duty free shops
✡	Nuance-Watson (Singapore) Pte Ltd	Singapore	SGD	2	50	Operation of duty free shops
	Parfumerie Ici Paris XL N.V.	Belgium	EUR	770,000	100	Perfume retailing
	Park'N Shop Limited	Hong Kong	HKD	1,000,000	100	Supermarket operating
	Savers Health and Beauty Limited	United Kingdom	GBP	1,400,000	100	Retailing
+	Spektr Group Limited Liability Company	Russia	RUB	3,000,000	100	Retailing
	Superdrug Stores plc	United Kingdom	GBP	22,000,000	100	Retailing
	The Perfume Shop Limited	United Kingdom	GBP	100,000	100	Perfume retailing
	Watson's Personal Care Stores (Taiwan) Co., Limited	Taiwan	NT$	711,000,000	100	Retailing
	Watson's Personal Care Stores Pte Ltd	Singapore	SGD	5,000,000	100	Retailing
	Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR	2,000,000	100	Retailing
	Watsons Personal Care Stores (Philippines), Inc.	Philippines	PHP	135,000,000	60	Retailing
	Watson's The Chemist Limited	Hong Kong	HKD	1,000,000	100	Retailing

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital		Percentage of equity attributable to the Group	Principal activities
	Energy and infrastructure					
❋ +	Cheung Kong Infrastructure Holdings Limited	Bermuda/Hong Kong	HKD	2,338,709,945	82	Holding Company
❋ # +	Husky Energy Inc.	Canada	C$	6,327,176,675	34	Investment in oil and gas
# +	Northern Gas Networks Holdings Limited	United Kingdom	GBP	571,670,980	38	Gas distribution
# +	Northumbrian Water Group Limited	United Kingdom	GBP	51,862,385	33	Water & sewerage businesses
❋ # +	Power Assets Holdings Limited	Hong Kong	HKD	2,134,261,654	32	Investment holdings in power and utility-related businesses
# +	UK Power Networks Holdings Limited	United Kingdom	GBP	10,000,000	33	Electricity distribution
	Telecommunications					
	3 Italia S. p. A.	Italy	EUR	3,047,756,290	97	3G mobile multimedia services
	Hi3G Access AB	Sweden	SEK	10,000,000	60	3G mobile multimedia services
	Hi3G Denmark ApS	Denmark	DKK	64,375,000	60	3G mobile multimedia services
	Hutchison 3G Austria GmbH	Austria	EUR	35,000	100	3G mobile multimedia services
	Hutchison 3G UK Limited	United Kingdom	GBP	1	100	3G mobile multimedia services
	Hutchison Global Communications Limited	Hong Kong	HKD	20	65	Fixed-line communications
❋	Hutchison Telecommunications (Australia) Limited	Australia	AUD	4,204,487,847	88	Holding company
❋	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands/ Hong Kong	HKD	1,204,501,552	65	Holding company of mobile and fixed-line telecommunications businesses
	Hutchison Telecommunications (Vietnam) S.à r.l.	Luxembourg/ Vietnam	USD	20,000	100	Investment holdings in mobile telecommunications business
	Hutchison Telephone Company Limited	Hong Kong	HKD	1,258,120	49	Mobile telecommunications services
	PT. Hutchison CP Telecommunications	Indonesia	IDR	649,890,000,000	65	Mobile telecommunications services
✡ +	Vodafone Hutchison Australia Pty Limited	Australia	AUD	6,046,889,713	44	3G mobile multimedia services
	Finance and investments					
	Binion Investment Holdings Limited	Cayman Islands	USD	3	100	Overseas portfolio investment
	Cavendish International Holdings Limited	Hong Kong	HKD	2,898,985,782	100	Holding company
	Hongkong and Whampoa Dock Company, Limited	Hong Kong	HKD	139,254,060	100	Holding company
	Hutchison International Finance (03/08) Limited	British Virgin Islands	USD	1	100	Finance
	Hutchison International Limited	Hong Kong	HKD	446,349,093	100	Holding company & corporate head office
	Hutchison OMF Limited	British Virgin Islands	USD	1	100	Overseas portfolio investment
	Hutchison Whampoa Europe Investments S.à r.l.	Luxembourg	EUR	1,764,026,900	100	Holding company
	Hutchison Whampoa (Europe) Limited	United Kingdom	GBP	1,000	100	Consultancy services
	Hutchison Whampoa Finance (03/13) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance (05) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance (06) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance (09) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance (CI) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa Finance UK plc	United Kingdom	GBP	50,000	100	Finance
	Hutchison Whampoa International (03/13) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa International (03/33) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa International (09) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa International (09/16) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa International (09/19) Limited	Cayman Islands	USD	1	100	Finance
	Hutchison Whampoa International (10) Limited	Cayman Islands	USD	1	100	Finance

	Subsidiary and associated companies and jointly controlled entities	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital / registered capital		Percentage of equity attributable to the Group	Principal activities
	Others					
✡ ⌘ +	Guangzhou Aircraft Maintenance Engineering Company Limited	China	USD	65,000,000	50	Aircraft maintenance
❋	Hutchison Harbour Ring Limited	Bermuda/Hong Kong	HKD	896,814,071	71	Holding company of property investment business
❋	Hutchison China MediTech Limited	Cayman Islands/China	USD	51,743,153	71	Holding company of healthcare businesses
	Hutchison Water Holdings Limited	Cayman Islands	USD	100,000	80	Investment holding in water businesses
	Hutchison Whampoa (China) Limited	Hong Kong	HKD	15,000,000	100	Investment holding & China business
#	Metro Broadcast Corporation Limited	Hong Kong	HKD	1,000,000	50	Radio broadcasting
❋ #	TOM Group Limited	Cayman Islands/ Hong Kong	HKD	389,327,056	24	Cross media

The above table lists the principal subsidiary and associated companies and jointly controlled entities of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and jointly controlled entities would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation. The activity of portfolio investment is international, and not attributable to a principal place of operation.

Except Hutchison International Limited which is 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and jointly controlled entities are held indirectly.

❋ Company listed on the Stock Exchange of Hong Kong except Hutchison Port Holdings Trust which is listed on Singapore Stock Exchange, Husky Energy Inc. which is listed on the Toronto Stock Exchange, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange and Hutchison China MediTech Limited which is listed on the Alternative Investment Market of London Stock Exchange.

Associated companies

✡ Jointly controlled entities

⌘ Equity joint venture registered under PRC law

⚐ Cooperative joint venture registered under PRC law

⚲ Wholly owned foreign enterprise (WOFE) registered under PRC law

✧ The share capital of Hutchison Port Holdings Trust is in a form of trust units.

+ The accounts of these subsidiary and associated companies and jointly controlled entities have been audited by firms other than PricewaterhouseCoopers. The aggregate net assets, turnover (excluding share of associated companies and jointly controlled entities) attributable to shareholders of these companies not audited by PricewaterhouseCoopers amounted to approximately 27% and 6% of the Group's respective items.

Schedule of Principal Properties

at 31 December 2011

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Hutchison House, 10 Harcourt Road, Hong Kong	IL 8286	Long	100%	503,715	C	Existing
Cheung Kong Center, 2 Queen's Road, Central, Hong Kong	IL 8887	Medium	100%	1,263,363	C	Existing
Aon China Building, 29 Queen's Road, Central, Hong Kong	IL 2317	Long	100%	258,751	C	Existing
28 Barker Road, The Peak, Hong Kong (site area approx 31,446 sq ft)	RBL126 and extension thereto	Medium	100%	29,472	R	2012 (12%)
Cavendish Centre, 23 Yip Hing Street, Wong Chuk Hang, Hong Kong	AIL 399	Long	100%	342,868	I	Existing
Aberdeen Centre, Aberdeen, Hong Kong	AIL 302 & 304	Long	100%	345,026	C	Existing
Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong	IL 8885	Medium	39%	343,081	H	Existing
Trust Tower, 1/F -20/F, 68-74 Johnston Road, Wan Chai, Hong Kong	IL 4280 & RP of Sec A of ML 64A	Long	43%	56,260	C	Existing
One and Two Harbourfront and Harbour Grand Kowloon, Hung Hom, Kowloon	Sec A, B & RP of HHML 6 and extension thereto	Long Long	100% 100%	862,988 510,932	C H	Existing Existing
Harbour Plaza Metropolis, Metropolis Drive, Hung Hom, Kowloon	KIL 11077	Medium	50%	461,310	H	Existing
Hunghom Bay Centre, Hung Hom, Kowloon	RP of HHML 1	Long	100%	80,402	C	Existing
Whampoa Garden, Hung Hom, Kowloon	KIL 10750 Sec A-H & Sec J-L	Long	100%	1,713,990	C	Existing
Sheraton Hong Kong Hotel & Towers, Salisbury Road, Tsim Sha Tsui, Kowloon	KIL 9172	Long	39%	729,945	H	Existing
The Kowloon Hotel, 19-21 Nathan Road, Kowloon	KIL 10737	Medium	50%	329,486	H	Existing
Victoria Mall, Canton Road, Kowloon	RP of KIL 11086	Medium	43%	168,002	C	Existing
9 Chong Yip Street, Kwun Tong, Kowloon	KTIL 444	Medium	100%	124,724	C	Existing
Hutchison Logistics Centre, Kwai Chung, New Territories	M/F to 6/F on KCL No 4 G/F on KCL No 4	Medium Medium	100% 66%	4,705,141 737,394	C/W C/W	Existing Existing
Watson Centre, 16-24 Kung Yip Street, Kwai Chung, New Territories	KCTL 258	Medium	100%	687,200	I	Existing
99 Cheung Fai Road at Container Terminal No 9, Tsing Yi, New Territories	TYTL 139	Medium Medium	27.6% 100%	59,713 300,268	C C	Existing Existing
Rambler Garden Hotel	TYTL 140	Medium	70%	211,108	H	Existing
Rambler Oasis Hotel	TYTL 140	Medium	70%	213,235	H	Existing
Rambler Plaza, Tsing Yi, New Territories	TYTL 140	Medium	70%	60,859	C	Existing
Watson House, Wo Liu Hang Road, Shatin, New Territories	STTL 61	Medium	100%	280,900	C/W	Existing
Horizon Suite Hotel at Tolo Harbour, Ma On Shan, New Territories	STTL 461	Medium	49%	602,784	H	Existing
Watson's Water Centre, 6 Dai Li Street, Tai Po Industrial Estate, New Territories	Tai Po Town Lot 1 Sec B SS2	Medium	100%	255,138	I	Existing
Food Distribution Depot, Sheung Shui, New Territories	FSSTL 97	Medium	100%	142,394	I	Existing
Cement Manufacturing Plant, Tap Shek Kok, Tuen Mun, New Territories	TMTL 201	Medium	85%	1,645,301	I	Existing

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
The Great Wall Sheraton Hotel Beijing, 10 North Dong San Huan Road, Chao Yang District, Beijing, China	Chaoyang District, Beijing	Medium	50%	898,800	H	Existing
The Greenwich, Yao Jia Yuan Dong Li, Chaoyang District, Beijing, China (site area approx 2,882,094 sq ft)	Chaoyang District, Beijing					
	Commercial	Medium	50%	21,732	C	Existing
	Phase 1C	Long	50%	577,075	R	Existing
	Phase 2	Long	50%	1,618,187	R	2014 (3%)
A residential development at Shisanling Town, Changping District, Beijing, China (site area approx 2,759,106 sq ft)	Changping District, Beijing	Long	50%	861,104	R	2014 (1%)
Regency Park, Jingyue Economic Development Zone, Changchun, China (site area approx 9,910,123 sq ft)	Jingyue Economic Development Zone, Changchun					
	Phases 2A, 2B & 2D	Medium	50%	83,535	R	Existing
	Phase 2C	Medium	50%	190,133	R	2012 (90%)
	Phase 3	Medium	50%	559,217	R	2013 (30%)
	Phase 4	Medium	50%	2,002,204	R/C	2014 (1%)
Regency Residence, Nanguan District, Changchun, China (site area approx 2,214,114 sq ft)	Nanguan District, Changchun					
	Phases 1, 2A & 2B	Medium	50%	775,754	R/C	Existing
	Phase 1	Medium	50%	31,216	C	2012 (90%)
	Phase 2B	Medium	50%	92,193	R/C	2012 (50%)
Regency Cove, Changchun National Hi-Tech Industrial Development Zone, Changchun, China (site area approx 1,710,298 sq ft)	Changchun National Hi-Tech Industrial Development Zone, Changchun	Long	50%	2,432,254	R	2014 (1%)
		Medium	50%	115,346	C	2014 (1%)
Noble Hills, Wangcheng County, Changsha, China (site area approx 5,989,301 sq ft)	Wangcheng County, Changsha					
	Phases 1 & 2	Long	50%	156,905	R/C	Existing
	Phase 3	Long	50%	931,852	R	2012 (20%)
	Phases 4-5	Long	50%	4,150,388	R/C	2015 (1%)
Regency Park, Tianning District, Changzhou, China (site area approx 867,562 sq ft)	Tianning District, Changzhou					
	Phase 1	Long	50%	30,300	R	2012 (95%)
	Phase 2	Long	50%	300,593	R	2012 (50%)
	Phase 3A	Long	50%	178,175	R	2012 (50%)
	Phase 3B	Long	50%	1,839,400	R	2013 (5%)
Le Parc, Chengdu High-Tech Zone, Chengdu, China (site area approx 8,713,404 sq ft)	Chengdu High-Tech Zone, Chengdu					
	Phases 1A, 1B, 2A & 2B	Long	50%	489,016	R	Existing
	Phases 3A & 3B	Long	50%	990,590	R/C	Existing
	Phase 4A	Long	50%	2,350,411	R	2012 (20%)
	Phase 4B	Long	50%	2,461,322	R	2013 (10%)
	Phase 5	Long	50%	3,258,602	R	2014 (4%)
	Phase 6A	Medium	50%	139,802	C	2012 (7%)
	Phase 6B	Medium	50%	680,451	C	2013 (5%)
	Phase 6C	Long	50%	1,947,674	R	2015 (2%)
	Phases 7 & 8	Long	50%	6,507,732	R	2017 (1%)
Regency Oasis, Wenjiang District, Chengdu, China (site area approx 4,018,482 sq ft)	Wenjiang District, Chengdu					
	Phase 1A	Long	50%	314,073	R	Existing
	Phase 1B	Medium	50%	107,638	C	Existing
	Phase 1B	Long	50%	571,821	R	2012 (50%)
	Phase 1B	Long	50%	1,338,900	R	2013 (40%)
	Phase 2	Long	50%	505,005	R	2012 (85%)
	Phase 2	Long	50%	1,263,218	R	2012 (50%)
Metropolitan Plaza, Ba Yi Lu, Yuzhong District, Chongqing, China	Yuzhong District, Chongqing	Medium	50%	1,511,515	C	Existing
Harbour Plaza Chongqing, Zou Rong Lu, Yuzhong District, Chongqing, China	Yuzhong District, Chongqing	Medium	50%	556,972	H	Existing
Cape Coral, Nanan District, Chongqing, China (site area approx 1,380,070 sq ft)	Nanan District, Chongqing					
	Phases 1A & 1B	Medium	48%	320,406	R/C	Existing
	Phase 2	Medium	48%	1,579,096	R/C	2012 (30%)

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Noble Hills,	Douxi, Chongqing					
Douxi, Chongqing, China	Phase 1A	Medium	50%	26,361	C	Existing
(site area approx 4,811,720 sq ft)	Phase 2A	Medium	50%	318,124	R	Existing
	Phase 2B	Medium	50%	353,680	R	2012 (1%)
	Phases 2B & 2C	Medium	50%	1,526,945	R	2013 (1%)
A commercial and residential development at	Yangjiashan, Chongqing					
Yangjiashan, Chongqing, China	Lands No. 1-18	Medium	48%	33,277,404	R/C	2020 (1%)
(site area approx 11,208,991 sq ft)						
A residential development at Zhaomushan, Liangjiang New Area, Chongqing, China (site area approx 1,425,891 sq ft)	Liangjiang New Area, Chongqing	Medium	50%	2,973,936	R	2013 (1%)
A commercial and residential development at Wolong Bay, Jinzhou New Area, Dalian, China (site area approx 3,437,516 sq ft)	Jinzhou New Area, Dalian	Medium	50%	4,258,942	R/C	2015 (1%)
A commercial and residential development at	Xigang District, Dalian	Long	50%	3,390,629	R	2016 (1%)
Heizuizi Wharf and the surrounding area,		Medium	50%	2,045,141	C	2016 (1%)
Xigang District, Dalian, China (site area approx 1,539,604 sq ft)						
The Riverside and Metropolitan Plaza,	Huangsha, Guangzhou					
Huangsha, Guangzhou, China	Phase 1	Medium	50%	930,916	C	Existing
	Phases 2 & 3	Long	50%	79,840	R	Existing
Cape Coral,	Panyu District, Guangzhou					
Panyu District, Guangzhou, China	Phase 2	Long	50%	158,659	R	Existing
(site area approx 4,840,136 sq ft)	Phase 3A	Long	50%	904,738	R	2012 (70%)
	Phase 3B	Long	50%	904,189	R	2013 (10%)
	Phase 4	Long	50%	1,894,780	R/C	2014 (1%)
	Commercial	Medium	50%	21,345	C	Existing
A residential development at	Zengcheng, Guangzhou					
Zengcheng, Guangzhou, China	Phase 1	Long	50%	1,188,604	R/C	2012 (38%)
(site area approx 22,740,374 sq ft)	Phases 2 & 3	Long	50%	2,433,061	R	2013 (1%)
International Toys & Gifts Centre,	Huang Pu District, Guangzhou					
Nangang Village Head of Lang Bridge,	Phase 1	Medium	30%	455,550	C	Existing
Huang Pu District, Guangzhou, China	Phase 2A	Medium	30%	673,646	C	2012 (25%)
(site area approx 3,457,989 sq ft)	Phases 2B & 2C (1)	Medium	30%	1,070,604	C	2013 (8%)
	Phases 2C (2) & 3	Medium	30%	2,352,447	C	2015 (1%)
Yuhu Mingdi,	Luogang District, Guangzhou					
Zhongxin Town, Luogang District,	Phase 1	Long	40%	472,543	R/C	2012 (25%)
Guangzhou, China (site area approx 2,427,743 sq ft)	Phase 2	Long	40%	1,354,939	R/C	2013 (2%)
	Phase 3	Long	40%	668,230	R/C	2014 (2%)
A residential development at Nanzhuang Town, Chancheng District, Foshan, China (site area approx 805,764 sq ft)	Chancheng District, Foshan	Long	50%	1,989,373	R	2015 (1%)
Laguna Verona,	Hwang Gang Lake, Dongguan					
Hwang Gang Lake, Dongguan, China	Commercial	Long	49.9%	9,321	C	Existing
(site area approx 34,984,559 sq ft)	Phase D1a1	Long	49.9%	103,463	R	2012 (20%)
	Phases D1a2, D1b & D1c	Long	49.9%	1,890,722	R	2012 (20%)
	Phases D2a & E2	Long	49.9%	666,824	R	2013 (1%)
	Phases D2b & D2c	Long	49.9%	1,897,073	R	2017 (1%)
	Phase G1a1	Long	49.9%	62,280	R	2012 (80%)
	Phase G1a2	Long	49.9%	526,118	R/C	2012 (40%)
	Phases G1b & G1c	Long	49.9%	3,060,403	R/C	2014 (1%)
	Phase G1d	Long	49.9%	1,712,752	R	2015 (1%)
	Phases G2 - G7	Long	49.9%	6,970,325	R/C	2020 (1%)
	Phases E1 & H1	Long	49.9%	327,535	R	2013 (2%)
	Phases F & H2	Long	49.9%	749,243	R	2018 (1%)
Harbour Plaza Golf Club, Hwang Gang Lake, Dongguan, China	Hwang Gang Lake, Dongguan Golf course	Medium	50%	14,257,654	G	Existing
Le Parc, Futian District, Shenzhen, China	Futian District, Shenzhen	Long	50%	102,953	C	Existing

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Regency Park,	Baoan District, Shenzhen					
Guanlan, Baoan District, Shenzhen, China	Phases 1, 2 & 3	Long	50%	465,602	R	Existing
Le Sommet,	Longgang District, Shenzhen					
Longgang District, Shenzhen, China	Phases 1A & 3	Long	50%	49,149	R/C	Existing
(site area approx 2,407,822 sq ft)	Phases 1B & 2	Long	50%	550,423	R	2012 (8%)
	Phase 4A	Long	50%	93,947	R	2012 (8%)
	Phases 4B-C	Long	50%	1,286,232	R/C	2013 (1%)
Century Place,	Futian District, Shenzhen					
Shennan Road, Huaqiangbei, Futian District,	Phase 1	Medium	40%	1,319,976	C	2012 (88%)
Shenzhen, China	Phase 1	Medium	40%	444,653	R	2012 (95%)
(site area approx 182,706 sq ft)	Phase 2	Medium	40%	168,615	C	2012 (45%)
Noble Hills, Guanlan, Baoan District, Shenzhen, China (site area approx 916,911 sq ft)	Baoan District, Shenzhen	Long	50%	1,583,187	R/C	2012 (10%)
A commercial development at land lots G/M and H, Futian District, Shenzhen, China (site area approx 147,709 sq ft)	Futian District, Shenzhen	Medium	25%	436,369	C	2014 (17%)
A residential development at Aotou, Daya Bay, Huizhou, China (site area approx 861,664 sq ft)	Daya Bay, Huizhou	Long	50%	2,560,172	R/C	2016 (1%)
Horizon Costa, Qiao Island,	Qiao Island, Zhuhai					
Zhuhai, China	Phase 1	Long	50%	1,202,801	R/C	2014 (1%)
(site area approx 2,152,760 sq ft)	Phase 2	Long	50%	1,354,301	R	2015 (1%)
A residential development at Cuilihu, Zhongshan, China (site area approx 1,176,107 sq ft)	Cuilihu, Zhongshan	Long	50%	642,164	R	2013 (1%)
A residential development at	Yin Hu Wan, Jiangmen					
Yin Hu Wan, Jiangmen, China	Phases 1, 3 & 4	Long	45%	1,734,710	R	2015 (1%)
(site area approx 14,351,730 sq ft)	Phases 2, 5 & 6	Long	45%	2,593,562	R	2018 (1%)
	Commercial / Hotel	Medium	45%	244,330	C/H	2013 (1%)
A commercial and residential development at Yingtiandajie, Jianye District, Nanjing, China (site area approx 1,286,296 sq ft)	Jianye District, Nanjing	Long	50%	3,888,222	R/C	2015 (1%)
The Harbourfront,	Shibei District, Qingdao					
Shibei District, Qingdao, China	Phase 1	Long	45%	2,277,630	R/C	2012 (60%)
(site area approx 3,355,938 sq ft)	Phase 2	Long	45%	599,485	R/C	2013 (10%)
	Phases 3-7	Long	45%	7,485,916	R/C	2015 (1%)
Westgate Mall & Tower, Nanjing Xi Lu / Jiang Ning Lu, Jing An District, Shanghai, China	Jing An District, Shanghai	Medium	30%	1,099,361	C	Existing
Seasons Villas,	Pudong New District, Shanghai					
Huamu Road, Pudong New District, Shanghai, China	Phases 1-5	Long	50%	464,990	R	Existing
Maison des Artistes, Gubei, Changning District, Shanghai, China	Changning District, Shanghai	Long	50%	71,984	C	Existing
Century Link, Lot 2-4 Century Avenue, Pudong New District, Shanghai, China (site area approx 551,978 sq ft)	Lot 2-4 Century Avenue, Pudong New District, Shanghai	Medium	25%	2,351,427	C	2015 (17%)
Regency Cove,	Minhang District, Shanghai					
Qian Kun Road, Maqiao Town, Minhang District,	Phases 1A & 1B	Long	43%	81,807	R	Existing
Shanghai, China	Phase 2	Long	43%	277,131	R	Existing
City Link, Xin Zha Road, Jing An District, Shanghai, China (site area approx 156,376 sq ft)	Jing An District, Shanghai	Long	30%	624,037	C	2014 (70%)

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
A commercial and residential development at	Putuo District, Shanghai					
Zhen Ru Fu Zhong Xin, Putuo District,	Phase 1A	Medium	30%	154,892	C	2012 (30%)
Shanghai, China	Phases 1B, 2-4	Medium	30%	6,045,114	C/H	2018 (9%)
(site area approx 1,903,620 sq ft)	Phase 3	Long	30%	1,549,987	R	2017 (2%)
A commercial development at Lujiazui, Pudong New District, Shanghai, China (site area approx 100,082 sq ft)	Pudong New District, Shanghai	Medium	50%	861,104	C	2013 (16%)
A commercial and residential development at	Jiading District, Shanghai	Long	50%	3,103,835	R	2014 (5%)
Nanxiang Town, Jiading District, Shanghai, China (site area approx 2,277,843 sq ft)		Medium	50%	447,584	C	2014 (5%)
Regency Garden,	Pudong New District, Shanghai					
Hu Nan Road / Fang Rong Road, Zhoupu Town,	Phase 1	Long	43%	349,773	R	2012 (50%)
Pudong New District, Shanghai, China	Phase 2	Long	43%	1,417,735	R	2013 (10%)
(site area approx 2,835,368 sq ft)	Phase 3	Long	43%	268,979	R	2013 (20%)
	Phase 4	Long	43%	269,001	R	2013 (10%)
	Phase 5	Long	43%	1,352,818	R	2014 (5%)
A residential development at	Qing Pu District, Shanghai					
Zhao Xiang Town, Qing Pu District, Shanghai, China	Phase 1	Long	50%	326,092	R	2013 (1%)
(site area approx 797,501 sq ft)	Phase 2	Long	50%	479,295	R	2014 (1%)
The Metropolitan Tianjin, Yingkoudao,	Heping District, Tianjin					
Heping District, Tianjin, China	Phase 1	Medium	40%	699,970	C	2012 (88%)
(site area approx 211,153 sq ft)	Phase 2	Medium	40%	1,086,110	C	2012 (55%)
	Phase 2	Long	40%	340,796	R	2012 (80%)
	Phase 2	Long	40%	296,462	R	Existing
A commercial & residential development at Hualou Jie, Jianghan District, Wuhan, China (site area approx 1,246,094 sq ft)	Jianghan District, Wuhan	Long	50%	5,991,015	R/C	2015 (5%)
A commercial & residential development at Laopupian, Jianghan District, Wuhan, China (site area approx 379,036 sq ft)	Jianghan District, Wuhan	Long	50%	1,805,052	R/C	2015 (1%)
Regency Cove,	Caidian District, Wuhan					
Caidian District, Wuhan, China	Phase 1	Long	50%	961,830	R	2012 (80%)
(site area approx 8,294,627 sq ft)	Phases 2 - 8	Long	50%	15,162,686	R/C/H	2020 (1%)
The Greenwich,	Xian Hi-Tech Industries					
Xian Hi-Tech Industries Development Zone,	Development Zone, Xian					
Xian, China	Phase 2A	Medium	50%	141,779	R/C	Existing
(site area approx 5,176,674 sq ft)	Phase 2A	Medium	50%	115,546	C	2012 (85%)
	Phase 2B	Medium	50%	1,322,937	R/C	2012 (60%)
	Phase 3A	Medium	50%	1,575,383	R/C	2012 (85%)
	Phase 3B	Medium	50%	580,067	R/C	Existing
	Phases 4A & 4B	Long	50%	3,064,106	R/C	2014 (1%)
Albion Riverside, Wandsworth, London, United Kingdom	Wandsworth, London	Freehold	45%	79,242 *	C	Existing
A commercial & residential development at Lots Road, Chelsea, London, United Kingdom (site area approx 384,199 sq ft)	Chelsea / Fulham, London	Freehold	95%	852,788*	R/C	2017 (1%)
A commercial & residential development at Convoys Wharf, London, United Kingdom (site area approx 1,742,400 sq ft)	Convoys Wharf, London	Freehold	100%	3,524,743*	R/C	2020 (1%)
Marina Bay,	Land Parcel 662, Singapore					
Marina Boulevard/Central Boulevard, Singapore	Phase 2	Long	17%	469,381	R	2013 (35%)
(site area approx 574,045 sq ft)	Phase 2	Long	17%	1,633,702	C	2012 (65%)
The Vision, 727 West Coast Crescent, Singapore (site area approx 129,168 sq ft)	Lot 8341X Mukum 5, Singapore	Long	50%	361,670	R	2013 (7%)

Schedule of Principal Properties

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Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Radisson Grand Lucayan Freeport, Grand Bahama, Bahamas	Lucaya, Freeport, Grand Bahama Island	Freehold Freehold	100% 100%	1,027,494 320 acres	H G	Existing Existing
Container Terminal No 4, Kwai Chung, New Territories	KCL No 4	Medium	27.6%	70 acres	CT	Existing
Container Terminal No 6, Kwai Chung, New Territories	KCL No 6	Medium	27.6%	71 acres	CT	Existing
Container Terminal No 7, Kwai Chung, New Territories	KCL No 7 and extension	Medium	27.6%	85 acres	CT	Existing
Container Terminal No 8, East, Kwai Chung, New Territories	KCL No 8	Medium	13.8%	74 acres	CT	Existing
Container Terminal No 9, Tsing Yi, New Territories	TYTL 139 TYL 9 (co-grantee)	Medium	27.6%	47 acres	CT	Existing
Mid-Stream Terminal, Stonecutters Island, Hong Kong	KCTL No 479	Medium	27.6%	360,000	CT	Existing
River Trade Terminal, Tuen Mun, New Territories	TMTL No 393	Medium	40%	7,000,000	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases I & II)	Yantian, Shenzhen	Medium	15.6%	13,947,657	CT	Existing
Container Terminal at Yantian Port, Shenzhen, China (Phases III & Expansion)	Yantian, Shenzhen	Medium	14.3%	24,341,000	CT	Existing
Container Terminal at West Port, Shenzhen, China	Yantian, Shenzhen	Medium	14.3%	1,862,522	CT	Existing
Inland Container Depot and Warehousing, Guanlan, Shenzhen, China	Guanlan, Shenzhen	Medium	21.4%	3,591,699	D/W	Existing
Container Terminal at Dayabay, Huizhou, Guangdong,China (Phase 1)	Dayabay, Huizhou, Guangdong	Medium	27%	5,597,417	CT	Existing
Container Terminal at Dayabay, Huizhou, Guangdong,China (Phase 2)	Dayabay, Huizhou, Guangdong	Medium	64%	6,458,558	CT	2013 (46%)
Container Terminal at Jiuzhou, Zhuhai, Guangdong, China	Lovers Avenue South, Zhuhai, Guangdong	Medium	40%	1,659,592	CT	Existing
Multi purpose Terminal at Zhuhai Port, Gaolan, Zhuhai, Guangdong, China	Zhuhai Port, Zhuhai, Guangdong	Medium	40%	2,242,392	CT	Existing
Container Terminal at Zhuhai Port Gaolan, Zhuhai, Guangdong, China	Zhuhai Port, Zhuhai, Guangdong	Medium	40%	6,072,998	CT	2013 (92%)
Container Terminal at Zhuchi Port, Shantou, Guangdong, China	Zhuchi Port, Shantou, Guangdong	Medium	56%	4,582,505	CT	Existing
Container Terminal at San Shan Port, Nanhai, Guangdong, China	San Shan Island, Nanhai, Guangdong	Medium	40%	4,256,425	CT	Existing
Container Terminal at Gaosha Port, Jiangmen, Guangdong, China	Gaoshawei, Baishi Administration Area, Jiangmen, Guangdong	Medium	40%	1,337,675	CT	Existing
Container Terminal at Haicang Port, Xiamen, Fujian, China	Berth 1, Haicang Port Zone, Xiamen, Fujian	Medium	39%	2,751,137	CT	Existing
Container Terminal at Haicang Port, Xiamen, Fujian, China	Berth 2 & 3, Haicang Port Zone, Xiamen, Fujian	Medium	39%	5,016,444	CT	Existing
Container Terminal at Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai, China	Zhang Hua Bang, Jun Gong Lu & Bao Shan, Shanghai	Medium	30%	8,983,662	CT	Existing
Container Terminal at Waigaoqiao, Phase V, Shanghai, China	Waigaoqiao, Phase V, Pudong, Shanghai	Medium	40%	17,534,372	CT	Existing
Container Terminals at Beilun, Ningbo, Zhejiang, China	Beilun, Ningbo, Zhejiang	Medium	39%	8,198,101	CT	Existing

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Multi-Purpose Terminal at Laem Chabang, Thailand	A2, Laem Chabang	Medium	70%	1,829,825	CT	Existing
Container Terminal at Laem Chabang, Thailand	A3, C1, C2, D1, D2, D3, Laem Chabang	Medium	64%	356 acres	CT	2016 (49%)
Container Terminals at Thi Vai-Cai Mep Port Area, Ba Ria-Vung Tau Province, Vietnam	Lot No.105 (Map Street No.08) Phu My Town, Tan Thanh District, Ba Ria-Vung Tau Province, Vietnam	Medium	56%	3,631,171	CT	Existing
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT 1 & CT2 Tanjung Priok, Jakarta	Medium	41%	246 acres	CT	2013 (88%)
Container Terminal at Tanjung Priok, Jakarta, Indonesia	CT 3 Tanjung Priok, Jakarta	Medium	36%	76 acres	CT	Existing
Container Terminal at Port Klang, Selangor, Malaysia	Westports, Port Klang, Pulau Indah	Medium	25%	63,162,000	CT	Existing
Container Terminal at Karachi, Pakistan (Phases I & II)	Berth Nos 28 to 30 West Wharf	Medium	80%	1,466,284	CT	Existing
Container Terminal at Karachi, Pakistan (Phase III)	Berth Nos 26 to 27 West Wharf	Medium	80%	1,336,084	CT	Existing
Container Terminal at 1116, Jwachon-dong, Dong-ku, Busan, South Korea	Jwachon, Busan-si	Medium	80%	160 acres	CT	Existing
Container Terminal at 624, Gamman-Dong Nam-ku, Busan, South Korea	Gamman, Busan-si	Medium	80%	37 acres	CT	Existing
Container Terminal at 1379, Hwanggil-dong, Gwangyang-si, Jeollanam-do, South Korea	Gwangyang, Gwangyang-si Phase 2-2	Medium	71%	5,737,351	CT	Existing
Container Terminal at Felixstowe, United Kingdom	Felixstowe, County of Suffolk	Long Freehold	80% 80%	478.5 acres 250 acres	CT CT	Existing Existing
Container Terminal at Thamesport, United Kingdom	Isle of Grain County of Kent	Long	64%	240 acres	CT	Existing
Container Terminal No 11 at Port of Brisbane, Queensland, Australia	Port of Brisbane, Queensland, Australia	Medium	100%	1,506,947	CT	2012 (17%)
Container Terminal No 12 at Port of Brisbane, Queensland, Australia	Port of Brisbane, Queensland, Australia	Medium	100%	1,356,253	CT	2014 (1%)
Intermodal Terminal at Enfield, New South Wales, Australia	Enfield, New South Wales, Australia	Medium	100%	135,182 sqm	D/W	2013 (0%)
Empty Container Storage "A" at Enfield, New South Wales, Australia	Enfield, New South Wales, Australia	Medium	100%	53,926 sqm	D/W	2015 (0%)
Empty Container Storage "B" at Enfield, New South Wales, Australia	Enfield, New South Wales, Australia	Medium	100%	46,613 sqm	D/W	2015 (0%)
Container Terminal at Port Botany, New South Wales, Australia	Port Botany, New South Wales, Australia	Medium	100%	4,951,399	CT	2012 (3%)
Multi purpose freight & passenger port & Bathside Bay Land, Harwich, United Kingdom	Harwich, County of Essex	Freehold Freehold	80% 80%	185 acres 250 acres	P CT	Existing 2016 (25%)
Container Terminal in Taranto Port, Molo Polisettoriale, Italy	Molo Polisettoriale, Taranto Port, S.S. 106	Long	40%	252 acres	CT	Existing
Container Terminal at Amsterdam, The Netherlands	Amsterdam Container Terminal	Long	56%	136 acres	CT	Existing
Ro Ro Terminal at Amsterdam, The Netherlands	Amsterdam Container Terminal (Ro Ro)	Long	56%	42 acres	CT	Existing
Container Terminal at Rotterdam, The Netherlands	Home Terminal, Rotterdam Delta Terminal, Rotterdam Euromax Terminal, Rotterdam	Long Medium Long	75% 71% 75%	161 acres 672 acres 208 acres	CT CT CT	Existing Existing Existing
Inland Container Terminal at Venlo, The Netherlands	TCT Venlo Terminal (Rail) TCT Venlo Terminal (Barge)	Freehold Medium	75% 75%	16 acres 4 acres	CT CT	Existing Existing
Inland Container Terminal at Moerdijk, The Netherlands	Moerdijk Container Terminal	Long	37%	58 acres	CT	Existing
Inland Container Terminal at Willebroek, Belgium	TCT Belgium Terminal, Willebroek	Freehold	75%	25 acres	CT	Existing
Inland Container Terminal at Duisburg, Germany	DeCeTe Terminal, Duisburg	Medium	39%	42 acres	CT	Existing

Schedule of Principal Properties
at 31 December 2011

Description	Lot number	Lease term	Group's interest	Approximate gross floor area (sq ft unless otherwise stated)	Type	Estimated completion date (% complete)
Container Terminal at Stockholm, Sweden	Stockholm Container Terminal (CTF)	Medium	80%	21 acres	CT	Existing
Container Terminal at Muelle Principe de Espana, Barcelona, Spain	Terminal de Catalunya Barcelona, Spain	Medium	80%	4,537,417	CT	Existing
Container Terminal at Muelle Prat (Phase 1A), Barcelona, Spain	Terminal de Catalunya Barcelona, Spain	Medium	80%	6,503,813	CT	2012 (59%)
Container Terminal at Gdynia, Poland	Port of Gdynia, Poland	Long	79%	48 acres	CT	2017 (57%)
Container Terminal at Sohar, Sultanate of Oman	Plot 2B, Sohar Industrial Port	Medium	52%	69 acres	CT	Existing
Container Terminal at Alexandria, Egypt	Alexandria	Medium	40%	1,162,512	CT	Existing
	El Dekheila	Medium	40%	2,023,632	CT	Existing
Container Terminal at Veracruz, Mexico	Recinio portuario, Zona II Puerto de Veracruz, Veracruz	Medium	80%	4,492,133	CT	Existing
Container Terminal at Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	80%	1,522,508	CT	Existing
Cruise Port & Marina at Ensenada, Baja California, Mexico	Ensenada, Baja California	Medium	80%	2,137,449	P	Existing
Container Terminal at Manzanillo, Mexico	CT Manzanillo	Medium	80%	914,468	CT	Existing
Inland Container Depot at Manzanillo, Mexico	Ejido Tapeixtles	Freehold	80%	645,835	CT	Existing
Inland Container Depot at Santa Fe, Veracruz, Mexico	Ejido Delfino Vict.	Freehold	80%	1,723,141	CT	Existing
Container Terminal at Lazaro Cardenas, Michoacan, Mexico	Lazaro Cardenas, Michoacan	Freehold	80%	2,220,024	CT	Existing
		Medium	80%	1,658,941	CT	Existing
		Medium	80%	3,049,416	CT	2012 (90%)
Container Terminal at Buenos Aires, Argentina	Puerto Nuevo, Buenos Aires	Short	80%	67 acres	CT	Existing
Grand Bahama International Airport, Bahamas	Freeport, Grand Bahama Island	Freehold	40%	2,655 acres	A	Existing
Sea Air Business Centre at Freeport, Bahamas	Freeport, Grand Bahama Island	Freehold	40%	721 acres	C	Existing
Cruise Port at Freeport, Bahamas	Freeport, Grand Bahama Island	Freehold	40%	1,630 acres	P/CT	Existing
Container Terminal at Freeport, Bahamas	Freeport, Grand Bahama Island	Long	41%	168 acres	CT	Existing

Lease term: Long = lease not less than 50 years; Medium = lease less than 50 years but not less than 10 years; Short = lease less than 10 years.

* Total net floor area for UK projects

A = Airport   C = Commercial   CT = Container Terminal   D = Depot   G = Golf Course   H = Hotel   I = Industrial

P = Cruise Port   SA = Serviced Apartment   R = Residential   W = Warehouse

Ten Year Summary

	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
CONSOLIDATED INCOME STATEMENT										
HK$ millions										
Revenue	75,235	104,912	134,592	182,526	183,790	218,678	235,478	208,808	209,180	**233,700**
Profit attributable to ordinary shareholders of the Company	11,771	6,370	11,202	12,610	17,243	33,347	12,308	13,854	20,179	**56,019**
Dividends	7,375	7,375	7,375	7,375	7,375	7,375	7,375	7,375	8,185	**8,868**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
HK$ millions										
ASSETS										
Non-current assets										
Fixed assets	96,900	129,350	153,273	129,467	145,280	186,342	178,143	176,192	167,851	**155,502**
Investment properties	27,155	25,892	31,741	38,557	41,657	43,680	41,282	42,323	43,240	**42,610**
Leasehold land	24,076	25,185	25,367	27,150	30,194	31,272	29,848	29,191	27,561	**10,004**
Telecommunications licences	89,581	98,943	103,060	84,624	89,077	91,897	72,175	70,750	68,333	**75,503**
Goodwill	7,838	8,583	10,577	17,959	21,840	31,573	30,436	28,858	27,332	**26,338**
Brand names and other rights	2,034	1,929	1,559	3,579	7,582	10,901	10,486	7,351	12,865	**12,615**
Associated companies	45,055	50,662	54,887	65,261	74,906	75,364	76,106	83,777	105,589	**137,703**
Interests in joint ventures	33,606	37,241	35,768	37,297	38,525	39,744	45,880	51,634	54,103	**67,562**
Deferred tax assets	1,763	5,453	12,249	15,625	17,149	17,609	13,241	14,650	14,097	**16,992**
Other non-current assets	6,550	7,682	8,230	4,426	3,762	5,082	8,904	5,286	9,131	**10,184**
Liquid funds and other listed investments	75,597	63,929	66,503	60,669	66,251	69,192	30,735	23,213	24,585	**20,239**
	410,155	454,849	503,214	484,614	536,223	602,656	537,236	533,225	554,687	**575,252**
Current assets	88,288	161,404	137,160	106,208	130,721	187,680	130,581	157,260	166,614	**145,292**
Total assets	498,443	616,253	640,374	590,822	666,944	790,336	667,817	690,485	721,301	**720,544**
Current liabilities	90,101	96,199	91,267	84,202	90,291	142,732	107,818	93,867	106,911	**109,359**
Non-current liabilities										
Bank and other debts	141,569	230,182	254,779	233,454	260,970	260,086	234,141	242,851	228,134	**189,719**
Interest bearing loans from non-controlling shareholders	1,099	5,885	5,096	5,429	12,030	12,508	13,348	13,424	13,493	**6,502**
Deferred tax liabilities	8,236	8,533	8,745	10,234	11,067	13,703	9,501	9,063	9,857	**8,893**
Pension obligations	2,105	1,943	2,424	2,323	2,378	1,468	2,541	2,436	1,702	**2,992**
Other non-current liabilities	2,522	2,408	2,167	4,354	6,368	5,929	4,586	4,520	3,945	**4,296**
	155,531	248,951	273,211	255,794	292,813	293,694	264,117	272,294	257,131	**212,402**
Net assets	252,811	271,103	275,896	250,826	283,840	353,910	295,882	324,324	357,259	**398,783**
CAPITAL AND RESERVES										
Share capital	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	**1,066**
Perpetual capital securities	–	–	–	–	–	–	–	–	15,600	**15,600**
Reserves	218,242	237,297	248,147	239,851	266,376	304,872	262,992	285,829	297,367	**342,946**
Total ordinary shareholders' funds and perpetual capital securities	219,308	238,363	249,213	240,917	267,442	305,938	264,058	286,895	314,033	**359,612**
Non-controlling interests	33,503	32,740	26,683	9,909	16,398	47,972	31,824	37,429	43,226	**39,171**
Total equity	252,811	271,103	275,896	250,826	283,840	353,910	295,882	324,324	357,259	**398,783**

Ten Year Summary

	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
PERFORMANCE DATA										
Earnings per share for profit attributable to ordinary shareholders of the Company – (HK$)	2.76	1.49	2.63	2.96	4.04	7.82	2.89	3.25	4.73	**13.14**
Dividends per share – (HK$)	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.92	**2.08**
Dividend cover	1.6	0.9	1.5	1.7	2.3	4.5	1.7	1.9	2.5	**6.3**
Return on average ordinary shareholders' funds (%)	5.4%	2.8%	4.6%	5.1%	6.8%	11.6%	4.3%	5.0%	6.9%	**17.4%**
Current ratio	1.0	1.7	1.5	1.3	1.4	1.3	1.2	1.7	1.6	**1.3**
Net debts – (HK$ millions)	49,130	81,717	137,596	153,187	157,111	130,780	165,863	143,355	131,125	**127,076**
Net debt / Net total capital (%) [(1)]	15.9%	22.4%	32.7%	37.1%	34.5%	26.1%	34.7%	29.7%	26.0%	**23.8%**
Net assets attributable to ordinary shareholders of the Company per share – book value (HK$)	51.4	55.9	58.5	56.5	62.7	71.8	61.9	67.3	70.0	**80.7**
Number of shares (million)	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	4,263.3	**4,263.3**

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

(2) The comparatives have been restated to reflect the effect of adoption of new and revised accounting policies in 2011 (see note 1 to the accounts).

Information for Shareholders

LISTING

The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited

STOCK CODE

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PUBLIC FLOAT CAPITALISATION

Approximately HK$130,293 million (approximately 47% of the issued share capital of the Company) as at 31 December 2011

FINANCIAL CALENDAR

Payment of 2011 Interim Dividend:	16 September 2011
2011 Final Results Announcement:	29 March 2012
Closure of Register of Members:	22 May 2012 – 25 May 2012
Annual General Meeting:	25 May 2012
Record Date for 2011 Final Dividend:	31 May 2012
Payment of 2011 Final Dividend:	11 June 2012
2012 Interim Results Announcement:	August 2012

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INVESTOR INFORMATION

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