

# Solid Platform to Capitalise on Global Opportunities



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

STOCK CODE: 0001

Annual Report 2013

# Group Structure



CHEUNG KONG GROUP  
TOTAL MARKET CAPITALISATION

**HK\$1,023 Billion**



# Contents

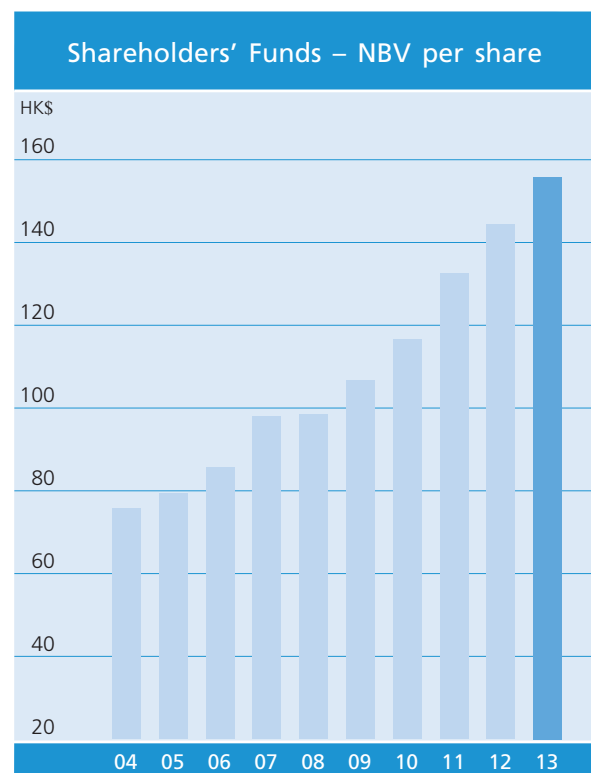
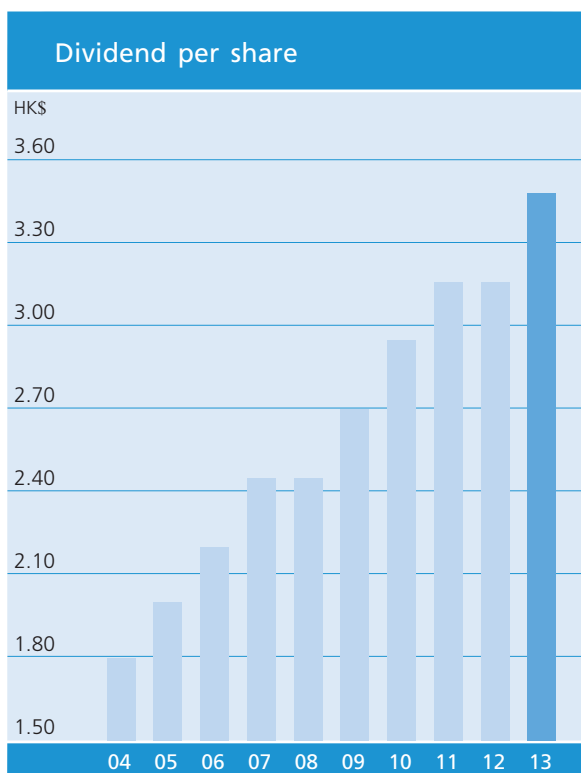
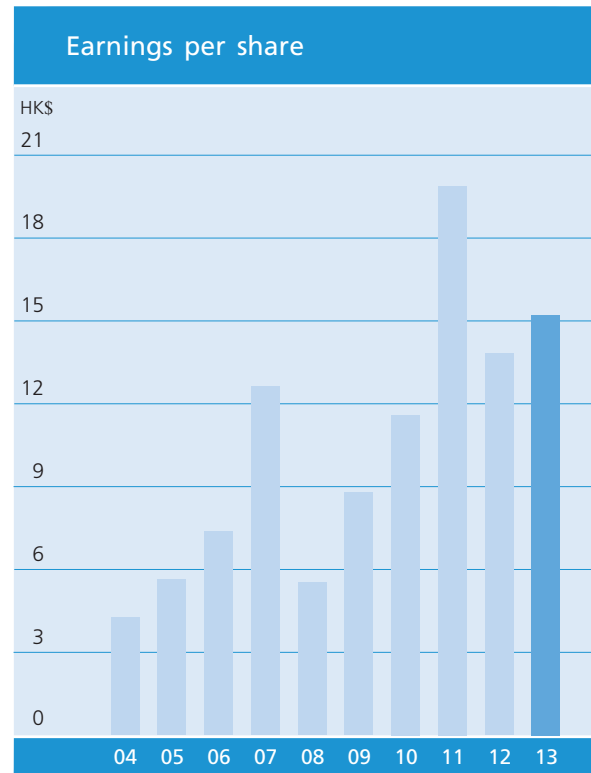
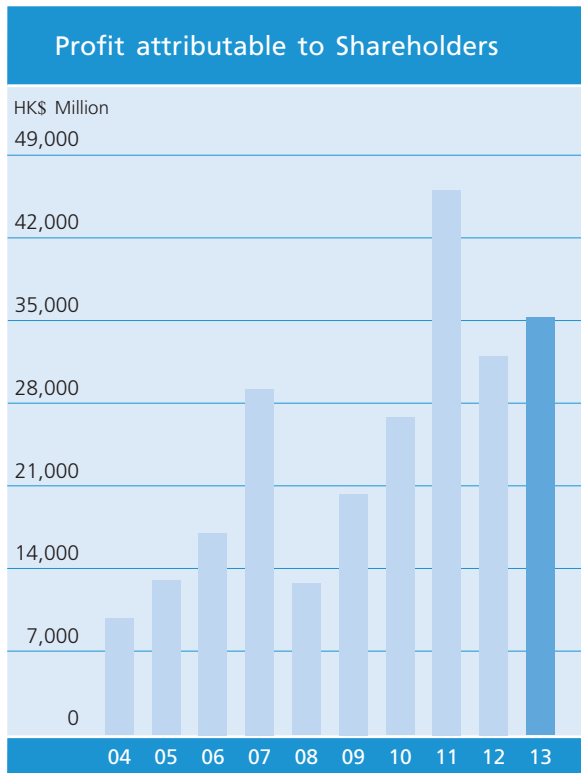
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## Ten Year Financial Summary

Consolidated Income Statement (HK\$ million)										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Turnover	18,431	14,358	15,346	15,442	16,436	24,293	32,863	42,359	31,106	32,314
Profit attributable to										
Shareholders of the Company	9,823	12,992	16,983	29,171	12,721	20,304	26,750	45,957	32,036	35,260
Non-controlling interests and holders of perpetual securities	72	210	205	298	201	419	323	204	372	712
Profit for the year	9,895	13,202	17,188	29,469	12,922	20,723	27,073	46,161	32,408	35,972
Consolidated Statement of Financial Position (HK\$ million)										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fixed assets	7,385	9,612	10,222	10,560	11,624	10,696	10,399	11,233	10,145	9,977
Investment properties	10,545	11,710	14,508	15,497	15,670	19,433	21,170	25,180	29,656	28,777
Associates	122,845	124,032	130,460	143,376	145,524	148,185	154,568	178,606	187,348	196,812
Joint ventures	22,262	23,418	24,935	24,456	30,207	33,650	40,671	56,929	63,303	65,659
Other non-current assets	8,864	7,572	8,925	11,016	5,771	7,470	9,639	8,507	11,928	10,407
Net current assets	26,784	31,126	46,067	52,768	56,659	56,455	59,172	56,975	84,156	101,739
Total assets less current liabilities	198,685	207,470	235,117	257,673	265,455	275,889	295,619	337,430	386,536	413,371
Bank and other loans	17,907	18,683	27,609	23,655	31,258	25,279	22,027	23,020	43,001	39,452
Other non-current liabilities	343	378	4,432	4,517	2,598	664	761	850	883	1,098
Net assets	180,435	188,409	203,076	229,501	231,599	249,946	272,831	313,560	342,652	372,821
Representing:										
Share capital	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158
Share premium	9,331	9,331	9,331	9,331	9,331	9,331	9,331	9,331	9,331	9,331
Reserves	164,797	173,155	187,323	215,597	216,759	235,646	258,521	295,211	323,354	350,192
Shareholders' funds	175,286	183,644	197,812	226,086	227,248	246,135	269,010	305,700	333,843	360,681
Perpetual securities	–	–	–	–	–	–	–	4,648	5,652	9,048
Non-controlling interests	5,149	4,765	5,264	3,415	4,351	3,811	3,821	3,212	3,157	3,092
Total equity	180,435	188,409	203,076	229,501	231,599	249,946	272,831	313,560	342,652	372,821
Shareholders' funds										
– NBV per share (HK\$)	75.68	79.29	85.41	97.61	98.11	106.27	116.14	131.99	144.14	155.72
Earnings per share (HK\$)	4.24	5.61	7.33	12.59	5.49	8.77	11.55	19.84	13.83	15.22
Dividend per share (HK\$)	1.80	2.00	2.20	2.45	2.45	2.70	2.95	3.16	3.16	3.48
Interim dividend	0.38	0.42	0.46	0.50	0.50	0.50	0.50	0.53	0.53	0.58
Final dividend	1.42	1.58	1.74	1.95	1.95	2.20	2.45	2.63	2.63	2.90

Note: Prior year figures have been restated to account for the prior year adjustments described in note 2(a) to financial statements.

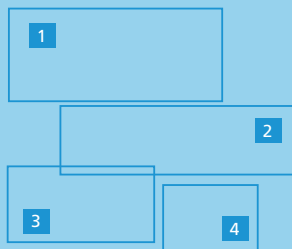
## Results Highlights




## The Year at a Glance




# 1-3




1. The Group announced its 2013 Annual Results on 28th February, 2014
2. Caring Companies
3. 2013 Annual Results Analysts' Briefing
4. Cheung Kong BBA Camp

 The Cheung Kong Group continues to support the mentorship programme of the Hong Kong Institute of Education.

 The Group organised the "Cheung Kong BBA Camp" jointly with the Hong Kong Institute of Education to share business experience with students studying at different faculties.

 The Cheung Kong Group supported the Caring Company Partnership Expo 2013.

 The Group issued US\$500 million 5.375% Guaranteed Senior Perpetual Securities in January 2013. The Securities in a principal amount of US\$74,700,000 were repurchased and cancelled in April 2013.



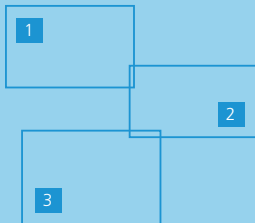
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2



3



- 1. Awards presented by The Community Chest
- 2. Launch of Upper West Shanghai
- 3. Release of La Grande Ville Phase 2

# 4-6

- ☞ Satisfactory sales were registered for Upper West Shanghai in Shanghai.
- ☞ La Grande Ville Phase 2 in Beijing achieved satisfactory sales results.

- ☞ The Cheung Kong Group was named one of The Community Chest's Top Three Donors for the 14th consecutive year.

## The Year at a Glance (continued)



1

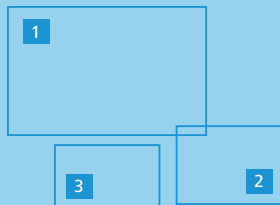


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4-6



1. The Community Chest Rainbow Fund
2. BCI Asia Awards 2013
3. The Best Creative Buy Award received by The Beaumont

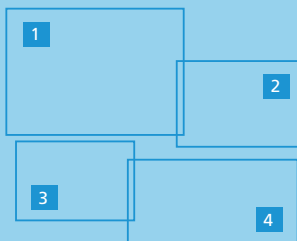
🏆 The Group continues to be one of the 30 Hong Kong-listed constituents of Hang Seng Corporate Sustainability Index which comprises companies that perform well in corporate sustainability – encompassing environmental, social and corporate governance.

🏆 Awarded “Asia Top 10 Developers – Hong Kong” at “BCI Asia Awards 2013”.

🏆 The Cheung Kong Group continued its support to The Community Chest Rainbow Fund to provide emergency relief to those with imminent needs.

🏆 The Beaumont in Tseung Kwan O received “The Best Creative Buy” Award at the “Metro Creative Awards 2013”.





1. A tour of the facilities of AVR which was acquired by the Group, CKI, Power Assets and Li Ka Shing Foundation during the year
2. Launch of The Rise
3. The Hong Kong Classic Brand Award 2013 ceremony
4. Release of Hupan Mingdi in Shanghai

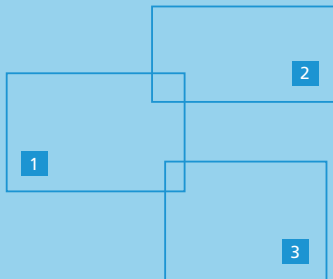
7-9

- 📌 Acquisition of AVR in the Netherlands jointly made by the Group, CKI, Power Assets and Li Ka Shing Foundation was completed in August 2013.
- 📌 Launch of The Rise in Tsuen Wan was well-received by home buyers.
- 📌 Hupan Mingdi in Shanghai achieved satisfactory sales results.

- 📌 Received the award of "Top 10 Most Credible Brand in Asia" at "The 8th Asia Brand Ceremony" organised by the Asian Brands Association.
- 📌 The Cheung Kong Group received the "Hong Kong Classic Brand Award 2013" presented by *East Week* magazine.

The Year at a Glance *(continued)*

10-12

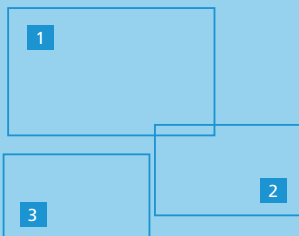


1. MTR Hong Kong Race Walking 2013
2. Directors' training on their duties, and regulatory and compliance issues
3. The Sheraton Chengdu Lido Hotel received an award presented by Business Traveller China

☞ Received the Highest Fund Raising Corporate Team Award in the MTR HONG KONG Race Walking 2013.

☞ Director's training was held with distinguished professionals presenting topics relating to directors' duties, and regulatory and compliance issues.

☞ The Sheraton Chengdu Lido Hotel received two awards in 2013 – *Business Traveller China*: "Best Business Hotel in Chengdu" and *TripAdvisor*: "Certificate of Excellence for the Year 2013".



1. 1881 Heritage won awards presented by Metro Radio
2. Outstanding Listed Company Award 2013 ceremony
3. 1881 Heritage

# 10-12

1881 Heritage received two accolades at Metro Radio's "Experiential Marketing Excellence Awards Hong Kong 2013": "Best Strategy for Tourists" and "Top Ten Experiential Marketing Excellence Awards Hong Kong".

Received the "Top 100 Listed Company Award" in the "Hong Kong Listed Companies 2013" organised by QQ.com and FINET Group Ltd.

The Group ranked 4th in the "Global Chinese Business 1000 – Top 10 Enterprises in Hong Kong" released by Yazhou Zhoukan.

The Group received the "Outstanding Listed Company Award 2013" by The Hong Kong Institute of Financial Analysts and Professional Commentators Limited.

## Report of the Chairman and the Managing Director

# Solid Platform to Capitalise on Global Opportunities



## HIGHLIGHTS

	<b>2013</b> <b>HK\$ Million</b>	2012 HK\$ Million (Restated) <i>Note 2</i>	Change
Turnover <i>Note 1</i>	<b>32,314</b>	31,106	+4%
Profit before investment property revaluation	<b>17,915</b>	14,213	+26%
Investment property revaluation (net of tax)	<b>1,801</b>	4,885	-63%
Profit before share of results of Hutchison Whampoa Group	<b>19,716</b>	19,098	+3%
Share of profit of Hutchison Whampoa Group	<b>15,544</b>	12,938	+20%
Profit attributable to shareholders	<b>35,260</b>	32,036	+10%
Earnings per share	<b>HK\$15.22</b>	HK\$13.83	+10%
Final dividend per share	<b>HK\$2.90</b>	HK\$2.63	+10%
Full year dividend per share	<b>HK\$3.48</b>	HK\$3.16	+10%

*Note 1: Turnover does not include the turnover of joint ventures (except for proceeds from property sales shared by the Group) or the turnover of associates, notably the Hutchison Whampoa Group. Total revenue of the Hutchison Whampoa Group for the year amounted to HK\$412,933 million (2012 (restated) – HK\$397,911 million).*

*Note 2: The 2012 comparative figures have been restated as a result of the current year's adoption of HKAS 19 "Employee Benefits" (Revised 2011) which has been applied retrospectively by the Hutchison Whampoa Group.*

## PROFIT FOR THE YEAR

The Group's audited profit attributable to shareholders for the year ended 31st December, 2013 amounted to HK\$35,260 million (2012 (restated) – HK\$32,036 million). Earnings per share were HK\$15.22 (2012 – HK\$13.83).

The Group's audited profit attributable to shareholders amounted to HK\$35,260 million, increased by **10%**.

## DIVIDEND

The Directors recommend the payment of a final dividend of HK\$2.90 per share in respect of 2013 to shareholders whose names appear on the Register of Members of the Company at the close of business on 22nd May, 2014. This together with the interim dividend of HK\$0.58 per share gives a total of HK\$3.48 per share for the year (2012 – HK\$3.16 per share). The proposed final dividend will be paid on 5th June, 2014 following approval at the 2014 Annual General Meeting.

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

### PROSPECTS

#### 2013 in Review

##### **Business Performance**

In 2013, the U.S. economy continued to improve gradually and signs of stability emerged across major economies in the Eurozone area. Nevertheless, the operating environment remained difficult as uncertainties persist in the global marketplace.

2013 was a challenging year. While the Group's presale of property in Hong Kong did not meet projections, our established globally diversified businesses have supported the positive growth of our overall Group. For the year ended 31st December, 2013, the Group's profit before share of results of the Hutchison Whampoa Group was HK\$19,716 million, 3% higher than that reported last year.

The property sales in Hong Kong in 2013 were much lower than that recorded in the previous year. However, contributions from property sales in markets outside of Hong Kong, including the Mainland, have increased. Contributions from both property rental and hotels and serviced suites have also increased, and the growth in contribution from the infrastructure business was in line with expectations. These factors, coupled with the increased contributions from investments and finance as well as the one-off gain from the disposal of the Kingswood Ginza property in Tin Shui Wai, have contributed to the Group's positive results for 2013.

In 2013, the Group registered fewer property sales in Hong Kong as compared to last year, primarily due to the prolonged completion process of developments, with the profit contribution from more developments now expected to be accounted for in 2014. Costs associated with property development including, but not limited to, construction costs, interest and operating expenses, are expected to rise continuously over the development cycle which often spans a period of five years or more. Property trading activities in Hong Kong remained subdued in 2013. It is expected that market conditions will continue to be subject to the development of housing policies, and our strategy is to be responsive to these developments.

The Group performed favourably in markets outside of Hong Kong, particularly on the Mainland where we are benefiting from the solid advancement of our property business. During the year under review, turnover of property sales on the Mainland contributed significantly to the Group's profit from the property business as a whole. The Group will continue to develop its presence in Hong Kong, the Mainland and beyond to balance its sources of revenue.

Our focus on business diversification has resulted in investments being made in the overseas infrastructure sector to generate quality recurring profit contributions. In addition to its stake in two businesses in the United Kingdom – Northumbrian Water Group Limited, a regulated water and sewerage company, and Wales & West Utilities Limited (“Wales & West Utilities”), a regulated gas distribution network, the Group has extended its infrastructure portfolio by participating in the acquisition of AVR-Afvalverwerking B.V. (“AVR”), the largest energy-from-waste player in the Netherlands. This acquisition, which was completed in August 2013, represents an attractive diversification of our business portfolio into the waste management industry, and is a solid investment which has generated immediate recurring cash flow with secure and stable returns. The Group will continue to pursue global investments in new business sectors to strengthen further its sound business and earnings base.

## Listed Affiliated Companies

The Group continued to benefit from the global opportunities arising from its strategic investments in listed affiliated companies, particularly through the Hutchison Whampoa Group's diversified portfolio of global businesses. In 2013, businesses in markets beyond Hong Kong continued to perform solidly and deliver satisfactory results to the Group and its listed affiliated companies.

### *The Hutchison Whampoa Group*

In 2013, the Hutchison Whampoa Group achieved solid earnings growth. Despite operating in some challenging markets around the world, overall its businesses in 52 countries continue to deliver solid performances. Barring unforeseen material adverse external developments, the Hutchison Whampoa Group is expected to continue to achieve growth in 2014.

### *CKI*

In 2013, Cheung Kong Infrastructure Holdings Limited ("CKI") achieved another record performance. This was bolstered by strong organic growth from its existing businesses as well as contributions from recent acquisitions, namely Wales & West Utilities in the United Kingdom, Enviro Waste Services Limited in New Zealand and AVR in the Netherlands. With a strong financial platform, CKI will continue to study and pursue attractive projects that will enhance shareholder value, while as always, it will remain steadfast in adhering to its prudent investment criteria.

### *Power Assets*

Power Assets Holdings Limited ("Power Assets") reported a sound performance in 2013, primarily boosted by the continued growth of its businesses outside of Hong Kong. Its Hong Kong operations remained stable and continued to provide steady cashflow. Power Assets unlocked the value of its Hong Kong business by listing its Hong Kong electricity operations on the Main Board of the Stock Exchange of Hong Kong in January 2014. Following this spin-off, Power Assets maintains a 49.9% stake in the Hong Kong electricity business. Power Assets is set to continue to pursue investment opportunities in energy-related projects around the world based on its strong financial position.

### *CK Life Sciences*

CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences") performed well in 2013. CK Life Sciences' existing business operations have provided a steady revenue stream, generating necessary funding for the development of its R&D activities, while contributing profit for its shareholders. In addition to pursuing organic growth, continued efforts will be made to expand CK Life Sciences' business by prudently seeking suitable investment opportunities that can add value to its existing portfolio.

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

### Looking Ahead

Looking into 2014, U.S. monetary policy will continue to have an effect on the global economy, but major indicators are pointing to a more solid economic recovery. European countries are also showing signs of an upturn. While the U.S. government has begun tapering asset purchases, the global impact is expected to be less significant than previously predicted given that its pace is likely to be modest and the low interest rate environment is likely to continue.

China's real GDP growth for 2013 was 7.7%. This indicates that China is on track to achieve the stated target of doubling its GDP between 2010 and 2020, the only nation registering such a remarkable growth rate among major economies. Acceleration in economic reform, as part of the broad-based and extensive reform measures initiated by the Central Government, will be key drivers in promoting China's healthy, sustainable growth.

The Cheung Kong Group has businesses in 52 countries around the globe. Investment decisions are made based on the long-term best interests of our shareholders. In determining the scale of our businesses in the various regions or countries in which we operate, we take into consideration the prevailing economic, political and operating environment, and tune our operations accordingly. With operating and financial prudence being our guiding principle, we have maintained a low debt ratio to ensure financial stability and sustainability. Looking ahead, the Cheung Kong Group is well placed to capitalise on investment opportunities in Hong Kong and beyond on the back of its sound foundations and financial capability. We are cautiously optimistic about our overall global business prospects.

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

**Li Ka-shing**

Chairman

**Li Tzar Kuoi, Victor**

Managing Director

Hong Kong, 28th February, 2014



# Management Discussion and Analysis

## SUSTAINABLE DEVELOPMENT STRATEGY

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

It has been the core strategic objective of the Cheung Kong Group to maximise shareholder value by driving long-term sustainable growth of its businesses. Based on its strategic positioning as a multinational conglomerate, the listed companies under the Cheung Kong Group are committed to nurturing new growth through diversification and globalisation while continuing to be rooted in Hong Kong. We are focused on the pursuit of attractive investment opportunities around the world to extend our business scope and geographic coverage beyond Hong Kong, and to create steady return and further value for shareholders. All investment decisions are made for our shareholders' long-term best interests, contingent on market conditions as well as appropriate assessment of project risk and return.

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

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

## Management Discussion and Analysis (continued)

## BUSINESS REVIEW

## Major Business Activities

## 1. Developments Completed during 2013:

Name	Location	Total Gross Floor Area (sq.m.)	Group's Interest
The Beaumont	Tseung Kwan O Town Lot No. 90	97,400	Joint Venture
One West Kowloon	New Kowloon Inland Lot No. 6354	23,996	100%
Marina Bay Suites	Marina Bay, Singapore	43,607	16.67%
La Grande Ville Phase 2	Shun Yi District, Beijing	45,726	100%
Yuhu Mingdi Phase 1	Luogang District, Guangzhou	43,901	40%
Guangzhou Guoji Wanjucheng Phase 2A	Huangpu District, Guangzhou	63,288	30%
Regency Park Phase 3	Jingyue Economic Development Zone, Changchun	51,876	50%
Regency Residence Phase 2B	Nangan District, Changchun	7,402	50%
Le Parc Phases 4A, 4B and 6B	Chengdu High-Tech Zone, Chengdu	471,547	50%
Regency Oasis Phase 1B	Wenjiang District, Chengdu	99,273	50%
Cape Coral Phase 2B	Nanan District, Chongqing	77,854	47.5%
Noble Hills Phase 3	Wangcheng County, Changsha	108,766	50%
Regency Park Phase 3A	Tianning District, Changzhou	16,507	50%

<b>Name</b>	<b>Location</b>	<b>Total Gross Floor Area (sq.m.)</b>	<b>Group's Interest</b>
Laguna Verona Phases D1b2, D1c and G1a	Hwang Gang Lake, Dongguan	95,638	49.91%
Cape Coral Phase 3B	Panyu District, Guangzhou	84,002	50%
Noble Hills Phases 1A and 1B	Zengcheng, Guangzhou	24,922	50%
The Harbourfront Land No. 2	Shibei District, Qingdao	60,301	45%
Regency Garden Phases 2A and 3	Pudong New District, Shanghai	86,141	42.5%
Le Sommet Phases 4B and 4C	Longgang District, Shenzhen	119,321	50%
Noble Hills	Baoan District, Shenzhen	146,588	50%
The Metropolitan Tianjin Phases 1 and 2	Yingkoudao, Heping District, Tianjin	177,987	40%

## Management Discussion and Analysis (continued)

## 2. Developments in Progress and Scheduled for Completion in 2014:

Name	Location	Total Gross Floor Area (sq.m.)	Group's Interest
Hemera	Site E of The Remaining Portion of Tseung Kwan O Town Lot No. 70	128,543	Joint Venture
Kennedy Park at Central	Section A, The Remaining Portion of Section B, Subsection 1 of Section N and Subsection 1 of Section O of Inland Lot No. 1381	8,106	100%
The Rise	The Remaining Portion of Kwai Chung Town Lot No. 157	23,225	100%
Mont Vert Phases I and II	The Remaining Portion of Tai Po Town Lot No. 183	87,356	100%
City Point	The Remaining Portion of Tsuen Wan Town Lot No. 403	113,064	Joint Venture
Trinity Towers	The Remaining Portion of New Kowloon Inland Lot No. 6494	29,649	Joint Venture
The Vision	West Coast Crescent, Singapore	33,600	50%
Guangzhou Guoji Wanjucheng Phases 2B and 2C-1	Huangpu District, Guangzhou	99,462	30%
Upper West Shanghai Phases 1A and 1B	Putuo District, Shanghai	116,738	29.4%
Oriental Financial Center	Lujiazui, Shanghai	80,000	50%
Hupan Mingdi Land No. 911 North Area 2, 4 and 5	Jiading District, Shanghai	61,574	50%
Regency Residence Phase 1	Nanguan District, Changchun	3,000	50%
Le Parc Phases 5A and 5B	Chengdu High-Tech Zone, Chengdu	302,502	50%

<b>Name</b>	<b>Location</b>	<b>Total Gross Floor Area (sq.m.)</b>	<b>Group's Interest</b>
Regency Oasis Phase 1B	Wenjiang District, Chengdu	15,343	50%
Noble Hills Phase 2C	Douxì, Chongqing	36,301	50%
Zhaomushan Land No. G19	Liangjiang New Area, Chongqing	73,721	50%
Regency Park Phase 3B	Tianning District, Changzhou	170,787	50%
Laguna Verona Phases E1 and E2	Hwang Gang Lake, Dongguan	65,673	49.91%
Nanzhuang Town Phase 1A	Chancheng District, Foshan	21,839	50%
Noble Hills Phases 1A and 1B	Zengcheng, Guangzhou	23,303	50%
Yingtiandajie Phases 1B, 1C, 2A and 2B	Jianye District, Nanjing	72,998	50%
The Harbourfront Land No. 3, 4 and 8	Shibeì District, Qingdao	137,341	45%
Regency Garden Phases 2B, 4 and 5A	Pudong New District, Shanghai	136,474	42.5%
Zhao Xiang Town Land No. 17 Phase 1	Qing Pu District, Shanghai	31,615	50%
Zhao Xiang Town Land No. 16 Phase 1A	Qing Pu District, Shanghai	35,197	50%
Century Link	Pudong New District, Shanghai	64,836	25%
Millennium Waterfront Phase 1A	Jiangnan District, Wuhan	24,621	50%
Regency Cove Phase 1	Caidian District, Wuhan	89,357	50%

## Management Discussion and Analysis (continued)

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

#### Hong Kong

- (1) January 2013: A wholly owned subsidiary of the Group updated the existing US\$2,000,000,000 Euro Medium Term Note Programme (the "Programme") as guaranteed by the Company for the purpose of issuing notes (the "Notes") which may be denominated in any currency as agreed with the dealer(s) from time to time. The Programme provides that the Notes may be listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or such other stock exchanges as may be agreed with the relevant dealer(s). This update of the Programme has also included a wholly owned Singapore subsidiary of the Group as another issuer. As at 31st December, 2013, Notes of an aggregate nominal amount of approximately US\$849.1 million were issued and outstanding under the Programme.
- (2) January 2013: A wholly owned subsidiary of the Group issued US\$500 million Guaranteed Senior Perpetual Securities (the "Securities") at an issue price of 100% of the principal amount with distribution rate of 5.375% per annum, which have been listed on the Stock Exchange since 25th January, 2013. The Securities are guaranteed by the Company. In April 2013, the Securities in a principal amount of US\$74,700,000 were repurchased and cancelled. The outstanding principal amount of the Securities immediately following settlement of such purchase and cancellation is US\$425,300,000.
- (3) During the year under review, the Group continued to pursue opportunities for acquisition of properties and agricultural land with potential for development. Some of the properties and agricultural land are under varying stages of design and planning applications.

#### The Mainland and Overseas

- (4) June 2013: A 35/35/20/10 joint venture company ("JV") was formed by the Group, Cheung Kong Infrastructure Holdings Limited, Power Assets Holdings Limited and Li Ka Shing Foundation Limited for the acquisition of the entire issued share capital of AVR-Afvalverwerking B.V., the largest energy-from-waste player in the Netherlands, at the consideration of approximately EUR943.68 million (the "Acquisition"). A share purchase agreement for the Acquisition was entered into by the parties on 6th August, 2013.
- (5) During the year under review, the Group continued to focus on project development and the marketing of properties on the Mainland and overseas in a timely manner.

## Property Sales

Turnover of property sales including share of property sales of joint ventures was HK\$27,589 million (2012 – HK\$26,521 million), an increase of HK\$1,068 million when compared with last year, and comprised mainly the sale of residential units of La Splendeur completed in Hong Kong last year, and the sale of residential units of property projects completed in 2013 including The Beaumont and One West Kowloon in Hong Kong, Marina Bay Suites in Singapore, La Grande Ville Phase 2 (Zones C, H and I) in Beijing, Le Parc Phases 4A, 4B and 6B in Chengdu, Laguna Verona Phases D1b2, D1c and G1a in Dongguan, The Harbourfront Land No. 2 in Qingdao, Noble Hills and Le Sommet Phases 4B and 4C in Shenzhen, Regency Garden Phases 2A and 3 in Shanghai and a few others on the Mainland.

Contribution from property sales including share of results of joint ventures was HK\$10,184 million (2012 – HK\$10,004 million), an increase of HK\$180 million when compared with last year. During the year, property construction costs continued to escalate and profit contribution from property sales going forward will be adversely affected.

The development of Kennedy Park at Central, scheduled for completion in Hong Kong in the second half of 2013, was delayed and will make a contribution to group profit upon completion in 2014. In addition, property sales contribution for 2014 will be derived from the sale of the residential units of The Rise, Hemera, Mont Vert and City Point in Hong Kong, The Vision in Singapore, Upper West Shanghai Phases 1A and 1B and Regency Garden Phases 2B, 4 and 5A in Shanghai, Le Parc Phases 5A and 5B in Chengdu, Laguna Verona Phases E1 and E2 in Dongguan, The Harbourfront Land No. 3, 4 and 8 in Qingdao and several other property projects scheduled for completion.

During the year, sales of residential properties in Hong Kong slowed down due to new government regulations and measures. Although the residential units of Kennedy Park at Central and The Rise have been presold, sales of other property projects scheduled for completion in Hong Kong in 2014 are yet to be launched. Nevertheless, the residential units of The Vision in Singapore have been sold out and the sales/presales of residential units of various property projects on the Mainland are satisfactory.

## Management Discussion and Analysis (continued)

### Property Rental

Turnover of the Group's property rental was HK\$1,960 million (2012 – HK\$1,867 million), an increase of HK\$93 million when compared with last year, mainly due to increased rental for retail properties in Hong Kong which have benefited by the growing number of tourists from the Mainland. The increase in turnover was moderated in the second half year due to the Group's disposal of Kingswood Ginza, a retail shopping mall in Hong Kong, to Fortune Real Estate Investment Trust and a profit of HK\$2,760 million was recognised from the disposal.

Contribution from the Group's property rental was HK\$1,790 million (2012 – HK\$1,703 million), an increase of HK\$87 million when compared with last year, mainly attributable to a net increase in rental contribution from the Group's retail shopping malls notwithstanding the disposal of Kingswood Ginza and hence, a reduction in rental contribution in the second half year.

The Group's share of rental contribution from joint ventures was HK\$322 million (2012 – HK\$275 million), an increase of HK\$47 million when compared with last year, and included mainly rental income derived from commercial properties on the Mainland. In November 2013, the Group's interest in a joint venture which held The Metropolitan Plaza in Guangzhou on the Mainland for rental was disposed of at a profit of HK\$798 million.

At the year end date, the Group's investment properties comprised mainly retail shopping malls and commercial office properties in Hong Kong and recorded an increase in fair value of HK\$1,782 million (2012 – HK\$4,470 million) based on a professional valuation, and the Group shared an increase in fair value of investment properties of HK\$24 million (2012 – HK\$531 million) of joint ventures.

### Hotels and Serviced Suites

Turnover of the Group's hotels and serviced suites was HK\$2,368 million (2012 – HK\$2,350 million), a slight increase of HK\$18 million when compared with last year as demand for hotels and serviced suites in Hong Kong were maintained and inbound tourism and business travel remained active during the year.

Contribution from the Group's hotels and serviced suites was HK\$989 million (2012 – HK\$930 million) and contribution including share of results of joint ventures was HK\$1,273 million (2012 – HK\$1,235 million), an increase of HK\$38 million when compared with last year despite the loss of contribution from Metropark Lido Hotel, Beijing which was disposed of at a profit in the second half of 2012.

In February 2013, The Apex Horizon owned by Pearl Wisdom Limited ("PWL"), a wholly owned subsidiary, was disposed of to investors in the public. Subsequently, PWL was notified by the Securities and Futures Commission that the arrangements relating to the sale and purchase of hotel room units in The Apex Horizon appeared to constitute a Collective Investment Scheme. Although this was not agreed with by PWL, arrangements for cancellation of the transactions were made.



## Property and Project Management

Turnover of the Group's property and project management was HK\$397 million (2012 – HK\$368 million), of which income from property management was HK\$180 million (2012 – HK\$171 million), an increase of HK\$9 million when compared with last year, and income from project management related services was HK\$217 million (2012 – HK\$197 million), an increase of HK\$20 million when compared with last year.

Contribution from the Group's property management was HK\$114 million (2012 – HK\$109 million), an increase of HK\$5 million when compared with last year, and the Group's project management related services made a contribution of HK\$22 million (2012 – HK\$20 million) to group profit. The Group's share of contribution of joint ventures which were engaged in the management of various major property developments, including Beijing Oriental Plaza on the Mainland and Marina Bay Financial Centre in Singapore, was HK\$46 million (2012 – HK\$45 million), an increase of HK\$1 million when compared with last year.

At the year end date, the total floor area under the Group's property management was approximately 89 million square feet and this is expected to grow steadily following the gradual completion of the Group's property development projects in the years ahead. The Group is committed to providing high quality services to properties under our management.

## Infrastructure Business

The Group invests in infrastructure businesses through various joint ventures with parties including Cheung Kong Infrastructure Holdings Limited, Power Assets Holdings Limited and Li Ka Shing Foundation Limited.

The Group's share of contribution from infrastructure businesses joint ventures was HK\$1,602 million (2012 – HK\$839 million), an increase of HK\$763 million when compared with last year, mainly attributable to a full year profit contribution from Wales & West Utilities Limited, of which the Group took a 30% interest in the second half of 2012.

During the year, the Group completed the acquisition of a 35% interest in AVR-Afvalverwerking B.V., the largest energy-from-waste player in the Netherlands, while the Group's 40% interest in Northumbrian Water Group Limited continued to provide steady contribution to group profit.

## Major Associates

The Hutchison Whampoa Group, a listed associate, reported profit attributable to shareholders for the year ended 31st December, 2013 of HK\$31,112 million (2012 (restated) – HK\$25,897 million).

The CK Life Sciences Group, another listed associate, reported profit attributable to shareholders for the year ended 31st December, 2013 of HK\$229 million (2012 – HK\$176.3 million).

## Management Discussion and Analysis (*continued*)

### FINANCIAL REVIEW

#### Liquidity and Financing

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings as appropriate. During the year, notes issued by the Group in the total amount of HK\$1.3 billion were redeemed upon maturity.

At the year end date, the Group's borrowings of bank loans, issued notes and other loans were HK\$29.1 billion, HK\$12.2 billion and HK\$0.6 billion respectively, and the total borrowings amounted to HK\$41.9 billion, a decrease of HK\$6.2 billion from last year end date. The maturity profile is spread over a period of eight years, with HK\$2.4 billion repayable within one year, HK\$37.5 billion within two to five years and HK\$2 billion beyond five years.

During the year, the Group issued perpetual securities in the amount of US\$500 million with an annual distribution rate of 5.375% and US\$74.7 million of these perpetual securities were subsequently purchased back and cancelled. With no fixed maturity, the remaining perpetual securities issued in the amount of US\$425.3 million are redeemable at the Group's option on or after 24th January, 2018 and are accounted for as equity in the financial statements.

The Group's net debt to net total capital ratio at the year end date was approximately 2.3% (2012 – 7.3%). Net debt is arrived at by deducting bank balances and deposits of HK\$33.2 billion from the total borrowings and net total capital is the aggregate of total equity and net debt.

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

#### Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised. At times of interest rate or exchange rate uncertainty or volatility and when appropriate, hedging instruments including swaps and forwards are used in the management of exposure to interest rate and foreign exchange rate fluctuations.

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

At the year end date, approximately 74.7% of the Group's borrowings were in HK\$ and US\$, with the balance in EUR, GBP and SGD mainly for the purpose of financing investments and property projects in Europe, the United Kingdom and Singapore. The Group derives its revenue mainly in HK\$ and maintains its cash balance mainly in HK\$. Income in foreign currencies, including RMB, SGD, GBP and EUR, is also generated from the Group's investments and property projects outside Hong Kong and cash in these foreign currencies is kept for business requirements.

## Charges on Assets

At the year end date, there was no charge on assets of the Group (2012 – Nil).

## Contingent Liabilities

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

- (1) guarantee provided for the minimum share of revenue to be received by the partner of a joint development project amounted to HK\$600 million (2012 – HK\$612 million); and
- (2) guarantees provided for bank loans utilised by joint ventures and investee company amounted to HK\$875 million (2012 – HK\$1,281 million) and HK\$390 million (2012 – HK\$359 million) respectively.

## Employees

At the year end date, the Group employed approximately 8,300 employees for its principal businesses. The related employees' costs for the year (excluding directors' emoluments) amounted to approximately HK\$2,283 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

## Directors' Biographical Information



LI Ka-shing

LI Tzar Kuoi, Victor

KAM Hing Lam

IP Tak Chuen, Edmond

**LI Ka-shing**, GBM, KBE, Commandeur de la Légion d'Honneur, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, aged 85, is the founder of the Group. He has been the Chairman since 1971 and acted as the Managing Director from 1971 to 1998. He has been a member of the Remuneration Committee of the Company since March 2005. Mr. Li has also been the Chairman of Hutchison Whampoa Limited, a listed company, since 1981, and is the Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation. He has been engaged in many major commercial developments in Hong Kong for more than 60 years. Mr. Li served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities on the Mainland and overseas. Mr. Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr. Li has received Honorary Doctorates from Peking University, The University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr. Li has been awarded Entrepreneur of the Millennium, the Carnegie Medal of Philanthropy and The Berkeley Medal. He is the recipient of many other major honors and awards from renowned institutions on the Mainland and abroad. Mr. Li Ka-shing is the father of Mr. Li Tzar Kuoi, Victor, the Managing Director, Deputy Chairman and the Chairman of Executive Committee of the Company, and the brother-in-law of Mr. Kam Hing Lam, Deputy Managing Director and Member of Executive Committee of the Company. Mr. Li Ka-shing also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

**LI Tzar Kuoi, Victor**, aged 49, joined the Group in 1985 and acted as Deputy Managing Director from 1993 to 1998. He has been Deputy Chairman since 1994, Managing Director since 1999 and the Chairman of Executive Committee since March 2013. He is also the Deputy Chairman of Hutchison Whampoa Limited, the Chairman of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited (re-designated from an Executive Director to a Non-executive Director since January 2014) and Co-Chairman of Husky Energy Inc., all being listed companies. Mr. Victor Li is also the Deputy Chairman of Li Ka Shing Foundation Limited, Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Council for Sustainable Development of the Hong Kong Special Administrative Region and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Victor Li is the Honorary Consul of Barbados in Hong Kong. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Structural Engineering and an honorary degree, Doctor of Laws, *honoris causa* (LL.D.). Mr. Victor Li is a son of Mr. Li Ka-shing, the Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a nephew of Mr. Kam Hing Lam, Deputy Managing Director and Member of Executive Committee of the Company. Mr. Victor Li is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

**KAM Hing Lam**, aged 67, has been Deputy Managing Director since 1993 and Member of Executive Committee since March 2013. He is also the Group Managing Director of Cheung Kong Infrastructure Holdings Limited, the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. and an Executive Director of Hutchison Whampoa Limited, all being listed companies. He is also the Chairman of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). He was previously an Executive Director of Power Assets Holdings Limited, a listed company. Mr. Kam is an Advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is the brother-in-law of Mr. Li Ka-shing, Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and an uncle of Mr. Li Tzar Kuoi, Victor, the Managing Director, Deputy Chairman and the Chairman of Executive Committee of the Company.



CHUNG Sun Keung, Davy

PAU Yee Wan, Ezra

WOO Chia Ching, Grace

CHIU Kwok Hung, Justin

**IP Tak Chuen, Edmond**, aged 61, has been an Executive Director since 1993, Deputy Managing Director since 2005 and Member of Executive Committee since March 2013. He is also an Executive Director and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited, the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), TOM Group Limited, AVIC International Holding (HK) Limited, Real Nutraceutical Group Limited, Shougang Concord International Enterprises Company Limited (all being listed companies), ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (listed in Hong Kong and Singapore) and Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong), and a Director of ARA Trust Management (Suntec) Limited as the manager of Suntec REIT (listed in Singapore). He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

**CHUNG Sun Keung, Davy**, aged 62, has been an Executive Director since 1993 and Member of Executive Committee since March 2013. Mr. Chung is a Registered Architect. He was a member of the 11th Guangzhou Committee of the Chinese People's Political Consultative Conference of the People's Republic of China.

**PAU Yee Wan, Ezra**, aged 58, joined the Group in 1982, has been an Executive Director since 1993 and Member of Executive Committee since March 2013. Ms. Pau is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and a director of certain companies controlled by certain substantial shareholders of the Company.

**WOO Chia Ching, Grace**, aged 57, joined the Group in 1987, has been an Executive Director since 1996 and Member of Executive Committee since March 2013. She holds a Bachelor of Arts degree from the University of Pennsylvania, U.S.A. and a Master's degree in City and Regional Planning from Harvard University, U.S.A. Ms. Woo is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

**CHIU Kwok Hung, Justin**, aged 63, joined the Group in 1997, has been an Executive Director since 2000 and Member of Executive Committee since March 2013. He is the Chairman of ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (listed in Hong Kong and Singapore), ARA Trust Management (Suntec) Limited as the manager of Suntec REIT (listed in Singapore), and ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT (listed in Hong Kong). Mr. Chiu is also a Director of ARA Fund Management (Asia Dragon) Limited as the manager of the ARA Asia Dragon Fund. Mr. Chiu has more than 30 years of international experience in real estate in Hong Kong and various countries. He serves as a member of the Standing Committee of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Mr. Chiu is a Fellow of The Hong Kong Institute of Directors, a Fellow of Hong Kong Institute of Real Estate Administrators and a member of the Board of Governors of Hong Kong Baptist University Foundation. He holds Bachelor degrees in Sociology and Economics, and was conferred with the degree of Doctor of Social Sciences, honoris causa by Hong Kong Baptist University and the degree of Doctor of Laws, honoris causa by Trent University, Canada. Mr. Chiu is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

## Directors' Biographical Information (continued)



**LEUNG Siu Hon**, aged 82, is a Non-executive Director of the Company and has been a Director since 1984. He was an Independent Non-executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in September 2004. Mr. Leung holds a B.A. Law (Honors) (Southampton) degree and has been awarded the Honorary degree of Doctor of Laws by the University of Southampton in July 2001. Mr. Leung is a solicitor of the High Court of the Hong Kong Special Administrative Region and an attesting officer appointed by the PRC. He is presently a consultant of Messrs. S.H. Leung and Co., Solicitors. Mr. Leung is a cousin of Mr. Chow Kun Chee, Roland, a Non-executive Director of the Company.

**FOK Kin Ning, Canning**, aged 62, is a Non-executive Director of the Company and has been a Director since 1985. Mr. Fok is currently the Group Managing Director of Hutchison Whampoa Limited and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited. He is also the Chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited, Hutchison Port Holdings Management Pte. Limited ("HPPM") as the trustee-manager of Hutchison Port Holdings Trust, Power Assets Holdings Limited, HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, Co-Chairman of Husky Energy Inc. and Alternate Director to Mrs. Chow Woo Mo Fong, Susan, a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, all being listed companies/business trust/investment trust (except HPPM and HKEIM). He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a member of The Institute of Chartered Accountants in Australia. Mr. Fok is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

**Frank John SIXT**, aged 62, is a Non-executive Director of the Company and has been a Director since 1991. He is the Non-executive Chairman of TOM Group Limited, the Group Finance Director of Hutchison Whampoa Limited and an Executive Director of Cheung Kong Infrastructure Holdings Limited. He is also a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Port Holdings Management Pte. Limited ("HPPM") as the trustee-manager of Hutchison Port Holdings Trust, and Power Assets Holdings Limited (re-designated from an Executive Director to a Non-executive Director since January 2014), a Director of Hutchison Telecommunications (Australia) Limited and Husky Energy Inc., and an Alternate Director of Hutchison Telecommunications (Australia) Limited, all being listed companies/business trust (except HPPM). In addition, Mr. Sixt is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada.

**CHOW Kun Chee, Roland**, aged 76, is a Non-executive Director of the Company and has been a Director since 1993. He was an Independent Non-executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in September 2004. Mr. Chow is a solicitor of the High Court of the Hong Kong Special Administrative Region and is a consultant of Messrs. Herbert Tsoi and Partners, Solicitors. Mr. Chow is a cousin of Mr. Leung Siu Hon, a Non-executive Director of the Company. Mr. Chow is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and a director of certain companies controlled by certain substantial shareholders of the Company. He holds a Master of Laws degree from the University of London.

**George Colin MAGNUS**, OBE, aged 78, acted as an Executive Director from 1980 and Deputy Chairman from 1985 until he retired from these offices in October 2005. He has been a Non-executive Director of the Company since November 2005. He is also a Non-executive Director of Hutchison Whampoa Limited and Cheung Kong Infrastructure Holdings Limited, an Independent Non-executive Director of HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, a Director of Husky Energy Inc., and was previously an Independent Non-executive Director of Power Assets Holdings Limited, all being listed companies/investment trust (except HKEIM). He holds a Master's degree in Economics.

**LEE Yeh Kwong, Charles**, GBM, GBS, OBE, JP, aged 77, has been a Non-executive Director of the Company since 2013. Mr. Charles Lee was a Director of the Company during the period from August 1972 to March 1997. Mr. Charles Lee is also a Non-executive Director of Hutchison Whampoa Limited since 2013. He is also the Chairperson of Hong Kong – Taiwan Economic and Cultural Co-operation and Promotion Council, and a Board Member and Campaign Committee Co-Chairman of The Community Chest of Hong Kong. Mr. Charles Lee is one of the founders of the solicitor's firm Woo, Kwan, Lee & Lo, a major law firm in Hong Kong. He holds a Master's degree in law and is a qualified solicitor in both Hong Kong and the United Kingdom. He was awarded the degree of Doctor of Laws honoris causa by The Hong Kong University of Science and Technology, the degree of Doctor of Business Administration by The Hong Kong Polytechnic University and the degree of Doctor of Social Sciences, honoris causa by The University of Hong Kong and The Open University of Hong Kong respectively. He is also a qualified accountant and a chartered secretary.



**KWOK Tun-li, Stanley**

**YEH Yuan Chang, Anthony**

**Simon MURRAY**

**CHOW Nin Mow, Albert**

**HUNG Siu-lin, Katherine**

**WONG Yick-ming, Rosanna**

**CHEONG Ying Chew, Henry**

**KWOK Tun-li, Stanley**, aged 87, is an Independent Non-executive Director, and a member of the Audit Committee and the Remuneration Committee of the Company. He has been a Director since 1989. Mr. Kwok holds a Bachelor's degree in Science (Architecture) from St. John's University, Shanghai, China, and an A.A. Diploma from the Architectural Association School of Architecture, London, England. He is also presently a Director of Amara Holdings Inc., CTC Bank of Canada, Husky Energy Inc., a listed company, and Stanley Kwok Consultants Inc.

**YEH Yuan Chang, Anthony**, aged 90, is an Independent Non-executive Director of the Company. He has been a Director since 1993. Mr. Yeh holds a Master's degree in Science (Mechanical Engineering). He is the Honorary Life President of Tai Ping Carpets International Limited, a listed company.

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

**CHOW Nin Mow, Albert**, aged 64, has been a Director of the Company since 1983. Mr. Chow acted as a Non-executive Director from April 1997 to October 2004 and has been an Independent Non-executive Director of the Company since October 2004. He is the Chairman and Managing Director of Wah Yip (Holdings) Limited.

**HUNG Siu-lin, Katherine**, aged 66, joined the Group in March 1972, and acted as an Executive Director from 1985 to August 2000. She was a Non-executive Director from September 2000 to October 2004, has been an Independent Non-executive Director of the Company since October 2004, and has been a member of the Audit Committee of the Company since 1st January, 2007. Ms. Hung is a member of the Tianjin Committee of the 13th Chinese People's Political Consultative Conference of the People's Republic of China; also a Director of Li Ka Shing Foundation Limited, an Executive Committee Member of Hong Kong Housing Society, a Court Member of The Hong Kong University of Science and Technology, a Court Member of The Hong Kong Polytechnic University, an Honorary Court Member of Lingnan University, a Director of Chinese Academy of Governance (HK) Industrial and Commercial Professionals Alumni Association. She was a Member of HKSAR Estate Agents Authority during the period 2006 to 2012, and a Steering Committee Member of the Institute for Enterprise of The Hong Kong Polytechnic University from April 2000 to August 2011. Ms. Hung is a University Fellow of The Hong Kong Polytechnic University.

**WONG Yick-ming, Rosanna**, DBE, JP, aged 61, has been an Independent Non-executive Director since 2001 and a member of the Remuneration Committee of the Company since 2005. She has been appointed as the Chairman of the Remuneration Committee of the Company on 1st January, 2012. She holds a Doctor of Philosophy degree in Sociology from the University of California (Davis), U.S.A. and has been awarded Honorary Doctorates by The Chinese University of Hong Kong, The Hong Kong Polytechnic University, The University of Hong Kong, The Hong Kong Institute of Education and University of Toronto in Canada. She is currently a member of the 12th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. She is a member of The Hong Kong University of Science and Technology Business School Advisory Council, an elected Member of the Council and an *ex-officio* Member of the Court of The University

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

**CHEONG Ying Chew, Henry**, aged 66, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since September 2004. He has been appointed as the Chairman of the Audit Committee of the Company on 1st January, 2007. He is also an Independent Non-executive Director of Cheung Kong Infrastructure Holdings Limited, CNNC International Limited, Creative Energy Solutions Holdings Limited, Greenland Hong Kong Holdings Limited (formerly known as SPG Land (Holdings) Limited), Hutchison Telecommunications Hong Kong Holdings Limited, New World Department Store China Limited, and TOM Group Limited, an Independent Director of BTS Group Holdings Public Company Limited, and an Alternate Director to Dr. Wong Yick-ming, Rosanna, an Independent Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited, all being listed companies. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited, a listed company. Mr. Cheong is a member of the Securities and Futures Appeals Tribunal and a member of the Advisory Committee of the Securities and Futures Commission. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

## Key Personnel's Biographical Information

### Accounts Department

**Man Ka Keung, Simon**, aged 56, Member of Executive Committee & Chief Manager, joined the Group in December 1987. He is the Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman and Executive Director of Cheung Kong Infrastructure Holdings Limited and a Director of Harbour Plaza Hotel Management Limited. He has over 32 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is an associate member of The Institute of Chartered Accountants in Australia.

**Lee Shu Yan, Simon**, aged 50, Deputy Chief Manager, joined the Group in October 1987. He has over 31 years of experience in accounting. He holds a Postgraduate Diploma in Management Studies. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants, a non-practising member of The Chinese Institute of Certified Public Accountants, and a fellow member and Certified Tax Adviser of The Taxation Institute of Hong Kong.

**Ng Yuet Fong, Betty**, aged 64, Senior Manager, joined the Group in September 1993. She has over 41 years of experience in accounting and treasury. She holds a Bachelor of Business Administration degree in Accounting.

**Lee King Hang, Delfen**, aged 44, Senior Manager, joined the Group in June 1996. He has over 22 years of experience in accounting and auditing. He holds a Bachelor of Arts degree with Honours in Accountancy and a Postgraduate Diploma in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

### Administration Department

**Pau Shiu Yung, Anita**, aged 56, Senior Manager, joined the Group in December 1977. She has over 36 years of experience in office administration management. She is a professional member of The Hong Kong Institute of Human Resource Management.

**Ng Po Lung**, aged 52, Manager, joined the Group in November 1993. He has over 29 years of experience in office administration management. He holds a Diploma in Legal Studies, a Bachelor of Social Science degree with Honours and a Master's degree in Business Administration.

**Yuen Pui Sim, Milly**, aged 51, Manager, joined the Group in June 1998. She has over 26 years of experience in office administration management. She holds a Professional Diploma in Company Secretaryship and Administration and a Master's degree in Management. She is an associate member of The Institute of Chartered Secretaries and Administrators and of The Hong Kong Institute of Chartered Secretaries.

### Building Cost & Contract Department

**Kwan Chi Kin, Anthony**, aged 58, Member of Executive Committee & Chief Manager, joined the Group in May 1990. He has over 36 years of experience in building construction and quantity surveying. He holds a Higher Diploma in Building Technology and Management. He is a Registered Professional Surveyor, a Registered Professional Engineer, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building, a member of The Hong Kong Institution of Engineers, a member of Hong Kong Institute of Construction Managers and a member of Chartered Management Institute.

**Chee Chun Kit**, aged 51, Deputy Chief Manager, joined the Group in December 1991. She has over 25 years of experience in quantity surveying. She holds an Associateship in Building Technology and Management. She is a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of Hong Kong Institute of Construction Managers and possesses the qualification of PRC Cost Engineer.

**Wong Tak On, Andy**, aged 50, Senior Contracts Manager, joined the Group in May 1997. He has over 26 years of experience in quantity surveying. He holds a Bachelor of Applied Science degree in Building Studies. He is a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

**Yau Charm Ping, Steve**, aged 54, Senior Contracts Manager, joined the Group in June 1987. He has over 32 years of experience in quantity surveying. He holds an Advanced Higher Diploma in Quantity Surveying and is a professional member of The Royal Institution of Chartered Surveyors.

**Choi Kwok Leung, Edberg**, aged 45, Contracts Manager, joined the Group in January 2012. He has over 20 years of experience in quantity surveying. He holds a Bachelor of Science degree in Building and a Master of Science degree in Construction Management. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors and possesses the qualification of PRC Cost Engineer.

**Lam Man Na, Mana**, aged 48, Contracts Manager, joined the Group in April 1996. She has over 24 years of experience in quantity surveying. She holds a Higher Diploma in Building and a Diploma in Surveying (Quantity Surveying). She is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors and possesses the qualification of PRC Cost Engineer.

**Luk Wai Sang, Michael**, aged 52, Contracts Manager, joined the Group in June 1996. He has over 32 years of experience in quantity surveying. He holds a Diploma in Building Studies, a Diploma in Interior Design and a Diploma in Surveying (Quantity Surveying). He is a Registered Professional Surveyor, a PRC Registered Cost Engineer, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of Association of Cost Engineers, a member of Hong Kong Institute of Project Management and a member of Australian Institute of Project Management.



## Chairman's Office

**Au Siu Yin, Amy**, aged 51, Manager, joined the Group in February 1990. She has over 29 years of experience in office and charity project management. She holds a Bachelor of Arts degree with Honours and a Master's degree in Business Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators.

**Yue Shuk Chun, Jennie**, aged 53, Manager & Secretary to Chairman, joined the Group in March 1993. She has over 34 years of experience in secretarial and office management. She holds a Bachelor of Social Sciences degree.

## China Department

### Beijing

**Chan Yuet Ming, Louis**, aged 54, Senior Project Manager, joined the Group in October 1992. He is the General Manager of CKH (China) Investment Company Limited, Beijing Po Garden Real Estates Development Company Limited, Beijing Chang Le Real Estates Development Company Limited and Dalian Dalian Property Development Company Limited. He has over 29 years of experience in property development. He holds a Bachelor of Science degree in Architecture, a Bachelor's degree in Architecture and an Executive Master's degree in Business Administration. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Hong Kong Institute of Architects and a member of the Chinese People's Political Consultative Conference (Dong Cheng District, Beijing).

**Yeung Shun Kiu, Eva**, aged 37, Finance Manager, Beijing Project, joined the Group in September 2008. She has over 15 years of experience in accounting. She holds a Bachelor of Business Administration degree with Honours in Accounting. She is an associate member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

### Beijing Office

**Wong K, James**, aged 50, Manager, Business Development, joined the Cheung Kong Group in September 1991. He has over 28 years of experience in business development. He is the Chief Representative of the Beijing Office of the Company, and is also the Director, Deputy General Manager and Chief Corporate Affairs Officer of Beijing Oriental Plaza Company Limited. He holds a Master's degree in Management Science.

### Dalian

**Ng Kai Chi, Paul**, aged 59, Project Manager, Dalian Project, joined the Group in March 2013. He has over 40 years of experience in electrical and mechanical engineering, and project management. He holds a Master of Design Science degree in Building Services. He is a Chartered Engineer, a member of The Chartered Institution of Building Services Engineers (UK), a member of The Hong Kong Institution of Engineers, a member of The Chartered Institute of Plumbing and Heating Engineering, a member of American Society of Plumbing Engineers and a member of The Association of Hydraulic Services Consultants Australia.

### Guangzhou

**Tang Sek Wai, Max**, aged 54, Senior Project Manager, joined the Group in November 1986. He is the General Manager of Regal Lake Property Development Limited Guangzhou. He has over 28 years of experience in project management. He holds a Master's degree in Environmental Engineering Management and a Master's degree in Business Administration (Executive). He is a Chartered Builder, a member of The Hong Kong Institution of Engineers and a member of Hong Kong Institute of Construction Managers.

**Lam Ka Keung**, aged 56, Project Manager, Guangzhou Project, joined the Group in June 1994. He has over 36 years of experience in project management. He holds a Higher Certificate in Construction Technology.

**Wu Kwok Leung, Eddy**, aged 57, Finance Manager, Guangzhou Project, joined the Group in May 2008. He has over 37 years of experience in accounting. He holds a Diploma in Chinese Law and a Professional Diploma for Financial Controllers & Finance Directors of Foreign Investment & Foreign Enterprise in China.

### Shanghai

**Lam Yuk, Bruce**, aged 45, Senior Project Manager, joined the Group in June 1998. He is the General Manager of Shanghai Changrun Jianghe Property Development Company Limited. He has over 20 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Master's degree in Architecture, a Master's degree in Business Administration and a Postgraduate Diploma in Project Management. He is a Registered Architect, a member of The Hong Kong Institute of Architects and possesses the qualification of PRC Class 1 Registered Architect.

**Ma Ching Che, Christina**, aged 55, Senior Project Manager, joined the Group in August 2007. She is the General Manager of Shanghai Cheung Tai Property Development Limited, Shanghai Lianya Investment Consultancy Limited (上海聯雅投資諮詢有限公司) and Shanghai Heya Property Development Company Limited (上海和雅房地產開發有限公司). She has over 27 years of experience in project management. She holds a Bachelor of Science degree with Honours in Architectural Studies and Structural Design and a Diploma in Architecture. She is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Institute of British Architects and a member of The Hong Kong Institute of Architects.

**Au Hoe Kye, Quincy**, aged 58, Finance Manager, Shanghai Project, joined the Group in September 1994. He is also the Financial Controller of our project Companies in Shanghai. He has over 26 years of experience in accounting. He is an associate member of The Institute of Chartered Accountants in England and Wales, a fellow member of The Association of Chartered Certified Accountants and a fellow of Hong Kong Institute of Certified Public Accountants.

**Chan Wing Fai, Eric**, aged 47, Leasing Manager, Shanghai Project, joined the Group in July 2012. He is also the Chief Leasing Manager of our project Company in Shanghai. He has over 21 years of experience in property leasing. He holds a Bachelor of Science degree in Land Management and is a professional member of The Royal Institution of Chartered Surveyors.

**Leung Wai Chung, Martin**, aged 41, Leasing Manager, Shanghai Project, joined the Group in January 2014. He is also the Chief Leasing Manager of our project Company in Shanghai. He has over 15 years of experience in property leasing. He holds a Bachelor of Science degree with Honours in Property Development and Asset Management. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors and a member of Institute of Shopping Centre Management.

## Key Personnel's Biographical Information (continued)

### China Property

**Hui Tung Keung, Tommy**, aged 51, Business Development Manager, China Property, joined the Group in January 1994. He is also the Chief Operating Officer and Responsible Officer of Hui Xian Asset Management Limited. He has over 30 years of experience in accounting, hotel and property management. He holds a Master's degree in Business Administration.

**Lee Chi Kin, Casey**, aged 51, Business Development Manager, China Property, joined the Group in August 1998. He is also an Executive Director and Responsible Officer of Hui Xian Asset Management Limited. He has over 29 years of experience in accounting, hotel management and property development. He holds a Bachelor of Social Sciences degree with Honours. He is a member of The Chinese Institute of Certified Public Accountants, a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants, and a member of The Institute of Chartered Accountants in England and Wales. Mr. Lee is also a member of the Chinese People's Political Consultative Conference (Shenyang).

**Chu Yu Fai, Kenneth**, aged 61, Business Development Manager, China Property, joined the Group in July 1994. He is also the Director & Deputy General Manager of Chengdu Changtian Company Limited, the Deputy General Manager of Sheraton Chengdu Lido Hotel and the Deputy Chief Investment Officer of Hui Xian Asset Management Limited. He has over 35 years of experience in finance, accounting, auditing, hotel management and business development. He holds a Bachelor of Arts degree in Economics and a Bachelor of Commerce degree in Business Administration.

**Cheung Sau Ying, Dorothy**, aged 52, Business Development Manager, China Property, joined the Group in August 2000. She is also the Director and Deputy General Manager of Shenyang Lido Business Company Limited and Deputy General Manager of Sofitel Shenyang Lido. She has over 31 years of experience in accounting. She holds a Higher Certificate in Company Secretaries and Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

**Ng Hok Leung, Sidney**, aged 58, Project Manager, China Property, joined the Group in June 1998. He is the Project Manager of Shenyang Lido Business Company Limited. He has over 39 years of experience in hotel construction, E & M engineering and property management.

### Company Secretarial Department

**Yeung, Eirene**, aged 53, Member of Executive Committee and Company Secretary, joined the Group in August 1994. She is the Company Secretary of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc.; and a Non-executive Director of ARA Asset Management (Fortune) Limited. She is also the Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of Cheung Kong Infrastructure Holdings Limited. She is a member of the Listing Committee of the Main Board and Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, a member of the SFC (HKEC Listing) Committee of the Securities and Futures Commission of Hong Kong, a member of the Companies Ordinance Rewrite Advisory Group, a General Committee member of The Chamber of Hong Kong Listed Companies, a member of the Advisory Board of the MBA Programmes of The Chinese University of Hong Kong ("CUHK") and a member of the Advisory Group on BBA-JD Programme of CUHK. She is a solicitor of the High Court of HKSAR and of the Supreme Court of Judicature in England and Wales. She is also a fellow member of The Hong Kong Institute of Directors, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She holds a Master of Science degree in Finance, a Master's degree in Business Administration and a Bachelor's degree in Laws.

**Tse Kwok Yee, Erica**, aged 39, Deputy Chief Manager, joined the Group in September 2002. She has over 16 years of experience in the legal field. She holds a Bachelor's degree with Honours in Laws and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and of the Supreme Court of England and Wales. She is a member of The Law Society of Hong Kong and of The Law Society of England and Wales.

**Pao Ting Ting, Nicole**, aged 40, Deputy Chief Manager, joined the Group in November 2008. She has over 15 years of experience in corporate finance and commercial legal work, listing, regulatory and compliance. She holds a Bachelor of Commerce degree in Accounting & Finance and a Master of Laws degree in Corporate & Financial Law. She is a Certified Practising Accountant of CPA Australia and a solicitor of the High Court of the Hong Kong Special Administrative Region.

**Tse Kin Keung, Augustine**, aged 44, Assistant Chief Manager, joined the Group in October 2010. He has over 21 years of experience in the legal field. He holds a Bachelor's degree with Honours in Laws, a Postgraduate Certificate in Laws and a Master's degree in Business Administration. He is a solicitor of the Supreme Court of the Hong Kong Special Administrative Region.

**Chan Siu Yin, Bomie**, aged 43, Senior Manager, joined the Group in August 2012. She has over 18 years of experience in company secretarial, accounting, finance and the auditing field. She holds a Master of Science degree in Accountancy and a Graduate Diploma in China Business Law. She is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants.

**Cheng Shuk Chi, Bridie**, aged 42, Senior Manager, joined the Group in September 2004. She has over 18 years of experience in the company secretarial field. She holds a Bachelor's degree with Honours in Business Administration. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

**Chan Ho Choi, Bons**, aged 49, Senior Manager, joined the Group in March 1997. He has over 23 years of experience in the company secretarial field. He holds a Bachelor of Laws degree with Honours and a Master of Business degree. He is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

**Lam Ling Sheung, Elina**, aged 44, Manager, joined the Group in February 2001. She has over 20 years of experience in the company secretarial field. She holds a Master's degree in Corporate Finance. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

**Chan Cho Mui, Jo**, aged 45, Manager, joined the Group in November 2003. She has over 21 years of experience in the company secretarial field. She is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries.

**Wong Yee Wah, Eva**, aged 45, Copywriting Manager, joined the Group in March 1997. She has years of translation and copywriting experience in areas of finance, economics and commerce. She holds a Bachelor of Arts degree with Honours in Business Studies and a Master of Arts degree in China Development Studies.

#### Construction Audit & Quality Assurance Department

**Tsui Ying Kit, Simon**, aged 54, Senior Manager, joined the Group in March 1976. He has over 33 years of experience in electrical and mechanical engineering and building quality management. He holds a Master of Science degree in Facility Management and is a professional member of International Facility Management Association.

**Chung Chi Kin, Leo**, aged 43, Manager, joined the Group in April 2002. He has over 20 years of experience in building quality management. He holds a Bachelor of Science degree with Honours in Building Surveying and a Master's degree in Business Administration. He is a Registered Professional Surveyor, an Authorized Person (List of Surveyors) of the Hong Kong Special Administrative Region, a Registered Inspector (List of Surveyors) of the Hong Kong Special Administrative Region, a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, an associate member of Hong Kong Institute of Arbitrators and a Voluntary Building Assessment Scheme Assessor (List 2A) of the Voluntary Building Assessment Scheme.

#### Construction Management Department

**Shen Wai Yee, Grace**, aged 61, Member of Executive Committee & Chief Manager, joined the Group in September 1989. She has over 32 years of experience in project management. She holds a Bachelor of Arts degree in Sociology and a Bachelor of Architecture degree. She is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

**Mak Kwok Keung, Charles**, aged 52, Senior Manager, joined the Group in January 1994. He has over 31 years of experience in construction management. He holds a Postgraduate Diploma in Construction Management.

**Wong Yin Li, Raymond**, aged 57, Senior Manager, joined the Group in November 1989. He has over 28 years of experience in construction management. He holds a Higher Diploma in Building Technology and Management.

**Chau Chi Wai, Jeff**, aged 43, Manager, joined the Group in November 2005. He has over 17 years of experience in construction management. He holds a Diploma in Surveying, a Bachelor of Science degree in Building Technology and Management and a Master's degree in Business Administration. He is a member of The Australian Institute of Building, a member of The Chartered Institute of Building and a member of Hong Kong Institute of Construction Managers.

**Cheng Kin Chi, Eddy**, aged 37, Manager, joined the Group in July 2009. He has over 14 years of experience in construction management. He holds a Bachelor of Science degree with Honours in Building Technology and Management and a Master of Science degree in Project Management. He is a member of The Australian Institute of Building, a member of The Chartered Institute of Building, a member of The Hong Kong Institution of Engineers, a member of The Society of Professional Engineers and a member of The Institute of Quality Assurance.

**Law Chi Hang, Tony**, aged 39, Manager, joined the Group in July 2008. He has over 21 years of experience in construction management. He holds a Diploma in Surveying and a Master of Science degree in Project Management. He is a member of The Chartered Institute of Building.

**Yeung Sim Fong**, aged 44, Manager, joined the Group in August 2004. She has over 19 years of experience in construction management. She holds a Bachelor of Science degree in Building Technology and Management and a Master's degree in Construction Engineering and Management. She is a member of The Chartered Institute of Building and a member of Hong Kong Institute of Construction Managers.

#### Corporate Affairs Department

**Tong Barnes Wai Che, Wendy**, aged 53, Chief Corporate Affairs Officer, joined the Group in March 1999. She is also the Chief Corporate Affairs Officer of Cheung Kong Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. as well as the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. Mrs. Barnes is also a board member of the Community Chest of Hong Kong. She holds a Bachelor's degree in Business Administration.

**Tsui Sau Yuen, Anita**, aged 50, Deputy Chief Manager, Marketing Communications, joined the Group in August 2005. She has over 25 years of experience in advertising and marketing communications. She holds a Diploma in Journalism.

**Cheung Yuen Mei, Winnie**, aged 45, Deputy Chief Manager, Corporate Affairs, joined the Group in March 1999. She is also the Deputy Chief Manager, Corporate Affairs of Cheung Kong Infrastructure Holdings Limited. She has over 23 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours in Philosophy.

**Lai Man Yee, Emily**, aged 46, Senior Marketing Communications Manager, joined the Group in April 1995. She has over 22 years of experience in advertising and marketing communications. She holds a Bachelor of Business Administration degree with Honours.

**Ng Yee Wa, Eva**, aged 35, Senior Corporate Affairs Manager, joined the Cheung Kong Group in June 2005. She has over 12 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours in Humanities and a Master of Arts degree in Communication.

**Yim Wai Fan, Abby**, aged 38, Senior Marketing Communications Manager, joined the Group in November 2009. She has over 15 years of experience in the marketing communications field. She holds a Bachelor of Science degree with Honours in Sociology.

#### Corporate Business Development Department

**Ma Lai Chee, Gerald**, aged 46, Member of Executive Committee & Chief Manager, joined the Group in February 1996. He is the Alternate Director to Mr. Lai Kai Ming, Dominic, Non-Executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and a Non-Executive Director of ARA Asset Management (Prosperity) Limited as the manager of Prosperity Real Estate Investment Trust ("Prosperity REIT"). He is also the Alternate Director to Mr. Ip Tak Chuen, Edmond in respect of certain of his directorships, namely, ARA Trust Management (Suntec) Limited as the manager of Suntec Real Estate Investment Trust ("Suntec REIT") and ARA Asset Management (Fortune) Limited as the manager of Fortune Real Estate Investment Trust ("Fortune REIT"). Prosperity REIT is listed on The Stock Exchange of Hong Kong Limited whereas Suntec REIT is listed on the Singapore Exchange Securities Trading Limited. Fortune REIT is listed on both The Stock Exchange of Hong Kong Limited and the Singapore Exchange Securities Trading Limited. He has over 24 years of experience in banking, investment and portfolio management, real estate development and marketing, and managing IT related ventures and services. He holds a Bachelor of Commerce degree in Finance and a Master of Arts degree in Global Business Management. He is a member of the Hospitality Services Committee of Caritas Hong Kong. He is also a member of the President's Circle, the Dean's Advisory Board for the Faculty of Arts and the China Advisory Council for the Sauder School of Business of the University of British Columbia, Canada.

## Key Personnel's Biographical Information (continued)

**Lee Kwong Wang, Francis**, aged 43, Deputy Chief Manager, joined the Cheung Kong Group in August 2000. He is a Director of e-Smart System Inc., iMarkets Limited, Videofone Company Limited and Beijing Net-Infinity Technology Development Company Limited and Responsible Officer of iMarkets Limited and iMarkets Structured Products Limited. He has over 21 years of experience in banking, investment and managing technology related ventures. He holds a Bachelor of Science degree with Honours and a Master's degree in Business Administration. He is a Chartered Financial Analyst, a member of The CFA Institute and a member of The Hong Kong Society of Financial Analysts Limited.

**Chan Cheuk Man, Curley**, aged 42, Senior Manager, joined the Cheung Kong Group in July 2000. He has over 19 years of experience in finance, investment and business development. He holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Science degree in Accounting and Finance. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

**Lau Chun Yu, Sophia**, aged 34, Senior Manager, joined the Cheung Kong Group in August 2000. She has over 13 years of experience in business development. She holds a Bachelor of Science degree, a Bachelor of Commerce degree and a Master's degree in International and Public Affairs.

**Lau Yuen Sun**, aged 49, Senior Manager, Project Management, joined the Cheung Kong Group in August 2001. He has over 23 years of experience in project management. He holds a Bachelor of Engineering degree with Honours, a Master of Science degree and a Diploma in Professional Project Management.

**Chan Chuen Kit, Dickie**, aged 42, Manager, Engineering, joined the Cheung Kong Group in August 1995. He has over 18 years of experience in networking & system engineering. He holds a Bachelor of Science degree in Computer Science and a Master of Science degree in E-Commerce.

**Kwok Stephen Joseph**, aged 43, Manager, Engineering, joined the Cheung Kong Group in May 2001. He has over 18 years of experience in networking & system engineering. He holds a Bachelor of Arts degree in Economics.

**Luk Ting Chung, Mike**, aged 41, Manager, Project Marketing, joined the Cheung Kong Group in February 1998. He has over 23 years of experience in sales & marketing. He holds a Bachelor's degree with Honours in Management Studies.

**Wu Cheuk Ying, Ivy**, aged 37, Manager, Finance & Administration, joined the Group in April 2008. She has over 14 years of experience in accounting and auditing. She holds a Bachelor of Business Administration degree with Honours in Accountancy and a Master of Corporate Governance degree. She is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

**Yip Lai On, Maggie**, aged 35, Manager, Finance & Administration, joined the Group in May 2008. She has over 13 years of experience in accounting. She holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Professional Accounting degree. She is a fellow member of The Association of Chartered Certified Accountants.

### Design & Promotion Department

**Leung Yuen Kwan, Josephine**, aged 45, Deputy Chief Manager, joined the Group in July 1995. She has over 20 years of experience in design, promotion, market research and property sales. She holds a Bachelor of Commerce degree in Marketing and Finance.

### Development Department

**Chan Ho Kei, Kevin**, aged 41, Senior Project Manager, joined the Group in June 2003. He has over 15 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

**Chan Hon Shing**, aged 52, Senior Project Manager, joined the Group in December 1995. He has over 27 years of experience in architectural profession and project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

**Chan Kwok Keung, Dennis**, aged 46, Senior Project Manager, joined the Group in May 1997. He has over 20 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architecture, a Master's degree in Architecture, and a Master's degree in Business Administration in Digital Technologies Management. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Hong Kong Institute of Architects, and a member of The Chartered Institute of Arbitrators.

**Chu Tak Kwong, Andy**, aged 53, Senior Project Manager, joined the Group in June 1998. He has over 29 years of experience in architectural profession and project management. He holds a Bachelor's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Australian Institute of Architects and a member of The Hong Kong Institute of Architects.

**Leung Chung Ping, Louis**, aged 46, Senior Project Manager, joined the Group in November 2003. He is a Director of Property Enterprises Development (Singapore) Pte Limited. He has over 18 years of experience in project management. He holds a Bachelor of Science degree with Honours in Architecture and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

**Lo Kin Yip, Terence**, aged 50, Senior Project Manager, joined the Group in January 1999. He has over 24 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Institute of British Architects and The Hong Kong Institute of Architects and an associate member of The Chartered Institute of Arbitrators.

**Pun Wing Chiu, Anthony**, aged 50, Senior Project Manager, Structural, joined the Group in September 1999. He has over 26 years of experience in project/structural engineering management. He holds a Bachelor of Science degree with Honours in Civil Engineering. He is a Chartered Engineer, a Registered Professional Engineer, a Registered Structural Engineer, a member of The Hong Kong Institution of Engineers and a member of The Institution of Structural Engineers.

**Lam Pui Yu, Eric**, aged 41, Project Manager, joined the Group in November 2004. He has over 15 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

**Tang Pui Yan, Stanley**, aged 38, Project Manager, joined the Group in August 2002. He has over 15 years of experience in project management. He holds a Bachelor of Architectural Studies, a Bachelor of Arts degree with Honours in Architecture and a Postgraduate Diploma in Construction Project Management. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Hong Kong Institute of Architects and a BEAM Professional of Hong Kong Green Building Council.

**Wang An Ming, David**, aged 38, Project Manager, joined the Group in August 2006. He has over 14 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Hong Kong Institute of Architects and a member of The Royal Institute of British Architects.

## E & M Department

**Lo Kin Hing, Isaac**, aged 52, Senior Manager, joined the Group in April 2003. He has over 27 years of experience in electrical & mechanical engineering. He holds a Master of Science degree in Construction Project Management. He is a Chartered Engineer, a Registered Professional Engineer, a fellow of The Chartered Institution of Building Services Engineers (UK), a fellow of The Institute of Engineering and Technology and a fellow of The Hong Kong Institution of Engineers.

**Cheung Sau Hing, Belinda**, aged 49, Manager, joined the Group in October 1999. She has over 26 years of experience in electrical & mechanical engineering. She holds a Higher Diploma in Building Services Engineering. She is a Chartered Engineer, a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

**Lau Man Bun, Barry**, aged 46, Manager, joined the Group in July 2003. He has over 23 years of experience in electrical & mechanical engineering. He holds a Bachelor of Engineering degree with Honours in Building Services Engineering and a Master of Science degree in Environmental Management. He is a Chartered Engineer, a Registered Professional Engineer, a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

## Human Resources Department

**Yip Kim Wing, Kim**, aged 50, Senior Manager, joined the Group in November 2003. He has over 24 years of experience in human resources and administration management. He holds a Bachelor's degree in Business Administration and a Postgraduate Diploma in Corporate Administration.

**Tsang Chi Lun, Alan**, aged 45, Senior Manager, joined the Group in April 2002. He has over 21 years of experience in human resources management. He holds a Bachelor of Arts degree with Honours in Hospitality Management and a Master's degree in Business Administration. He is a professional member of The Hong Kong Institute of Human Resource Management.

**Lee Wing Man, Shirley**, aged 44, Senior Manager, joined the Group in September 2005. She has over 19 years of experience in human resources management. She holds a Bachelor of Arts degree with Honours in Public & Social Administration, a Master's degree in Business Administration, a Diploma in Human Resource Management and a Certificate in Human Resource Management in the PRC.

## Information Technology Department

**Lum Man Fai, Brian**, aged 46, Senior Manager, joined the Cheung Kong Group in August 2000. He has over 22 years of experience in information technology and telecommunication. He holds a Bachelor of Science degree with Honours in Electronics and a Master's degree in Business Administration.

**Lau Yau Keung, Sam**, aged 48, Manager, Networking & Operations, joined the Group in July 2005. He has over 22 years of experience in information technology management and network operations. He holds a Bachelor of Science degree with Honours in Mathematics Science and a Bachelor of Science degree with Honours in Computing and Information Systems. He is a member of The Hong Kong Computer Society.

**Yung Wing Hung, Nelson**, aged 43, System Manager, joined the Group in November 1994. He has over 19 years of experience in information technology management. He holds a Bachelor of Science degree with Honours in Computer Science and a Master of Finance degree. He is a member of The Hong Kong Computer Society, a Certified Information Systems Auditor of Information Systems Audit & Control Association and a Project Management Professional of Project Management Institute.

## Internal Audit Department

**Lee King Yuen, Albert**, aged 58, Senior Manager, joined the Group in November 1987. He has over 36 years of experience in auditing. He holds a Bachelor of Science degree in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and a fellow of The Hong Kong Institute of Certified Public Accountants.

## Key Personnel's Biographical Information (continued)

**Tse Chun Wai, Richard**, aged 47, Senior Manager, joined the Group in January 2009. He is the Internal Audit Manager of Hui Xian Asset Management Limited. He has over 22 years of experience in auditing. He holds a Master's degree in Business Administration, a Master of Science degree in Information Systems Management, a Master of Science degree in Investment Management and a Master of Laws degree in Common Law. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Chartered Institute of Management Accountants and a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants.

**Chau Wai Keung, Allen**, aged 59, Manager, joined the Group in November 1994. He has over 34 years of experience in auditing. He holds a Bachelor of Business Administration degree and a Master's degree in Business Administration.

**Chu Kai Wah, Richard**, aged 51, Manager, joined the Group in August 1995. He has over 25 years of experience in auditing. He holds a Professional Diploma in Accountancy and a Master of Business degree in Electronic Commerce. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Institute of Chartered Accountants in England and Wales and a fellow of The Hong Kong Institute of Certified Public Accountants.

### Leasing Department

**Wong See Hang, Resina**, aged 50, Deputy Chief Manager, Leasing, joined the Group in June 1990. She is a Director of Cheung Kong Real Estate Limited and E-Park Parking Management Limited. She has over 28 years of experience in property leasing. She holds a Bachelor of Arts degree with Honours in History and a Master of Science degree in Facilities Management.

**Lee Po Chu, Eileen**, aged 52, Assistant Chief Manager, Leasing, joined the Group in October 2003. She has over 32 years of experience in property leasing. She holds a Diploma in Business.

**Wong Ling Fei, Mable**, aged 51, Assistant Chief Manager, Leasing, joined the Group in September 2002. She has over 25 years of experience in property leasing.

**Fung Kam Sun, Kam**, aged 53, Senior Leasing Manager, joined the Group in June 2007. He has over 27 years of experience in property leasing. He holds a Bachelor of Arts degree in Business Administration and a Master's degree of Housing Management. He is a Registered Professional Housing Manager, a member of The Chartered Institute of Marketing, a chartered member of the Chartered Institute of Housing, a corporate member of The Hong Kong Institute of Housing and a member of The Hong Kong Institute of Real Estate Administration.

**Chan Chun Kwok, Boris**, aged 41, Leasing Manager, joined the Group in March 2007. He has over 18 years of experience in property leasing. He holds a Bachelor of Business Administration degree with Honours in Finance and a Postgraduate Diploma in Surveying (Real Estate Development). He is an associate member of The Hong Kong Institute of Real Estate Administration and a senior professional member of The Hong Kong Institute of Real Estate.

**Chong Kwan Yi, Charles**, aged 38, Leasing Manager, joined the Group in January 2006. He has over 15 years of experience in property leasing. He holds a Bachelor of Science degree with Honours in Mathematics, a Master of Science degree in Real Estate, a Master of Arts degree in Quantitative Analysis for Business and a Master of Science degree in China Business Studies. He possesses the qualification of PRC Real Estate Agent.

**Deng Chi Yung, Jonathan**, aged 43, Leasing Manager, joined the Group in April 2008. He has over 17 years of experience in property leasing. He holds a Bachelor of Business degree in Property and a Master's degree in Business Administration. He is an associate member of Australian Property Institute and a member of The Hong Kong Institute of Surveyors.

**Leung Ho Shan, Susana**, aged 45, Leasing Manager, joined the Group in March 1996. She has over 25 years of experience in property leasing. She holds a Bachelor of Science degree with Honours in Estate Management and a Master's degree in Business Administration.

**Ng Kwok Leung, Christopher**, aged 52, Manager, E-Park, joined the Group in October 2007. He has over 20 years of experience in car park management. He holds a Bachelor of Science degree with Honours in Engineering and a Postgraduate Diploma in Business Administration.

### Legal Department

**Yip Kin Ming, Emmanuel**, aged 60, Member of Executive Committee & Chief Manager, joined the Group in July 1985. He has over 30 years of experience in legal field. He holds a Diploma in Economics.

**Wong Fung King, Amy**, aged 54, Assistant Chief Manager, joined the Group in June 1998. She has over 29 years of experience in legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

**Cheung Kam Heung, Bella**, aged 45, Legal Manager, joined the Group in December 2002. She has over 22 years of experience in legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the Supreme Court of the Hong Kong Special Administrative Region.

### Managerial

**Fung Chi Wai, Chris**, aged 50, Manager, joined the Group in April 2000. He has over 24 years of experience in financial management and investment. He holds a Bachelor of Social Sciences degree with Honours and a Master's degree in Business Administration. He is a Chartered Financial Analyst, a member of The CFA Institute and a member of The Hong Kong Society of Financial Analysts Limited.

### Property Investment & Valuation Department

**Chiu Siu Kam, Selene**, aged 47, Assistant Chief Manager, joined the Group in February 1997. She has over 24 years of experience in property development & investment, land management and property valuation. She holds a Bachelor of Science degree with Honours in Estate Management and a Master's degree in Business Administration. She is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

**Chan Man Wai, Anthony**, aged 51, Assistant Chief Manager, joined the Group in January 1994. He has over 24 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Electrical Engineering, a Master's degree in Business Administration and a Master of Science degree in Land Management. He is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

**Ho Kwong Ngai, Eric**, aged 50, Senior Manager, joined the Group in July 2005. He has over 23 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Estate Management and a Master of Science degree in International Real Estate. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

**Leung Hon Man, Alex**, aged 42, Senior Manager, joined the Group in May 1996. He has over 19 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Social Science degree with Honours. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

**Fung Sing Tak, Patrick**, aged 40, Manager, joined the Group in January 2008. He has over 18 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Surveying. He is a Registered Professional Surveyor, a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

### Sales Department

**Lau Kai Man, Joseph**, aged 55, Deputy Chief Manager, Sales, joined the Group in June 1981. He is a Director of Cheung Kong Real Estate Limited, Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 35 years of experience in property sales.

**Kwok Tze Wai, William**, aged 48, Deputy Chief Manager, Sales, joined the Group in May 1989. He is a Director of Cheung Kong Real Estate Limited. He has over 25 years of experience in property sales. He holds a Bachelor of Science degree in Business Administration Marketing.

**Wong See Chung, Francis**, aged 52, Deputy Chief Manager, Sales, joined the Group in January 1994. He is a Director of Cheung Kong Real Estate Limited and Property Enterprises Development (Singapore) Pte Limited. He has over 18 years of experience in property sales. He holds a Master's degree in Business Administration.

**Fung Hoi Lun, Helen**, aged 43, Senior Sales Manager, joined the Group in March 2001. She has over 20 years of experience in property sales. She holds a Higher Diploma in Hotel and Catering Management.

**Ho Ka Yan, Cannas**, aged 36, Senior Sales Manager, joined the Group in April 2007. She has over 14 years of experience in property sales. She holds a Bachelor of Science degree with Honours in Surveying and a Master of Science degree in Marketing. She is a professional member of The Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

**Cho Kau Ming, Iris**, aged 45 Sales Manager, joined the Group in May 1995. She has over 19 years of experience in property sales. She holds a Bachelor of Science degree in Business Administration.

**Ng Chui Ha, Fiona**, aged 50, Manager, Sales Administration, joined the Group in December 1990. She has over 27 years of experience in sales administration. She holds a Bachelor of Arts degree in History.

**Tai Mei Ling, Marinda**, aged 54, Manager, Customer Service, joined the Group in August 1985. She has over 28 years of experience in customer service.

**Wong Oi Ling, Irene**, aged 45, Manager, Sales Administration, joined the Group in May 1996. She has over 19 years of experience in sales administration. She holds a Bachelor of Arts degree.

**Yeung Kwai Ling, Moni**, aged 43, Sales Manager, joined the Group in February 2013. She has over 13 years of experience in property sales. She holds a Bachelor of Arts degree with Honours and a Master of Science degree with Honours in Marketing.

### Sales Department – Building Management

**Tang Shuk Fan, Shirley**, aged 47, Assistant Chief Manager, Building Management, joined the Group in April 2012. She has over 28 years of experience in building management. She holds a Professional Diploma in Housing Management, a Postgraduate Diploma in Cultural Heritage Management and a Master of Science Degree in Facilities Management. She is an ordinary member of Hong Kong Institute of Real Estate Administrators, a professional member of International Facility Management Association and a chartered member of the Chartered Institute of Housing.

**Wong Wo Muk, Philip**, aged 54, Manager, Building Management, joined the Group in May 1987. He is a Director of Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 31 years of experience in building management. He holds a Bachelor of Arts degree with Honours in Business Studies and a Postgraduate Diploma in Surveying (Real Estate Development).

## Report of the Directors

The Directors have pleasure in presenting to shareholders their report together with the audited financial statements of the Group for the year ended 31st December, 2013 on pages 110 to 156.

### Principal Activities

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

### Results and Dividends

Results of the Group for the year ended 31st December, 2013 are set out in the consolidated income statement on page 110.

The Directors recommend the payment of a final dividend of HK\$2.90 per share which, together with the interim dividend of HK\$0.58 per share paid on 13th September, 2013, makes a total dividend of HK\$3.48 per share for the year.

### Fixed Assets

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

### Reserves

Movements in reserves of the Company and the Group during the year are set out in note 21 to the financial statements and in the consolidated statement of changes in equity on pages 114 to 115 respectively.

### Group Financial Summary

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

### Properties

Particulars of major properties held by the Group are set out on pages 104 to 109.

### Directors

The Directors of the Company are listed on page 168. The Directors' biographical information is set out on pages 26 to 29.

In accordance with the Company's Articles of Association, the Directors of the Company (including Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Mr. Li Ka-shing, Mr. Chung Sun Keung, Davy, Ms. Pau Yee Wan, Ezra, Mr. Frank John Sixt, Mr. George Colin Magnus, Mr. Simon Murray and Mr. Cheong Ying Chew, Henry will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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



## Disclosure of Interests

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

As at 31st December, 2013, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

#### 1. Long Positions in Shares

##### (a) The Company

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	-	-	67,189,000 (Note 1)	936,462,744 (Note 2)	1,003,651,744	43.33 %
Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	200,000	1,529,000 (Note 4)	936,462,744 (Note 2)	938,411,744	40.51%
Kam Hing Lam	Beneficial owner	10,000	-	-	-	10,000	0.0004%
Leung Siu Hon	Beneficial owner & interest of child or spouse	645,500	64,500	-	-	710,000	0.03%
Chow Kun Chee, Roland	Beneficial owner	65,600	-	-	-	65,600	0.003%
George Colin Magnus	Beneficial owner, interest of child or spouse & beneficiary of trust	56,000	10,000	-	184,000 (Note 5)	250,000	0.01%
Lee Yeh Kwong, Charles	Beneficial owner	30,000	-	-	-	30,000	0.001%
Yeh Yuan Chang, Anthony	Interest of child or spouse	-	384,000	-	-	384,000	0.02%
Hung Siu-lin, Katherine	Beneficial owner	20,000	-	-	-	20,000	0.0009%

## Report of the Directors (continued)

## (b) Associated Corporations

## Hutchison Whampoa Limited

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts	–	–	94,534,000 (Note 1)	2,141,698,773 (Note 3)	2,236,232,773	52.45%
Li Tzar Kuoi, Victor	Interest of child or spouse, interest of controlled corporations & beneficiary of trusts	–	300,000	1,086,770 (Note 4)	2,141,698,773 (Note 3)	2,143,085,543	50.26%
Kam Hing Lam	Beneficial owner & interest of child or spouse	60,000	40,000	–	–	100,000	0.002%
Leung Siu Hon	Beneficial owner & interest of child or spouse	27,000	28,600	–	–	55,600	0.0013%
Fok Kin Ning, Canning	Interest of controlled corporation	–	–	6,010,875 (Note 7)	–	6,010,875	0.14%
Frank John Sixt	Beneficial owner	200,000	–	–	–	200,000	0.005%
Chow Kun Chee, Roland	Beneficial owner	49,931	–	–	–	49,931	0.001%
George Colin Magnus	Beneficial owner, interest of child or spouse & founder & beneficiary of a discretionary trust	40,000	9,900	–	950,100 (Note 6)	1,000,000	0.02%
Lee Yeh Kwong, Charles	Beneficial owner, interest of child or spouse & interest of controlled corporation	1,070,358	65,000	10,000 (Note 16)	–	1,145,358	0.03%
Yeh Yuan Chang, Anthony	Interest of child or spouse	–	130,000	–	–	130,000	0.003%
Chow Nin Mow, Albert	Beneficial owner	97	–	–	–	97	≈ 0%
Hung Siu-lin, Katherine	Beneficial owner	34,000	–	–	–	34,000	0.0008%

## Cheung Kong Infrastructure Holdings Limited

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

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

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

## Report of the Directors (continued)

## Other Associated Corporations

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

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

## 2. Long Positions in Underlying Shares

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

## Report of the Directors (continued)

## 3. Long Positions in Debentures

Name of Company	Name of Director	Capacity	Amount of Debentures				Total
			Personal Interest	Family Interest	Corporate Interest	Other Interest	
Hutchison Whampoa International (03/33) Limited	Lee Yeh Kwong, Charles	Interest of controlled corporation	–	–	US\$1,000,000 6.25% Notes due 2014 (Note 16)	–	US\$1,000,000 6.25% Notes due 2014
Hutchison Whampoa International (09) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$45,792,000 7.625% Notes due 2019 (Note 4)	–	US\$45,792,000 7.625% Notes due 2019
Hutchison Whampoa International (09/19) Limited	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$4,000,000 5.75% Notes due 2019 (Note 7)	–	US\$4,000,000 5.75% Notes due 2019
Hutchison Whampoa International (10) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$35,395,000 Subordinated Guaranteed Perpetual Capital Securities (Note 4)	–	US\$35,395,000 Subordinated Guaranteed Perpetual Capital Securities
	Fok Kin Ning, Canning	Interest of controlled corporation	–	–	US\$5,000,000 Subordinated Guaranteed Perpetual Capital Securities (Note 7)	–	US\$5,000,000 Subordinated Guaranteed Perpetual Capital Securities
	Frank John Sixt	Beneficial owner	US\$1,000,000 Subordinated Guaranteed Perpetual Capital Securities	–	–	–	US\$1,000,000 Subordinated Guaranteed Perpetual Capital Securities
Hutchison Whampoa International (12) Limited	Li Tzar Kuoi, Victor	Interest of controlled corporation	–	–	US\$16,800,000 Subordinated Guaranteed Perpetual Capital Securities (Note 4)	–	US\$16,800,000 Subordinated Guaranteed Perpetual Capital Securities
PHBS Limited	Li Ka-shing	Interest of controlled corporation	–	–	US\$9,100,000 Perpetual Capital Securities (Note 1)	–	US\$9,100,000 Perpetual Capital Securities

## Notes:

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

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

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

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

**Report of the Directors (continued)**

- (b) 11,496,000 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"). Mr. Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

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

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

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



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

**Report of the Directors (continued)**

(15) Such 2,835,759,715 shares are held by two subsidiaries of Li Ka Shing Foundation Limited (“LKSF”). By virtue of the terms of the constituent documents of LKSF, each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

(16) Such interests are held by a company which is wholly-owned by Mr. Lee Yeh Kwong, Charles.

As at 31st December, 2013, by virtue of their deemed interests in the share capital of the Company as described in Note (2) above and as Directors of the Company, Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, are deemed to be interested in the securities of the subsidiaries and associated companies of the Company held through the Company under the provisions of the SFO, in addition to any separate interest held by them in the Company and its subsidiaries and associated companies. A waiver from compliance with the disclosure requirement under paragraph 13(1) of Appendix 16 to the Listing Rules in respect of the above-mentioned deemed interests of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor to be disclosed in this annual report, on the ground that compliance with such paragraph would result in particulars being given which were not material in the context of the Group and were of excessive length, had been obtained from the Stock Exchange.

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

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31st December, 2013, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

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

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

## Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 31st December, 2013, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

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

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

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

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	(i) Beneficial owner	7,353,691 )	115,912,010 (Note 2)	5.00%
	(ii) Investment manager	34,184,787 )		
	(iii) Trustee	13,000 )		
	(iv) Custodian corporation/ approved lending agent	74,360,532 )		

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

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Beneficial owner	10,557,560	10,557,560 (Note 3)	0.46%

Report of the Directors (*continued*)

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

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Custodian corporation/ approved lending agent	74,360,532	74,360,532	3.21%

## Notes:

- (1) The three references to 936,462,744 shares relate to the same block of shares in the Company. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (2) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under the SFO.
- (2) Such long position includes derivative interests in 2,660,183 underlying shares of the Company of which 1,007,000 underlying shares are derived from listed and physically settled derivatives, 488,767 underlying shares are derived from unlisted and physically settled derivatives and 1,164,416 underlying shares are derived from unlisted and cash settled derivatives.
- (3) Such short position includes derivative interests in 10,541,960 underlying shares of the Company of which 716,000 underlying shares are derived from listed and physically settled derivatives, 213,000 underlying shares are derived from listed and cash settled derivatives, 488,767 underlying shares are derived from unlisted and physically settled derivatives and 9,124,193 underlying shares are derived from unlisted and cash settled derivatives.

Save as disclosed above, as at 31st December, 2013, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## Connected Transaction

On 16th June, 2013, the Company together with CKI, Power Assets Holdings Limited (“PAH”) and Li Ka Shing Foundation Limited (“LKSFL”) entered into a joint venture agreement (“JV Agreement”) in relation to CK NL 1 Holding B.V. (“Holdco”) and First NL Limited B.V. (“Bidco”), being joint venture companies formed for the purpose of the acquisition of all the issued share capital of AVR-Afvalverwerking B.V. (“Target Company”) from VAN GANSEWINKEL GROEP B.V. (the “Acquisition”). On 6th August, 2013, the Company together with CKI, PAH, LKSFL, and their respective wholly-owned subsidiary, the Holdco and the Bidco entered into a shareholders’ agreement (“Shareholders’ Agreement”) to regulate, among other things, the funding and management of the Holdco, the Bidco and the Target Company and its subsidiaries. The Company’s aggregate funding to the Holdco (by way of subscription of shares in the capital of the Holdco and the advance of shareholders’ loans to the Holdco) for the purpose of the Acquisition was up to approximately EUR332,500,000 (approximately HK\$3,443,868,750). Given that LKSFL may be regarded as an associate of each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, Directors of the Company, LKSFL is thus a connected person of the Company. Therefore, the entering into of the JV Agreement and Shareholders’ Agreement by the Company constitutes a connected transaction for the Company under the Listing Rules.

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

## Major Customers and Suppliers

During the year, 50% of the Group’s purchases were attributable to the Group’s five largest suppliers with the largest supplier accounted for 16% of the Group’s purchases. The Group’s turnover attributable to the Group’s five largest customers was less than 30%.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company’s issued share capital) has any interest in the Group’s five largest suppliers.

Report of the Directors (*continued*)

## Directors' Interests in Competing Businesses

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

### 1. Core Business Activities of the Group

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

### 2. Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Li Ka-shing	Hutchison Whampoa Limited	Chairman	(1), (2), (3), (4), (5) & (6)
Li Tzar Kuoi, Victor	Hutchison Whampoa Limited	Deputy Chairman	(1), (2), (3), (4), (5) & (6)
	Cheung Kong Infrastructure Holdings Limited	Chairman	(4) & (5)
	Power Assets Holdings Limited CK Life Sciences Int'l., (Holdings) Inc.	Executive Director * Chairman	(4), (5) & (6) (4), (5) & (6)
Kam Hing Lam	Hutchison Whampoa Limited	Executive Director	(1), (2), (3), (4), (5) & (6)
	Cheung Kong Infrastructure Holdings Limited	Group Managing Director	(4) & (5)
	Power Assets Holdings Limited CK Life Sciences Int'l., (Holdings) Inc.	Executive Director # President and Chief Executive Officer	(4), (5) & (6) (4), (5) & (6)
Ip Tak Chuen, Edmond	Hui Xian Asset Management Limited	Chairman	(1), (2) & (3)
	Cheung Kong Infrastructure Holdings Limited	Executive Director and Deputy Chairman	(4) & (5)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(4), (5) & (6)
	TOM Group Limited	Non-executive Director	(4) & (6)
	ARA Asset Management Limited	Non-executive Director	(3) & (4)
	ARA Asset Management (Fortune) Limited	Non-executive Director	(3)
	ARA Trust Management (Suntec) Limited	Director	(3)
	Hui Xian Asset Management Limited	Non-executive Director	(1), (2) & (3)
AVIC International Holding (HK) Limited	Non-executive Director	(1) & (4)	
Shougang Concord International Enterprises Company Limited	Non-executive Director	(4)	

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

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

\* With effect from 29th January, 2014, Mr. Li Tzar Kuoi, Victor and Mr. Frank John Sixt have been re-designated as Non-executive Directors of Power Assets Holdings Limited.

# With effect from 29th January, 2014, Mr. Kam Hing Lam has resigned as Executive Director of Power Assets Holdings Limited.

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

## Report of the Directors (*continued*)

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

A wholly owned subsidiary of the Group issued US\$500 million Guaranteed Senior Perpetual Securities (the "Securities") at an issue price of 100% of the principal amount with distribution rate of 5.375% per annum, which have been listed on the Stock Exchange since 25th January, 2013. The Securities are guaranteed by the Company. In April 2013, the Securities in a principal amount of US\$74,700,000 were repurchased and cancelled. The outstanding principal amount of the Securities immediately following settlement of such purchase and cancellation is US\$425,300,000.

Saved as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2013.

### Sufficiency of Public Float

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

### Community Relations

During the year, the Group supported a wide variety of charitable activities of the community. Donations of approximately HK\$42,200,000 were made by the Group to various charitable organisations.

### Audit Committee

The Group's annual report for the year ended 31st December, 2013 has been reviewed by the audit committee (the "Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Code Provision C.3 of the Corporate Governance Report on pages 70 to 72.

### Auditor

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

The financial statements for the year have been audited by Messrs. PricewaterhouseCoopers, Certified Public Accountants who will retire and offer themselves for re-appointment at the 2014 annual general meeting.

On behalf of the Board

### Li Ka-shing

Chairman

Hong Kong, 28th February, 2014



# Corporate Governance Report

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31st December, 2013. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman of the Board and the Managing Director.

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

## I. Code Provisions

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																																		
<b>A.</b>	<b>DIRECTORS</b>																																																				
<b>A.1</b>	<b>The Board</b>																																																				
	<b>Corporate Governance Principle</b>																																																				
	<i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.</i>																																																				
	<i>The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</i>																																																				
A.1.1	Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of majority of directors.	C	<ul style="list-style-type: none"> <li>The Board meets regularly and held meetings in March, May, August and November of 2013.</li> <li>Directors' attendance records in 2013 are as follows: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Executive Directors</b></td> </tr> <tr> <td>LI Ka-shing (Chairman)</td> <td>4/4</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (Managing Director and Deputy Chairman)</td> <td>4/4</td> </tr> <tr> <td>KAM Hing Lam (Deputy Managing Director)</td> <td>3/4</td> </tr> <tr> <td>IP Tak Chuen, Edmond (Deputy Managing Director)</td> <td>4/4</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>3/4</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>4/4</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>4/4</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>4/4</td> </tr> <tr> <td colspan="2"><b>Non-executive Directors</b></td> </tr> <tr> <td>LEUNG Siu Hon</td> <td>4/4</td> </tr> <tr> <td>FOK Kin Ning, Canning</td> <td>4/4</td> </tr> <tr> <td>Frank John SIXT</td> <td>4/4</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td>4/4</td> </tr> <tr> <td>George Colin MAGNUS</td> <td>4/4</td> </tr> <tr> <td>LEE Yeh Kwong, Charles #</td> <td>4/4</td> </tr> <tr> <td colspan="2"><b>Independent Non-executive Directors</b></td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td>4/4</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td>4/4</td> </tr> <tr> <td>Simon MURRAY *</td> <td>2/4</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>4/4</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>4/4</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td>4/4</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>4/4</td> </tr> </tbody> </table> </li> </ul> <p># With effect from 18th January, 2013, Mr. Lee Yeh Kwong, Charles has been appointed as a Non-executive Director of the Company.</p> <p>* Attended two meetings in person and one meeting by his Alternate Director, Dr. Wong Yick-ming, Rosanna</p> <ul style="list-style-type: none"> <li>The Directors may attend meetings in person, by phone or through means of electronic communication or by their alternate directors in accordance with the Company's Articles of Association. An updated and consolidated version of the Company's Memorandum and Articles of Association (both English and Chinese versions) are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx"). There are no significant changes in the Company's constitutional documents during the year 2013 (Note 1).</li> </ul>	Members of the Board	Attendance	<b>Executive Directors</b>		LI Ka-shing (Chairman)	4/4	LI Tzar Kuoi, Victor (Managing Director and Deputy Chairman)	4/4	KAM Hing Lam (Deputy Managing Director)	3/4	IP Tak Chuen, Edmond (Deputy Managing Director)	4/4	CHUNG Sun Keung, Davy	3/4	PAU Yee Wan, Ezra	4/4	WOO Chia Ching, Grace	4/4	CHIU Kwok Hung, Justin	4/4	<b>Non-executive Directors</b>		LEUNG Siu Hon	4/4	FOK Kin Ning, Canning	4/4	Frank John SIXT	4/4	CHOW Kun Chee, Roland	4/4	George Colin MAGNUS	4/4	LEE Yeh Kwong, Charles #	4/4	<b>Independent Non-executive Directors</b>		KWOK Tun-li, Stanley	4/4	YEH Yuan Chang, Anthony	4/4	Simon MURRAY *	2/4	CHOW Nin Mow, Albert	4/4	HUNG Siu-lin, Katherine	4/4	WONG Yick-ming, Rosanna	4/4	CHEONG Ying Chew, Henry	4/4
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Note 1. The Company has proposed to adopt a new set of Articles of Association at the annual general meeting of the Company to be held on 16th May, 2014.

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	C	<ul style="list-style-type: none"> <li>All Directors are consulted as to whether they may wish to include any matter in the agenda before the agenda for each regular Board meeting is issued.</li> </ul>
A.1.3	<ul style="list-style-type: none"> <li>At least 14 days notice for regular board meetings</li> <li>Reasonable notice for other board meetings</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings.</li> <li>At least 14 days formal notice would be given before each regular meeting.</li> <li>According to the Company's Articles of Association, a Director may waive notice of any meeting and any such waiver may be prospective or retrospective.</li> </ul>
A.1.4	Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.	C	<ul style="list-style-type: none"> <li>The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings.</li> <li>Board and Board Committee minutes/resolutions are sent to all Directors/Board Committee members within a reasonable time (generally within 14 days) after each Board and Board Committee meeting.</li> <li>Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.</li> </ul>
A.1.5	<ul style="list-style-type: none"> <li>Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached.</li> <li>Draft and final versions of minutes for all directors to comment and to keep records within a reasonable time after the board meeting</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached.</li> <li>Directors are given an opportunity to comment on draft Board minutes.</li> <li>Final version of Board minutes is placed on record within a reasonable time after the Board meeting.</li> </ul>
A.1.6	<ul style="list-style-type: none"> <li>A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense</li> <li>The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the company.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.</li> </ul>
A.1.7	<ul style="list-style-type: none"> <li>If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution.</li> <li>Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at that board meeting.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted.</li> <li>Director must declare his/her interest in the matters to be passed in the resolution, if applicable.</li> <li>If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.</li> </ul>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																				
A.1.8	Arrange appropriate insurance cover in respect of legal action against the directors	C	<ul style="list-style-type: none"> <li>The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 1991 including the year 2013/2014.</li> </ul>																																				
<b>A.2</b>	<b>Chairman and Chief Executive</b>  <b>Corporate Governance Principle</b> <i>There should be a clear division of responsibilities between the Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i>																																						
A.2.1	<ul style="list-style-type: none"> <li>Separate roles of chairman and chief executive not to be performed by the same individual</li> <li>Division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.</li> </ul>	C  C	<ul style="list-style-type: none"> <li>The positions of the Chairman of the Board and the Managing Director are currently held by separate individuals.</li> <li>The Chairman of the Board determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.</li> <li>The Managing Director, with the support of the Executive Directors, is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.</li> </ul>																																				
A.2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	C	<ul style="list-style-type: none"> <li>With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis.</li> <li>In addition to regular Board meetings, the Chairman of the Board met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November of 2013. Attendance records of the meetings are as follows:</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: right;"><b>Attendance</b></th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Chairman</b></td> </tr> <tr> <td>LI Ka-shing</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2"><b>Non-executive Directors</b></td> </tr> <tr> <td>LEUNG Siu Hon</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>FOK Kin Ning, Canning</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Frank John SIXT</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>George Colin MAGNUS</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>LEE Yeh Kwong, Charles #</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2"><b>Independent Non-executive Directors</b></td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Simon MURRAY *</td> <td style="text-align: right;">1/2</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> <p># With effect from 18th January, 2013, Mr. Lee Yeh Kwong, Charles has been appointed as a Non-executive Director of the Company.</p> <p>* Attended one meeting in person and one meeting by his Alternate Director, Dr. Wong Yick-ming, Rosanna</p>	<b>Attendance</b>		<b>Chairman</b>		LI Ka-shing	2/2	<b>Non-executive Directors</b>		LEUNG Siu Hon	2/2	FOK Kin Ning, Canning	2/2	Frank John SIXT	2/2	CHOW Kun Chee, Roland	2/2	George Colin MAGNUS	2/2	LEE Yeh Kwong, Charles #	2/2	<b>Independent Non-executive Directors</b>		KWOK Tun-li, Stanley	2/2	YEH Yuan Chang, Anthony	2/2	Simon MURRAY *	1/2	CHOW Nin Mow, Albert	2/2	HUNG Siu-lin, Katherine	2/2	WONG Yick-ming, Rosanna	2/2	CHEONG Ying Chew, Henry	2/2
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A.2.3	The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.	C	<ul style="list-style-type: none"> <li>The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings.</li> <li>Communications between Non-executive Directors (including Independent Non-executive Directors) on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate.</li> </ul>																																				

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.4	<ul style="list-style-type: none"> <li>– The chairman to provide leadership for the board</li> <li>– The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.</li> <li>– The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.</li> </ul>	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>• The Chairman of the Board is an Executive Director who is responsible for the leadership and effective running of the Board.</li> <li>• The Chairman of the Board determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management.</li> <li>• The Board meets regularly and held meetings in March, May, August and November of 2013.</li> <li>• With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues in a timely manner.</li> <li>• The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.</li> </ul>
A.2.5	The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.	C	<ul style="list-style-type: none"> <li>• The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.</li> </ul>
A.2.6	<ul style="list-style-type: none"> <li>– The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company.</li> <li>– The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>• Please refer to A.2.3 and A.2.4 above for the details.</li> </ul>
A.2.7	The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.	C	<ul style="list-style-type: none"> <li>• In addition to regular Board meetings, the Chairman of the Board met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the Executive Directors in May and November of 2013. Please refer to A.2.2 above for the attendance records.</li> </ul>
A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.	C	<ul style="list-style-type: none"> <li>• The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) regular press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company's Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally.</li> <li>• In March 2012, the Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness.</li> </ul>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.9	The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.	C	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>A.3</b>	<b>Board composition</b>  <i>Corporate Governance Principle</i> <i>The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i>		
A.3.1	Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.	C	<ul style="list-style-type: none"> <li>The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications.</li> <li>The Board consists of a total of twenty-one Directors, comprising eight Executive Directors, six Non-executive Directors and seven Independent Non-executive Directors. One-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise.</li> <li>Details of the composition of the Board are set out on page 168.</li> <li>The Directors' biographical information and the relationships among the Directors are set out on pages 26 to 29.</li> <li>Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.</li> </ul>
A.3.2	The company should maintain on its website and on HKEX's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	<ul style="list-style-type: none"> <li>The Company maintains on its website an updated list of its Directors identifying their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. Since March 2012, the updated list of Directors has been posted on the website of HKEx which has been revised from time to time. The Company has also posted on its website and the website of HKEx the Terms of Reference of its Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees.</li> </ul>
<b>A.4</b>	<b>Appointments, re-election and removal</b>  <i>Corporate Governance Principle</i> <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.</i>		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	C	<ul style="list-style-type: none"> <li>All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the CG Code.</li> </ul>
A.4.2	<ul style="list-style-type: none"> <li>All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment.</li> <li>Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.</li> </ul>	C  C	<ul style="list-style-type: none"> <li>In accordance with the Company's Articles of Association, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the Board) following their appointment.</li> <li>The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the general meeting of the Company. Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting.</li> <li>All Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the CG Code.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4.2 (cont'd)			<ul style="list-style-type: none"> <li>The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules.</li> <li>Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.</li> <li>The Company has published the procedures for shareholders to propose a person for election as a Director on its website.</li> </ul>
A.4.3	<ul style="list-style-type: none"> <li>If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders.</li> <li>The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>Each Independent Non-executive Director who was subject to retirement by rotation was appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who was eligible for re-election at the annual general meeting had made a confirmation of independence pursuant to Rule 3.13 of the Listing Rules.</li> <li>The Company had expressed the view in its circular that each Independent Non-executive Director who was eligible for re-election had met the independence guidelines set out in Rule 3.13 of the Listing Rules and was independent in accordance with the terms of the guidelines. In respect of an Independent Non-executive Director who has served more than nine years, the Company had expressed its view in the circular for the 2013 Annual General Meeting as regards such Director's independence. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.</li> </ul>
A.5	<p><b>Nomination Committee</b></p> <p><b>Corporate Governance Principle</b></p> <p><i>In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.</i></p>		
A.5.1 – A.5.4	<ul style="list-style-type: none"> <li>The company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.</li> <li>The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties.</li> </ul>	E	<ul style="list-style-type: none"> <li>The Company does not have a nomination committee. The Board as a whole is responsible for the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Company's Articles of Association, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting.</li> </ul>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.1 – A.5.4 (cont'd)	<p>– It should perform the following duties:</p> <p>(a) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy;</p> <p>(b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;</p> <p>(c) assess the independence of independent non-executive directors; and</p> <p>(d) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.</p> <p>– The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.</p> <p>– The company should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the company's expense, to perform its responsibilities.</p>		<ul style="list-style-type: none"> <li>• At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Managing Director.</li> <li>• The Company adopts a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-executive Directors) are sought. After considering the proposal for the appointment of a new Director, the Board as a whole will make the final decision.</li> <li>• The Board as a whole is responsible for assessing the independence of the Independent Non-executive Directors according to the relevant rules and requirements under the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines.</li> </ul>
A.5.5	<p>Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent.</p>	C	<ul style="list-style-type: none"> <li>• Please refer to A.4.3 above for the details.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.6	The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report.	C	<ul style="list-style-type: none"> <li>• In August 2013, the Company has established a policy concerning diversity of Board members ("Board Diversity Policy") and has made it available on the Company's website.</li> <li>• In the Board Diversity Policy:–               <ol style="list-style-type: none"> <li>1. The Company recognises the benefits of having a Board that has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's businesses.</li> <li>2. The Company maintains that appointments to the Board should be based on merit that complements and expands the skills and experience of the Board as a whole, and after due regard to factors which include but not limited to gender, age, cultural and educational background, and/or professional experience, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diverse Board.</li> <li>3. The full Board of the Company is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors of the Company from time to time to ensure that it has a balanced composition of skills and experience appropriate to the requirements of the Company's businesses, with due regard to the benefits of diversity on the Board. The Board as a whole is also responsible for reviewing the succession plan for the directors of the Company, in particular, for the Chairman of the Board and the Managing Director.</li> </ol> </li> <li>• Selection of Board members is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other factors that the Board may consider relevant and applicable from time to time. The ultimate decision is based on merit and contribution that the selected Board members could bring to the Board.</li> <li>• The Board has, from time to time, reviewed and monitored the implementation of the policy to ensure its effectiveness. It will at appropriate time set measurable objectives for achieving diversity on the Board.</li> </ul>
A.6	<b>Responsibilities of directors</b>  <b>Corporate Governance Principle</b> <i>Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.</i>		
A.6.1	Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies.	C	<ul style="list-style-type: none"> <li>• The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint them with the duties and responsibilities as a Director of the Company and the business operation of the Company.</li> <li>• A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules, the Companies Ordinance and other related ordinances and relevant regulatory requirements of Hong Kong is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors issued by the Companies Registry of Hong Kong and The Hong Kong Institute of Directors have also been forwarded to each Director for his/her information and ready reference.</li> <li>• During the year, the Company had arranged at the cost of the Company Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions.</li> <li>• In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.</li> </ul>



Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.2	<p>The functions of non-executive directors include:</p> <ul style="list-style-type: none"> <li>– bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings</li> <li>– take the lead on potential conflicts of interests</li> <li>– serve on the audit, remuneration, nomination and other governance committees, if invited</li> <li>– scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting</li> </ul>	<p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>• The Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company.</li> <li>• The Non-executive Directors review the financial information and operational performance of the Company on a regular basis.</li> <li>• The Independent Non-executive Directors are invited to serve on the Audit Committee and Remuneration Committee of the Company.</li> </ul>
A.6.3	<p>Every director should ensure that he can give sufficient time and attention to the company's affairs and should not accept the appointment if he cannot do so.</p>	C	<ul style="list-style-type: none"> <li>• There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 above for the attendance records.</li> <li>• Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her area of knowledge and expertise, and his/her global perspective.</li> </ul>
A.6.4	<p>Board should establish written guidelines no less exacting than the Model Code for relevant employees.</p>	C	<ul style="list-style-type: none"> <li>• The Company had adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 31st March, 2004. The Model Code has been revised and adopted by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules.</li> <li>• Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31st December, 2013.</li> <li>• Written guidelines no less exacting than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.</li> <li>• Since November 2011, the Company has established a policy on handling of confidential and price-sensitive information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished price-sensitive information in relation to the Group. Such policy has since been revised to comply with the new requirements set out in Part XIVA of the Securities and Futures Ordinance that came into effect on 1st January, 2013. Such revised policy has been posted on the Company's intranet and disseminated to all employees of the Company in December 2012.</li> </ul>
A.6.5	<p>All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.</p>	C	<ul style="list-style-type: none"> <li>• A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules, the Companies Ordinance and other related ordinances and relevant regulatory requirements of Hong Kong is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors issued by the Companies Registry of Hong Kong and The Hong Kong Institute of Directors have also been forwarded to each Director for his/her information and ready reference.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																																		
A.6.5 (cont'd)			<ul style="list-style-type: none"> <li>• In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.</li> <li>• The Directors have provided to the Company their records of continuous professional development during the year 2013.</li> <li>• During the year, the Company had arranged at the cost of the Company Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities.</li> </ul> <p>The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:</p> <ol style="list-style-type: none"> <li>(1) Reading memoranda issued or materials provided (for example, in-house directors' seminar) from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance;</li> <li>(2) Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by the Company and/or professional bodies and/or government authorities; and</li> <li>(3) Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.</li> </ol> <ul style="list-style-type: none"> <li>• Records of the Directors' training during 2013 are as follows:</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Board</th> <th style="text-align: right;">Training received</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Executive Directors</b></td> </tr> <tr> <td>LI Ka-shing (<i>Chairman</i>)</td> <td style="text-align: right;">(1), (2) &amp; (3)</td> </tr> <tr> <td>LI Tzar Kuoi, Victor (<i>Managing Director and Deputy Chairman</i>)</td> <td style="text-align: right;">(1), (2) &amp; (3)</td> </tr> <tr> <td>KAM Hing Lam (<i>Deputy Managing Director</i>)</td> <td style="text-align: right;">(1), (2) &amp; (3)</td> </tr> <tr> <td>IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>)</td> <td style="text-align: right;">(1), (2) &amp; (3)</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td style="text-align: right;">(1) &amp; (2)</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td style="text-align: right;">(1) &amp; (2)</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td style="text-align: right;">(1) &amp; (2)</td> </tr> <tr> <td colspan="2"><b>Non-executive Directors</b></td> </tr> <tr> <td>LEUNG Siu Hon</td> <td style="text-align: right;">(1) &amp; (2)</td> </tr> <tr> <td>FOK Kin Ning, Canning</td> <td style="text-align: right;">(1) &amp; (3)</td> </tr> <tr> <td>Frank John SIXT</td> <td style="text-align: right;">(1) &amp; (3)</td> </tr> <tr> <td>CHOW Kun Chee, Roland</td> <td style="text-align: right;">(1) &amp; (2)</td> </tr> <tr> <td>George Colin MAGNUS</td> <td style="text-align: right;">(1) &amp; (3)</td> </tr> <tr> <td>LEE Yeh Kwong, Charles #</td> <td style="text-align: right;">(1), (2) &amp; (3)</td> </tr> <tr> <td colspan="2"><b>Independent Non-executive Directors</b></td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td style="text-align: right;">(1) &amp; (2)</td> </tr> <tr> <td>YEH Yuan Chang, Anthony</td> <td style="text-align: right;">(1) &amp; (2)</td> </tr> <tr> <td>Simon MURRAY</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td style="text-align: right;">(1) &amp; (2)</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td style="text-align: right;">(1) &amp; (2)</td> </tr> <tr> <td>WONG Yick-ming, Rosanna</td> <td style="text-align: right;">(1) &amp; (3)</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">(1), (2) &amp; (3)</td> </tr> </tbody> </table> <p># With effect from 18th January, 2013, Mr. Lee Yeh Kwong, Charles has been appointed as a Non-executive Director of the Company.</p>	Members of the Board	Training received	<b>Executive Directors</b>		LI Ka-shing ( <i>Chairman</i> )	(1), (2) & (3)	LI Tzar Kuoi, Victor ( <i>Managing Director and Deputy Chairman</i> )	(1), (2) & (3)	KAM Hing Lam ( <i>Deputy Managing Director</i> )	(1), (2) & (3)	IP Tak Chuen, Edmond ( <i>Deputy Managing Director</i> )	(1), (2) & (3)	CHUNG Sun Keung, Davy	(1)	PAU Yee Wan, Ezra	(1) & (2)	WOO Chia Ching, Grace	(1) & (2)	CHIU Kwok Hung, Justin	(1) & (2)	<b>Non-executive Directors</b>		LEUNG Siu Hon	(1) & (2)	FOK Kin Ning, Canning	(1) & (3)	Frank John SIXT	(1) & (3)	CHOW Kun Chee, Roland	(1) & (2)	George Colin MAGNUS	(1) & (3)	LEE Yeh Kwong, Charles #	(1), (2) & (3)	<b>Independent Non-executive Directors</b>		KWOK Tun-li, Stanley	(1) & (2)	YEH Yuan Chang, Anthony	(1) & (2)	Simon MURRAY	(1)	CHOW Nin Mow, Albert	(1) & (2)	HUNG Siu-lin, Katherine	(1) & (2)	WONG Yick-ming, Rosanna	(1) & (3)	CHEONG Ying Chew, Henry	(1), (2) & (3)
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.6	Each director should disclose to the company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.	C	<ul style="list-style-type: none"> <li>The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved.</li> </ul>
A.6.7	Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.	C	<ul style="list-style-type: none"> <li>There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Non-executive Directors (including the Independent Non-executive Directors) and the general meeting during the year. Please refer to A.1.1, A.2.2, B.1.2, C.3.1 and E.1.2 for the attendance records.</li> <li>Extent of participation and contribution should be viewed both quantitatively and qualitatively.</li> </ul>
A.6.8	Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	<ul style="list-style-type: none"> <li>Please refer to A.6.7 above.</li> </ul>
<b>A.7</b>	<b>Supply of and access to information</b>  <b>Corporate Governance Principle</b> <i>Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.</i>		
A.7.1	<ul style="list-style-type: none"> <li>Send agenda and full board papers to all directors at least 3 days before regular board or board committee meetings</li> <li>As far as practicable for other board or board committee meetings</li> </ul>	C  C	<ul style="list-style-type: none"> <li>Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.</li> </ul>
A.7.2	<ul style="list-style-type: none"> <li>Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions.</li> <li>The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary.</li> </ul>	C  C	<ul style="list-style-type: none"> <li>The Company Secretary and the Chief Manager of the Accounts Department attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate.</li> <li>Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided, as appropriate.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices								
A.7.3	<ul style="list-style-type: none"> <li>– All directors are entitled to have access to board papers and related materials.</li> <li>– Queries raised by directors should receive a prompt and full response, if possible.</li> </ul>	C	<ul style="list-style-type: none"> <li>• Please refer to A.7.1 and A.7.2 above.</li> </ul>								
<b>B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION</b>											
<b>B.1 The level and make-up of remuneration and disclosure</b>											
<i>Corporate Governance Principle</i>											
<i>The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.</i>											
B.1.1	The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and should have access to independent professional advice if necessary.	C	<ul style="list-style-type: none"> <li>• The Remuneration Committee has consulted the Chairman and/or the Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel.</li> <li>• The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.</li> <li>• To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, including the corporate philosophy in formulating employees' remuneration packages, and market trends and related information.</li> </ul>								
B.1.2	<p>The remuneration committee's terms of reference should include:</p> <ul style="list-style-type: none"> <li>– recommend to the board on the company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy</li> <li>– review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives</li> <li>– either to determine, with delegated responsibility, or to make recommendations to the board on the remuneration packages of individual executive directors and senior management</li> <li>– recommend to the board on the remuneration of non-executive directors</li> </ul>	C	<ul style="list-style-type: none"> <li>• The Company established its remuneration committee ("Remuneration Committee") on 1st January, 2005. A majority of the members are Independent Non-executive Directors.</li> <li>• The Remuneration Committee comprises the Chairman of the Board, Mr. Li Ka-shing, and two Independent Non-executive Directors, namely, Dr. Wong Yick-ming, Rosanna (Chairman of the Remuneration Committee) and Mr. Kwok Tun-li, Stanley.</li> <li>• The terms of reference of the Remuneration Committee (both English and Chinese versions) follow closely the requirements of the CG Code. The same as modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.</li> <li>• The Remuneration Committee, with delegated responsibility, determines the remuneration packages of individual Executive Directors and senior management, and reviews the remuneration of Non-executive Directors.</li> <li>• Since the publication of the Annual Report 2012 in April 2013, meetings of the Remuneration Committee were held in November 2013 and January 2014. Attendance records of the members of the Remuneration Committee are as follows:</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Remuneration Committee</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td>WONG Yick-ming, Rosanna (Chairman of the Remuneration Committee)</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>LI Ka-shing</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table>	Members of the Remuneration Committee	Attendance	WONG Yick-ming, Rosanna (Chairman of the Remuneration Committee)	2/2	LI Ka-shing	2/2	KWOK Tun-li, Stanley	2/2
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.2 (cont'd)	<ul style="list-style-type: none"> <li>– consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group</li> <li>– review and approve compensation payable on loss or termination of office or appointment</li> <li>– review and approve compensation arrangements relating to dismissal or removal of directors for misconduct</li> <li>– ensure that no director or any of his associates is involved in deciding his own remuneration</li> </ul>		<ul style="list-style-type: none"> <li>• The following is a summary of the work of the Remuneration Committee during the said meetings:               <ol style="list-style-type: none"> <li>1. Review the remuneration policy for 2013/2014;</li> <li>2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management;</li> <li>3. Review the remuneration packages of Executive Directors and the management with reference to the established system of the Company for determining the remuneration review;</li> <li>4. Review and approve the remuneration of Non-executive Directors; and</li> <li>5. Review the annual bonus policy.</li> </ol> </li> <li>• No Director or any of his/her associates is involved in deciding his/her own remuneration at the meetings of the Remuneration Committee held in November 2013 and January 2014.</li> </ul>
B.1.3	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.	C	<ul style="list-style-type: none"> <li>• The terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEx.</li> <li>• The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time.</li> </ul>
B.1.4	The remuneration committee should be provided with sufficient resources to perform its duties.	C	<ul style="list-style-type: none"> <li>• The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.</li> </ul>
B.1.5	The company should disclose details of any remuneration payable to members of senior management by band in the annual reports.	C	<ul style="list-style-type: none"> <li>• The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note (4) in the Notes to Financial Statements for details of the remuneration payable to the Directors.</li> </ul>
<b>C. ACCOUNTABILITY AND AUDIT</b>			
<b>C.1 Financial reporting</b>			
<i>Corporate Governance Principle</i>			
<i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i>			
C.1.1	Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.	C	<ul style="list-style-type: none"> <li>• Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.</li> </ul>
C.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	C	<ul style="list-style-type: none"> <li>• Monthly updates had been provided to all members of the Board since April 2012, the effective date of code provision C.1.2, for the purpose of providing a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.3	<ul style="list-style-type: none"> <li>– The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts.</li> <li>– There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements.</li> <li>– Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary.</li> <li>– Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report.</li> </ul>	<p>C</p> <p>C</p> <p>C</p> <p>N/A</p>	<ul style="list-style-type: none"> <li>• The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group.</li> <li>• Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the CG Code.</li> <li>• With the assistance of the Company's Accounts Department which is under the supervision of the Chief Manager who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards.</li> <li>• The Directors also ensure the publication of the financial statements of the Group is in a timely manner.</li> <li>• The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 157.</li> </ul>
C.1.4	The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the company's objectives.	C	<ul style="list-style-type: none"> <li>• The Board has included the separate statement containing a discussion and analysis of the Group's sustainable development strategy in the Management Discussion and Analysis of Annual Report 2013.</li> </ul>
C.1.5	The board should present a balanced, clear and understandable assessment in annual and interim reports, and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.	C	<ul style="list-style-type: none"> <li>• The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications.</li> <li>• The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of inside information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.</li> </ul>
<b>C.2</b>	<p><b>Internal controls</b></p> <p><b>Corporate Governance Principle</b></p> <p><i>The Board should ensure that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets.</i></p>		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.1	<ul style="list-style-type: none"> <li>- Directors to review the effectiveness of the company's and its subsidiaries' internal control systems at least annually and to report that they have done so in the Corporate Governance Report</li> <li>- The review should cover all material controls, including financial, operational and compliance controls and risk management functions.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>• The Board has overall responsibility for maintaining sound and effective internal control system of the Group. The Group's internal control system includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.</li> </ul> <p><b>Internal Control Environment</b></p> <ul style="list-style-type: none"> <li>• An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established.</li> <li>• The relevant Executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments.</li> <li>• Operational budgets are prepared by operational departments and reviewed by the responsible Directors prior to being adopted. There are procedures for the appraisal, review and approval of major capital and recurrent expenditure. Results of operations against budgets are reported regularly to the Executive Directors.</li> <li>• Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.</li> <li>• The Internal Control Self Assessment process is established that requires the senior management in each material business unit to annually assess the effectiveness of controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations and the related risks.</li> <li>• The Internal Audit Department provides an independent appraisal of the Group's financial and operational activities, and makes constructive recommendations to the relevant management for necessary actions.</li> </ul> <p>The Internal Audit Department carries out annual risk assessment on each audit area and derives a yearly audit plan according to their risk ratings. The audit plan is reviewed and endorsed by the audit committee of the Company ("Audit Committee"). In addition to its agreed schedule of work, the Internal Audit Department conducts other review and investigative work as may be required. The results of internal audit reviews and agreed action plans in response to the Internal Audit Department's recommendations are reported to the Executive Directors and Audit Committee periodically. The Internal Audit Department also follows up with the corrective actions to ensure that satisfactory controls are maintained.</p> <ul style="list-style-type: none"> <li>• Reports from the external auditor, Messrs. PricewaterhouseCoopers ("PwC"), on internal controls and relevant financial reporting matters, are presented to the Audit Committee and management.</li> <li>• Relevant departments are responsible to review the compliance status and update new requirements in connection with relevant rules, laws and regulations. The risks of non-compliance with legal and regulatory requirements are evaluated as part of the yearly risk assessment process and the level of compliance is also subject to external and internal audits.</li> <li>• The Board, through the Audit Committee, has conducted an annual review of the effectiveness of internal control system of the Company and its subsidiaries and considers it is adequate and effective. The review covers all material controls, including financial, operational and compliance controls and risk management functions. The Board is not aware of any significant areas of concern which may affect the shareholders. The Board is satisfied that the Group has fully complied with the code provisions on internal controls, including compliance with legal and regulatory requirements, as set forth in the CG Code.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices								
C.2.2	The board's annual review should, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function.	C	<ul style="list-style-type: none"> <li>The Board, through the Audit Committee and with the appraisal performed by the Internal Audit Department, reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function at the Board meeting held in February 2014 and noted that the Company has been in compliance with the Code Provision for the year 2013. Please also refer to C.3.3 below.</li> </ul>								
<b>C.3</b>	<b>Audit Committee</b>  <i>Corporate Governance Principle</i> <i>The Board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors.</i>										
C.3.1	<ul style="list-style-type: none"> <li>Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting.</li> <li>Draft and final versions of minutes should be sent to all committee members for their comment and records, within a reasonable time after the meeting.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting.</li> <li>Audit Committee meetings were held in March and July of 2013. Attendance records of members of the Audit Committee are as follows: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Members of the Audit Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)</td> <td>2/2</td> </tr> <tr> <td>KWOK Tun-li, Stanley</td> <td>2/2</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>2/2</td> </tr> </tbody> </table> </li> <li>The following is a summary of the work of the Audit Committee during 2013: <ol style="list-style-type: none"> <li>Review the financial reports for 2012 annual results and 2013 interim results;</li> <li>Review the findings and recommendations of the Internal Audit Department on the work of various departments and related companies;</li> <li>Review the effectiveness of the internal control system;</li> <li>Review the external auditor's audit findings;</li> <li>Review the auditor's remuneration;</li> <li>Review the risks of different business units and analysis thereof provided by the relevant business units;</li> <li>Review the control mechanisms for such risks and advising on action plans for improvement of the situations;</li> <li>Review the arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and</li> <li>Perform the corporate governance functions and review the corporate governance policies and practices.</li> </ol> </li> <li>After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 25th February, 2014 that the internal control system was adequate and effective.</li> <li>On 25th February, 2014, the Audit Committee met to review the Group's 2013 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2013 complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board's approval the consolidated financial statements for the year ended 31st December, 2013.</li> <li>The Audit Committee also recommended to the Board the re-appointment of PwC as the Company's external auditor for 2014 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2014 annual general meeting.</li> <li>The Group's Annual Report for the year ended 31st December, 2013 has been reviewed by the Audit Committee.</li> </ul>	Members of the Audit Committee	Attendance	CHEONG Ying Chew, Henry ( <i>Chairman of the Audit Committee</i> )	2/2	KWOK Tun-li, Stanley	2/2	HUNG Siu-lin, Katherine	2/2
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.2	A former partner of existing auditing firm shall not act as a member of the committee for 1 year from the date of his ceasing to be a partner or to have any financial interest in, the firm, whichever is later.	C	<ul style="list-style-type: none"> <li>No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm.</li> </ul>
C.3.3	<p>The audit committee's terms of reference should include:</p> <ul style="list-style-type: none"> <li>– recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement</li> <li>– review and monitor external auditor's independence and objectivity and effectiveness of audit process</li> <li>– review of the company's financial information</li> <li>– oversight of the company's financial reporting system and internal control procedures, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function</li> </ul>	C	<ul style="list-style-type: none"> <li>The terms of reference of the Audit Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and are modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.</li> </ul>
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's and the company's website.	C	<ul style="list-style-type: none"> <li>The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee in December 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants.</li> <li>In accordance with the requirements of the CG Code, the terms of reference of the Audit Committee were revised from time to time in terms substantially the same as the provisions set out in the CG Code. The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx.</li> <li>The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment.</li> <li>The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Kwok Tun-li, Stanley and Ms. Hung Siu-lin, Katherine, held two meetings during the year.</li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	<ul style="list-style-type: none"> <li>The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, PwC be re-appointed as the Company's external auditor for 2014.</li> <li>For the year ended 31st December, 2013, the external auditor of the Company received approximately HK\$7 million for audit services and HK\$1 million for tax and other services.</li> </ul>
C.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	<ul style="list-style-type: none"> <li>The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.</li> </ul>
C.3.7	<p>The terms of reference of the audit committee should also require it:</p> <ul style="list-style-type: none"> <li>to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and</li> <li>to act as the key representative body for overseeing the company's relations with the external auditor.</li> </ul>	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> <li>The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.</li> <li>The Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures were included into the Company's employees handbook and posted on the Company's website.</li> <li>The Company has issued an employee's handbook to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the human resources department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).</li> </ul>
<b>D.</b>	<b>DELEGATION BY THE BOARD</b>		
<b>D.1</b>	<b>Management functions</b>		
	<p><b>Corporate Governance Principle</b></p> <p><i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i></p>		
D.1.1	When the board delegates aspects of its management and administration functions to management, it must, at the same time, give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf.	C	<ul style="list-style-type: none"> <li>Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise.</li> <li>Please refer to the Management Structure Chart set out on page 83.</li> <li>For matters or transactions of a material nature, the same will be referred to the Board for approval.</li> <li>For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.</li> <li>Specifically, the Board has had in place Guidelines for Treasury Investments stating the authority limits of treasury investments under different scenarios beyond which Board approval will be required.</li> </ul>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs.	C	<ul style="list-style-type: none"> <li>The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature.</li> <li>Under the leadership of the Managing Director, management is responsible for the day-to-day operations of the Group.</li> </ul>
D.1.3	The company should disclose the respective responsibilities, accountabilities and contributions of the board and management.	C	<ul style="list-style-type: none"> <li>Please refer to the Management Structure Chart set out on page 83.</li> </ul>
D.1.4	Directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.	C	<ul style="list-style-type: none"> <li>In February 2012, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment.</li> </ul>
<b>D.2</b>	<b>Board Committees</b>  <b>Corporate Governance Principle</b> <i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i>		
D.2.1	Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.	C	<ul style="list-style-type: none"> <li>Three Board Committees, namely, Audit Committee, Remuneration Committee and Executive Committee, have been established with specific terms of reference as mentioned in C.3.3 and B.1.3 above.</li> </ul>
D.2.2	The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	C	<ul style="list-style-type: none"> <li>Board Committees report to the Board of their decisions and recommendations at the Board meetings.</li> </ul>
<b>D.3</b>	<b>Corporate Governance Functions</b>		
D.3.1	<p>The terms of reference of the board (or a committee or committees performing this function) should include:</p> <ul style="list-style-type: none"> <li>develop and review the company's policies and practices on corporate governance and make recommendations to the board;</li> <li>review and monitor the training and continuous professional development of directors and senior management;</li> </ul>	C	<ul style="list-style-type: none"> <li>The terms of reference of the Audit Committee were revised with effect from 1st January, 2012 to include the following corporate governance functions delegated by the Board: <ol style="list-style-type: none"> <li>Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;</li> <li>Review and monitor the training and continuous professional development of Directors and senior management;</li> <li>Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;</li> <li>Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and</li> <li>Review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.</li> </ol> </li> </ul>

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.3.1 (cont'd)	<ul style="list-style-type: none"> <li>– review and monitor the company's policies and practices on compliance with legal and regulatory requirements;</li> <li>– develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and</li> <li>– review the company's compliance with the CG Code and disclosure in the Corporate Governance Report.</li> </ul>		<ul style="list-style-type: none"> <li>• At the Audit Committee's meeting held in February 2014, members of the Audit Committee had performed the above-mentioned corporate governance functions by reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.</li> </ul>
D.3.2	The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.	C	<ul style="list-style-type: none"> <li>• The Board has delegated the responsibility of performing the corporate governance duties to the Audit Committee. To that effect, the terms of reference of the Audit Committee as set out in D.3.1 above were revised with effect from 1st January, 2012 to include the corporate governance functions delegated by the Board.</li> </ul>
<b>E. COMMUNICATION WITH SHAREHOLDERS</b>			
<b>E.1 Effective communication</b>			
<p><b>Corporate Governance Principle</b></p> <p><i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i></p>			
E.1.1	For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.	C	<ul style="list-style-type: none"> <li>• Separate resolutions are proposed at the general meetings of the Company for each substantially separate issue, including the election of individual Directors.</li> </ul>

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

## Corporate Governance Report (continued)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.4 (cont'd)			<ol style="list-style-type: none"> <li>3. (a) Shareholder(s) holding not less than one-fortieth of the total voting rights or (b) not less than 50 shareholders, may at their expense, unless the Company otherwise resolves, propose any resolution at any general meeting under Section 115A of the Companies Ordinance. A written notice to that effect signed by the requisitionists together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong (addressed to the Company Secretary) not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal.</li> <li>4. Pursuant to Article 107 of the Articles, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting (including annual general meeting), the shareholder should lodge a written notice at the registered office of the Company provided that the period for lodgement of such written notice shall be a seven-day period commencing on the day after the despatch of the notice of the general meeting appointed for such election of Director(s) and ending on the date falling seven days after the despatch of the said notice of the general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director.</li> <li>5. In conducting a poll, subject to any special rights, privileges or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he/she/it is the holder. A person entitled to more than one vote on a poll need not use all his/her votes or cast all the votes he/she uses in the same way.</li> <li>6. Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Article 171 of the Articles.</li> <li>7. Shareholders whose shares are held in the Central Clearing and Settlement System (CCASS) may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications.</li> <li>8. Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.</li> </ol>
E.2	<p><b>Voting by poll</b></p> <p><i>Corporate Governance Principle</i></p> <p><i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i></p>		
E.2.1	<p>The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.</p>	C	<ul style="list-style-type: none"> <li>• At the 2013 annual general meeting, the Chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders.</li> <li>• At the 2013 annual general meeting, the Chairman of the meeting exercised his power under the Company's Articles of Association to put each resolution set out in the notice to be voted by way of a poll.</li> <li>• Representatives of the Share Registrar of the Company were appointed as scrutineers to monitor and count the poll votes cast at the 2013 annual general meeting.</li> <li>• Since the Company's 2003 annual general meeting, all the resolutions (other than procedural or administrative resolutions) put to vote at the Company's general meetings were taken by poll.</li> <li>• Poll results were posted on the websites of the Company and HKEx.</li> </ul>

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

## Corporate Governance Report (continued)

## II. Recommended Best Practices

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



Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<b>B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION</b>			
<b>B.1 The level and make-up of remuneration and disclosure</b>			
<i>Corporate Governance Principle</i> The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.			
B.1.6	Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.	N/A	<ul style="list-style-type: none"> <li>The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.</li> </ul>
B.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	<ul style="list-style-type: none"> <li>In 2013, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note (4) in the Notes to Financial Statements for details of discretionary bonus.</li> </ul>
B.1.8	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in the annual reports.	C	<ul style="list-style-type: none"> <li>The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note (4) in the Notes to Financial Statements for details of the remuneration payable to the Directors.</li> </ul>
B.1.9	The board should conduct a regular evaluation of its performance.	E	<ul style="list-style-type: none"> <li>The performance of the Board is best reflected by the Company's results and stock price performance during the year.</li> </ul>
<b>C. ACCOUNTABILITY AND AUDIT</b>			
<b>C.1 Financial reporting</b>			
<i>Corporate Governance Principle</i> The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.			
C.1.6 – C.1.7	<ul style="list-style-type: none"> <li>The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts.</li> <li>Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.</li> </ul>	E	<ul style="list-style-type: none"> <li>The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant transactions and inside information have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders.</li> <li>Quarterly financial reports may not fairly reflect the actual performance of the Company given that the development cycle of property projects often spans a period of three to five years.</li> </ul>

## Corporate Governance Report (continued)

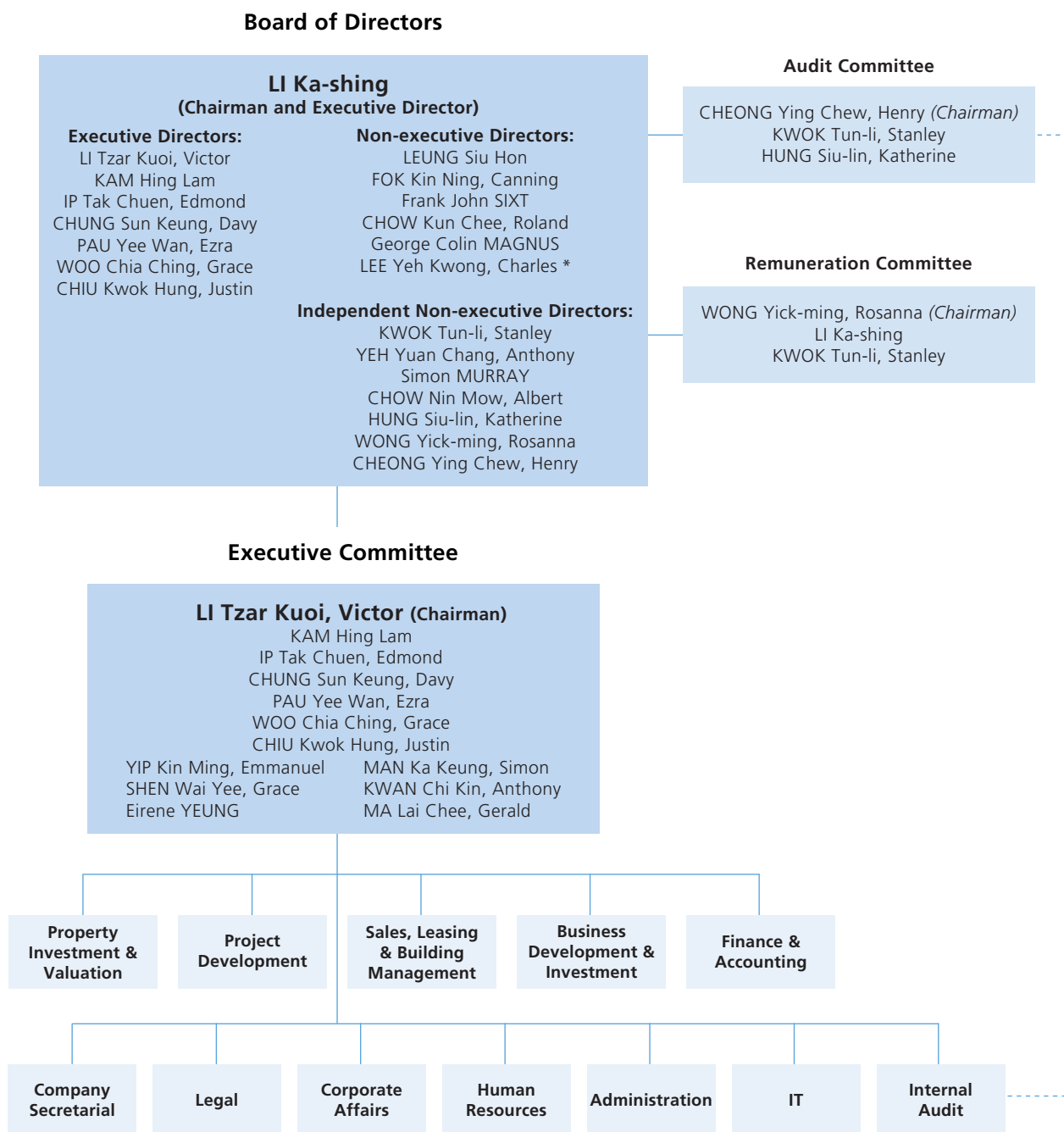
Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2	<b>Internal controls</b>  <b>Corporate Governance Principle</b> <i>The Board should ensure that the Company maintains sound and effective internal controls to safeguard shareholders'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

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

## Corporate Governance Report (continued)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
<b>D. DELEGATION BY THE BOARD</b>			
D.1	Management functions		<p data-bbox="220 396 560 424"><b>Corporate Governance Principle</b></p> <p data-bbox="220 429 1442 457"><i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i></p>
There is no recommended best practice under Section D.1 in the CG Code.			
D.2	Board Committees		<p data-bbox="220 579 560 607"><b>Corporate Governance Principle</b></p> <p data-bbox="220 612 1385 640"><i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i></p>
There is no recommended best practice under Section D.2 in the CG Code.			
D.3	Corporate Governance Functions		
There is no recommended best practice under Section D.3 in the CG Code.			
<b>E. COMMUNICATION WITH SHAREHOLDERS</b>			
E.1	Effective communication		<p data-bbox="220 937 560 965"><b>Corporate Governance Principle</b></p> <p data-bbox="220 970 1442 1024"><i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i></p>
There is no recommended best practice under Section E.1 in the CG Code.			
E.2	Voting by poll		<p data-bbox="220 1142 560 1170"><b>Corporate Governance Principle</b></p> <p data-bbox="220 1175 1230 1203"><i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i></p>
There is no recommended best practice under Section E.2 in the CG Code.			
<b>F. COMPANY SECRETARY</b>			
<p data-bbox="220 1356 560 1384"><b>Corporate Governance Principle</b></p> <p data-bbox="220 1388 1442 1463"><i>The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Managing Director on governance matters and should also facilitate induction and professional development of Directors.</i></p>			
There is no recommended best practice under Section F in the CG Code.			

## Management Structure Chart



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

## Environmental, Social and Governance Report

### OUR PHILOSOPHY

Cheung Kong (Holdings) Limited (the "Group") is committed to a high standard of corporate social responsibility. As a multi-national conglomerate headquartered in Hong Kong, with business operations across 52 countries and employing over 260,000 employees, the Cheung Kong Group aspires to create a harmonious society through cultivating responsible corporate citizenship.

In the year 2013, the Cheung Kong Group continued with initiatives to foster the well-being of the community, its employees and the environment. We have factored the concept of corporate social responsibility into our business practice while conveying the message of sustainability worldwide.

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

### COMMUNITY INVOLVEMENT

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

#### Supporting charities

The Cheung Kong Group has long seen The Community Chest as one of its partners in community services. During the year, members of the Group are encouraged to participate in fund-raising campaigns including the Corporate and Employee Contribution Programme, Walk for Millions and Dress Casual Day for the Chest.

The longstanding support and commitment to The Community Chest has made the Cheung Kong Group the Third Top Donor in 2013, maintaining its record as a Top 3 Donor for the 14th consecutive year. In addition, five members of the Cheung Kong Group have received individual recognition for their contributions to The Community Chest. Hutchison Whampoa Limited ("Hutchison") and Power Assets Holdings Limited ("Power Assets") were presented with the President's Award; the Group was presented with the Award of Excellence; and A.S. Watson Group ("A.S. Watson") and Cheung Kong Infrastructure Holdings Limited ("CKI") were presented with the Award of Distinction.

In addition to making direct donations, the Cheung Kong Group has also encouraged the public to participate in charitable activities via a matching donation programme. In May 2013, a donation hotline was launched by the Cheung Kong Group to raise money for The Community Chest Rainbow Fund during the programme "Community for the Chest on TV". All contributions made through the hotline by the public were matched dollar-for-dollar by the Cheung Kong Group. A total of HK\$2.6 million was raised from the public during this initiative. The Cheung Kong Group decided to increase its matching contribution to HK\$3.3 million, generating a total donation of HK\$5.9 million through the hotline. The Community Chest Rainbow Fund was first launched in 2004 to provide immediate interim relief to victims in financial crisis. In the year 2012/2013, close to 3,700 people benefited and over HK\$9.4 million was allocated.

#### Motivating participation

In 2013, a total of 107 member companies of the Cheung Kong Group supported the "Caring Company" Partnership Expo.

The Group has participated in MTR HONG KONG Race Walking 2013 event and the Cheung Kong Corporate team was named the Highest Fund Raising Corporate Team for the sixth time. The event aims at arousing awareness for health and sports, and raising funds for the Hospital Authority Health InfoWorld.

The Group also sponsored Water Challenge 2013 which was organised by Friends of the Earth (HK). This event raised funds for public education programmes on water conservation and conservation projects at Dongjiang water headstream.

In support of Hong Kong's performing arts and entertainment industry, the Group sponsored the Hong Kong Dome Festival 2013 which was organised by Performing Industry Association.

The University of 3rd Age ("U3A") Network of Hong Kong, funded by the Centenary Trust of The Hongkong Electric Company, Limited ("HK Electric"), continued to promote lifelong learning and volunteerism among the retired population. The U3A encourages active learning by empowering the participants to design, teach and operate their own learning classes. Over the year, around 600 courses and knowledge sharing sessions were organised under the U3A programme, providing more than 14,500 learning opportunities for U3A students.

### Serving Community needs

The Power Assets' CAREnival for the Elderly programme has entered into its fifth year. In 2013, the programme continued to organise monthly home visits to single elderly, encouraging them to reach out for help and stay in touch with the local community. The volunteer team helped those elderly with financial needs or mobility problems purchase heavy or bulky daily consumption items such as rice and oil during their home visits, and visited 426 single elders within the year. In addition, the volunteer team supported Baptist Oi Kwan Social Service in operating the first hot meal service on Hong Kong Island East, where low-income families or the unemployed can enjoy dinner at HK\$10. Over the year, the team supported near 200 voluntary services, contributing over 5000 service hours to various meaningful causes. The volunteer team has expanded to include around 1,000 employees.

Power Assets also rolled out a pilot scheme called "Caring for the Elderly" in partnership with Central and Western District Council with the support of 11 local non-governmental organisations to visit senior citizens living alone in the district and to provide or buy daily consumption items for them.

On the Mainland, A.S. Watson partnered with Huiling Community Service for People with Learning Disabilities ("Huiling"). Students from Huiling painted delightful patterns on various items which are sold in Watson's China stores to raise funds for nurturing artistic talents with learning obstacles.

**3** Group Europe has been working to serve local needs. In Ireland, employees of the **3** Ireland partnered with Down Syndrome Centre on a number of initiatives including a charity race which took place in Dublin to raise much-needed funds to help those in need. In UK, **3** UK started a partnership with Southern Housing Group to provide mobile broadband through a magic bus touring to help tenants in social housing discover the internet and get online.

## Environmental, Social and Governance Report (continued)

### Educational initiatives

Following the success of the previous year, key personnel of the Group continued to support the Mentorship Programme of the Hong Kong Institute of Education in 2013. Under the scheme, students of the institute are matched with mentors who are experienced professional individuals. Both mentors and mentees are required by the programme to commit themselves to participating in meaningful group activities and sharing sessions. They are also encouraged to set up meetings between themselves at regular intervals with the aim at building up a life-long mentoring relationship embracing respect, support, trust, sharing and understanding.

The Endeavour Australia Cheung Kong Awards 2013 sponsored around 260 awardees to participate in educational exchange opportunities between Asia and Australia. The Endeavour Australia Cheung Kong Awards is a 15-year joint initiative between the Cheung Kong Group and the Australian Government to promote educational exchange between Asia and Australia. Over the course of 15 years, it will provide educational exchange opportunities to between 3,500 to 4,000 students.

In 2013, the Group continued to organise summer internship programmes for university students to work in the sales and leasing department and the hotels and hospitality division of the Cheung Kong Group. Corresponding management trainee programmes in the sales and leasing department and the hotels and hospitality division were available, providing on-job training to university graduates.

The Group also organised "Cheung Kong BBA Camp" jointly with the Hong Kong Institute of Education to share business experience with students.

In 2013, HK Electric Centenary Trust donated HK\$340,000 worth of scholarship to 170 secondary school students in Hong Kong.

In Canada, Husky Energy entered into an approximate CAD1 million partnership with the Saskatchewan Institute of Applied Science and Technology (SIAST) to support power engineering training and certification.

## ENVIRONMENTAL PROTECTION

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

### Reducing Carbon Emissions

The Cheung Kong Group continued to support the Carbon Audit programme in 2013 in response to the Government's Carbon Reduction Charter. The programme promotes the reduction of carbon emissions. Residential, commercial and industrial properties managed by Cheung Kong's subsidiaries, including Goodwell Property Management Limited ("Goodwell") and Citybase Property Management Limited ("Citybase"), have implemented eco-friendly initiatives in their daily management operations. Approximately 77,000 households were involved in the project.

Power Assets achieved the second best disclosure score for Hong Kong and South East Asia under Carbon Disclosure Project (CDP) 2013, in recognition of its disclosure of information about the Company's measurement and management of its carbon footprint, climate change strategy and risk management processes and outcomes in a transparent, complete and comprehensive manner.

HK Electric was awarded CarbonCare® Label which recognizes its effort in the action to tackle climate change and reduce our carbon footprints.



## Use of Resources

To assist in the creation of a green living environment, energy efficient and eco-friendly measures are being introduced to the residential developments of the Group. In planning and design, large glazing windows are installed in residential units to capture daylight and enhance natural ventilation. Balconies and utility platform are provided in residential units to improve living environment and ventilation. Acoustics fins are provided at strategic locations as noise mitigation measures for the residential units. Vertical green planting such as green wall is adopted as one of the features to promote greenery space and visual comfort. In material sourcing and construction, apart from the use of non-structural prefabricated external walls and prefabricated internal partition to minimise construction waste, more metal is used instead of timber, whereas timber used in construction is sourced from sustainable forests in support of environmental conservation.

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

HK Electric teamed up with the Hong Kong Federation of Restaurants and Related Trades and the Hong Kong Productivity Council modifying its Electric Commercial Kitchen Centre in North Point to a model green kitchen for catering industry and restaurant owners. The centre demonstrates tips in attainment of high performance on going green by establishing an all-electric kitchen.

## Environmental preservation

To support resources preservation and promote environmental conservation, the Group and its employees continued to participate in various environmental educational programmes in 2013. These activities attracted wide support from the staff worldwide, raising funds for environmental conservation.

In Hong Kong, more than 170 properties from Cheung Kong Group, took part in Earth Hour 2013 organised by the World Wide Fund for Nature. Earth Hour is the world's annual "Lights Out" event aiming to raise public awareness about energy saving and carbon reduction.

In 2013, Citybase and Goodwell received Certificates of Merit in the Hong Kong Award for Environmental Excellence, an award in recognition of their efforts in promoting green practices.

ESD*life* also supported recycling programmes such as old book donations to World Vision and mooncake donations to St. James Settlement Food Bank.

The Smart Power Campaign organised by HK Electric celebrated its 10th year anniversary in 2013 through different activities promoting low carbon. For example, the "Be Green, Be Happy" short movie competition was organised jointly with the Hong Kong Federation of Youth Groups Jockey Club Media 21. Students were invited to attend training classes to gain hands-on experience in script writing, filming and editing and to form teams to produce short movies, promoting their low carbon actions in campus and daily life.

## Environmental, Social and Governance Report (*continued*)

The “Happy Green School” Label Programme was another activity under the Smart Power Campaign 2013. The programme has expanded to about 200 schools comprising over 47,000 students to take part in different low carbon activities in campus. Around 4,500 students participated in the Other Learning Experience activities, including school talks on energy conservation, visits to the Company’s Smart Power Centre and eco-heritage tours.

In the Netherlands, Kruidvat, with over 1,000 stores, is taking the lead in selling only LED light bulbs, using packaging with FSC paper and offering organic and eco-friendly personal care products.

CKI expanded into the arena of waste management infrastructure in New Zealand through the acquisition of Enviro Waste Services Limited (“EnviroWaste”) at the sum of NZ\$490 million. EnviroWaste is one of the leading waste management companies in New Zealand and is the operator of the country’s largest landfill.

The Group participated in a consortium led by CKI in the acquisition of AVR, the largest energy-from-waste player in the Netherlands. AVR takes garbage from other countries and large Dutch cities and turns it into energy for its clients.

## OPERATING PRACTICES

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

### Supply Chain Management

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

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

### Product Responsibility

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

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

## Anti-corruption

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

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

## WORKPLACE QUALITY

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

### Working Conditions

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

### Health and Safety

The Group supports good work-life balance. Staff and their families are encouraged to take part in charitable and recreational activities. For example, over 200 employees and their family members enjoyed the fireworks display in the Penthouse on the 70/F of Cheung Kong Center on the 2nd day of the Chinese Lunar New Year. Over 100 employees and their family members enjoyed the world-class musical performance in Hong Kong Dome Festival 2013 at the Kai Tak Development Site on 1st July, 2013. Aiming at showing support to water conservation, the Group formed a team of four to participate in the Water Challenge 2013 organised by the Friends of the Earth (HK) on 15th December, 2013.

Fresh fruit is provided daily to staff and nutraceutical soup is arranged twice a week.

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

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

## Environmental, Social and Governance Report (*continued*)

### Development and Training

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

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

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

### Labour Standards

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

## LI KA SHING FOUNDATION

The Li Ka Shing Foundation (the "Foundation") was established in 1980 as a personal funding commitment by Mr. Li Ka-shing, the Chairman of the Group, to enhance the impact of philanthropy through three strategic objectives: 1) nurture a new culture of giving; 2) support education reform initiatives; 3) support medical research and services. Mr. Li believes that education and healthcare are particularly important to societal development. The Foundation's initiatives are spread over 19 countries and regions, supporting universities, education and medical institutions, and NGOs to achieve optimal social impact. Since its inception, the Foundation has granted over HK\$14.5 billion, approximately 90% of which benefit projects in the Greater China region.

### Love HK Your Way! Phase One

Since launching the first phase of Love HK Your Way! in 2010, the Foundation has donated over HK\$306 million to implement seven projects, drawing the participation of more than a thousand community organisations, and serving 3.3 million beneficiaries.

### "Love Ideas, Love HK" (after three rounds)

Launched in 2010, "Love Ideas, Love HK" is the first programme of "Love HK Your Way!", a public philanthropic campaign initiated by the Foundation to engage Hong Kong citizens in a united effort to improve our community. Through an online platform – [www.loveideas.hk](http://www.loveideas.hk) – Hong Kong residents can submit innovative and creative ideas or vote for projects that encourage compassion and improve the lives of those who live in our community. Applicants designed their projects from conception to execution, and shared their vision for a better Hong Kong with the community. The project, supported by the Hong Kong Council of Social Service as a consulting organisation and St. James' Settlement as a supporting organisation, drew a total of 3,398 applications through three rounds. Over 4 million votes were cast in support of 763 elected winning projects that care for the local community and issues that affect their lives. The programmes have served three million beneficiaries.

### Heart of Gold Hong Kong Hospice Service Programme ([www.hospicehome.hk](http://www.hospicehome.hk))

Hospice centres set up in a cluster of ten public hospitals have provided 430,000 service sessions, benefiting 38,000 terminally ill cancer patients and their family members. Hospice Home website has been visited 460,000 times.

### “Love More HK” short film series

The Foundation partnered with Skyhigh Creative Partners on “Love More HK” short film series. Twelve local directors and production teams were invited to make twelve creative short films to show Hong Kong’s community care. The short films have been viewed 8.44 million times.

### The Chinese University of Hong Kong and Prince of Wales Hospital – TrueBeam System

Prince of Wales Hospital is the first public hospital in Hong Kong to install a HK\$40 million TrueBeam system. 360 cancer patients will receive 6,400 radiotherapy sessions annually.

### “Serene Teen” Child and Youth Wellness Centre at Nethersole Hospital

“Serene Teen” Child and Youth Wellness Centre at the Alice Ho Miu Ling Nethersole Hospital aims at nourishing the healthy growth and development of young people suffering from mental disorders. Since its establishment in April 2012, more than 15,000 children and youth and their family members in the northeast New Territories have benefited.

### 333 Companion Learning Leadership Programme

The Foundation has sponsored the We R Family Foundation to establish the 333 Companion Learning Leadership Programme, which has provided 550,000 hours of tutoring and value-added courses for 1,944 students in 81 primary schools in North District, Kwun Tong, Sham Shui Po and Tin Shui Wai.

### Summer Fun

The Foundation joined hands with St. James’ Settlement to offer free 3D movies and presents to more than 23,000 children.

### Love HK Your Way! Phase Two

#### The March of Social Engineers

In November 2013, The March of Social Engineers kicked off Phase Two of Love HK Your Way! in another collaboration with the Hong Kong Council of Social Service and St. James’ Settlement. Amongst the 90 projects submitted and elected by registered social workers, the top 20 most “Liked” by the public also receive double funding. The Foundation has granted over HK\$10.9 million to support the grassroots projects that will serve an estimated 210,000 residents, including children, youth, elderly, the sick and the disabled.

## Environmental, Social and Governance Report (*continued*)

### Supporting Excellence in Education

#### Shantou University

Founded in 1981 to engineer reforms in Mainland's higher education sector, Shantou University ("STU") is a keystone project of the Foundation, with donations of over HK\$6 billion to date. A series of wide-reaching reforms implemented since 2001 has seen promising results, such as a fully integrated medical curriculum, CDIO – "Conceive – Design – Implement – Operate" engineering education framework, international standards for quality education, United States Medical Licensing Examination, finance audits, residential college system, and ISO standardisation. The education reforms have helped students take their first steps toward success upon graduation. In 2013, the employment rate for undergraduates was 99.43%.

In September 2013, the Foundation made a contribution of over HK\$1 billion (US\$130 million) to Technion – Israel Institute of Technology to establish the Technion Guangdong Institute of Technology ("TGIT") jointly with STU. The collaboration will advance research and innovation in engineering, science and life sciences. Guangdong Province and Shantou Municipal Government will set aside RMB900 million (approximately US\$147 million) to fund construction and initial operations, as well as 330,000 square metres for the campus to be located next to STU.

#### Hong Kong University of Science and Technology

In November 2013, the Foundation made a contribution of HK\$20 million to support University initiatives to nurture globally aware and creative young leaders, including international research opportunities, entrepreneurship, community engagement, and other development activities.

### Free Medical Services on the Mainland

The Foundation has made an aggregate donations of over RMB900 million to provide free medical services, including the Heart of Gold nationwide hospice service programme, Cheung Kong New Milestone Programme with the China Disabled Persons' Federation to install free prosthetics, medical relief for the poor missions, and Paediatric Hernia Rehabilitation Programme. More than 17 million people have benefited, with over 190,000 volunteer experiences and more than 5,000 medical professionals taking part. Project New Life – Nationwide Cleft Lip and Palate Programme in collaboration with the Ministry of Civil Affairs, was successfully implemented and now forms part of the national medical insurance scheme. A further RMB10 million was donated to support free medical care provided by the Ta'er Si Monastery Tibetan Medicine Hospital in Qinghai. Over 120,000 Tibetans have benefited.

## Women's Projects

Following the success of Project Define, the pilot programme launched in 2010 to support capacity building for key women village committee officers, the Foundation injected a further RMB20 million in November 2013 develop phase two of the programme with the Ministry of Civil Affairs in Hunan, Shaanxi, Xinjiang, Guangdong, and Guangxi provinces. Through training and seed-grants, the new phase of Project Define aims to empower over 4,300 women village officers and civil servants in community management and advance their leadership roles in their village's socio-economic development. The project will encourage and support their initiatives to improve people's livelihood, education, environmental well-being and alleviate poverty.

First round of "Love Ideas – Women's Project Guangdong" with Guangdong Government received 1,000 online applications. 88 projects elected through 5.13 million votes received RMB12 million in funding. Over 600,000 women in 30 municipalities will benefit. The second round kicked off in March 2014.

## Medical Education and Research

Besides the HK\$1 billion to support the establishment of TGIT, the Foundation made other major new contributions to overseas institutions totaling HK\$340 million. The major projects include the £20 million Li Ka Shing Centre for Health Information and Discovery at Oxford University which was opened in May 2013, and "Big Data" initiatives and conferences held jointly by Stanford University and Oxford University. The Foundation supported academic exchange programmes between McGill University in Canada and Shantou University. In the UK, the Cornerstone Maths programme developed by Stanford Research Institute (SRI) will be launched in 100 pilot schools.

## Community

The Foundation made aggregate donations of HK\$24 million to support Caritas Family Crisis Centre and 24-hour Hotline, which handles 40,000 cases every year. In November 2013, the Foundation and the Cheung Kong Group also made a contribution of HK\$10 million to support development of HK News Expo, Asia's first news-themed exhibition cum education centre.

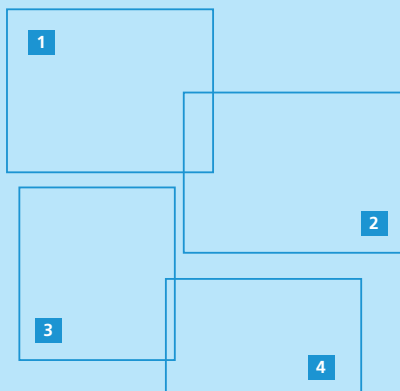
On the Mainland, the Foundation contributed RMB20 million to team up with the Ministry of Civil Affairs to launch March for Compassion – Social Services for the Poor and Capacity Building Programs. 100 community projects will be implemented through 100 social work agencies to benefit over 200,000 disadvantaged people directly.

## Disaster Relief

In 2013, the Foundation made donations of HK\$30 million in April and HK\$10 million in August to aid relief in Sichuan Lushan county earthquake and Shantou flooding respectively.

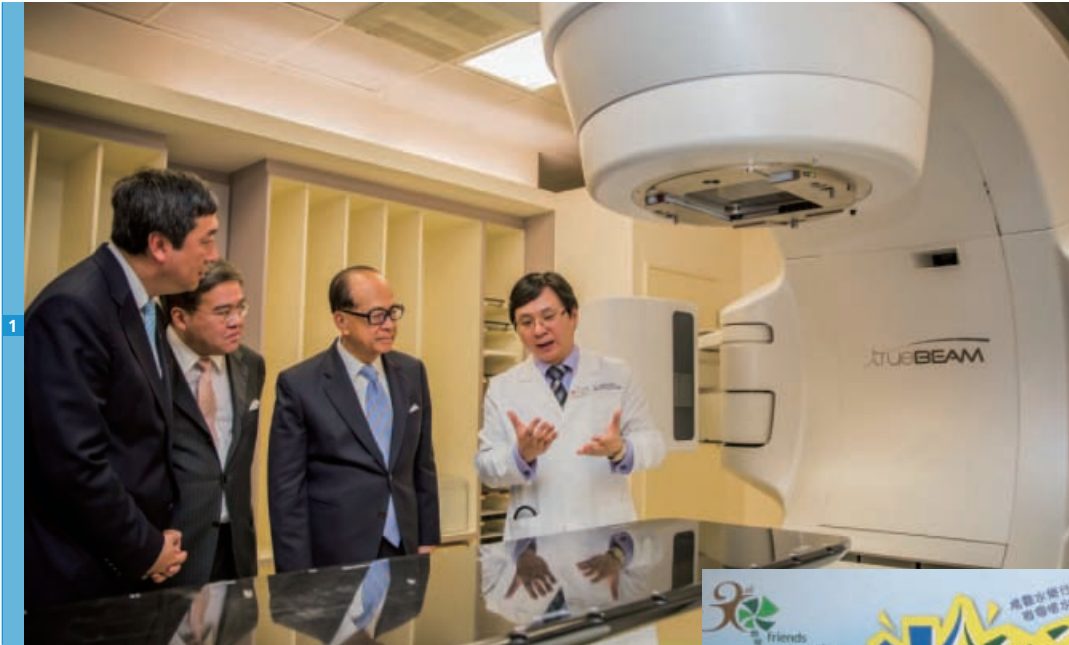
The Foundation will continue to cultivate a culture of giving as its unchanging promise. For more details, please visit [www.lksf.org](http://www.lksf.org).

## Environmental, Social and Governance Report (continued)



1. Mr. Li Ka-shing pictured with students in the graduation ceremony at Shantou University
2. Endeavour Australia Cheung Kong Awards Reception in Melbourne
3. The Li Ka Shing Foundation made contribution to Technion – Israel Institute of Technology to establish the Technion Guangdong Institute of Technology jointly with Shantou University
4. Promoting lifelong learning via U3A





1



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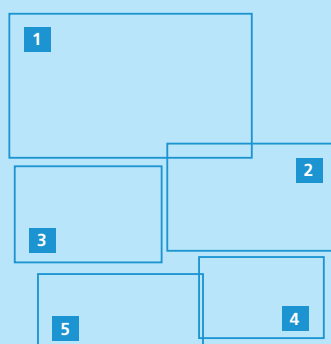
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1. Installation of TrueBeam system to benefit cancer patients at Prince of Wales Hospital
2. "Water Challenge 2013" charity walk for raising awareness in water conservation
3. The Cheung Kong Group was named one of The Community Chest's Top Three Donors for 14 consecutive years
4. The Li Ka Shing Foundation made contributions to provide free medical services on the Mainland
5. Power Assets' "Caring for the Elderly" service organised in partnership with Central and Western District Council

## Highlights of Development Projects

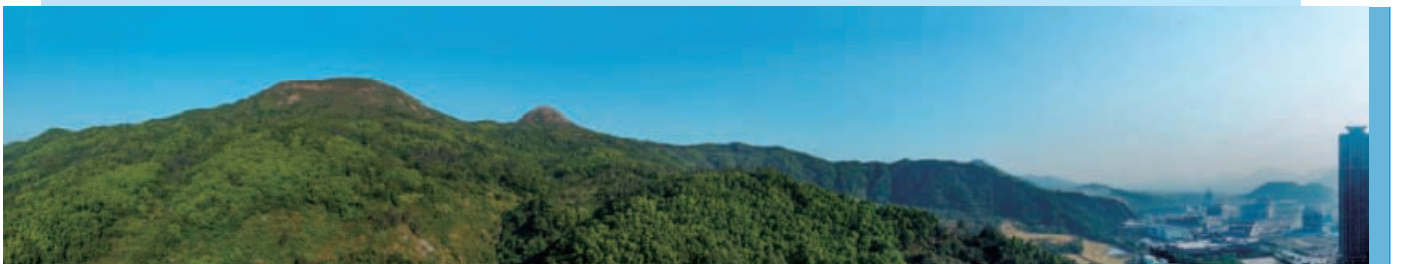
# The Beaumont

This residential project near the MTR LOHAS Park Station at Tseung Kwan O offers an array of clubhouse facilities for residents.



## Area 85 (Site B), Tseung Kwan O Town Lot No. 111

This site at Tseung Kwan O is earmarked for a modern residential development.



Highlights of Development Projects (*continued*)

# Thomson Grand

A luxury residential development overlooking the Singapore Island Country Club.



# The Vision

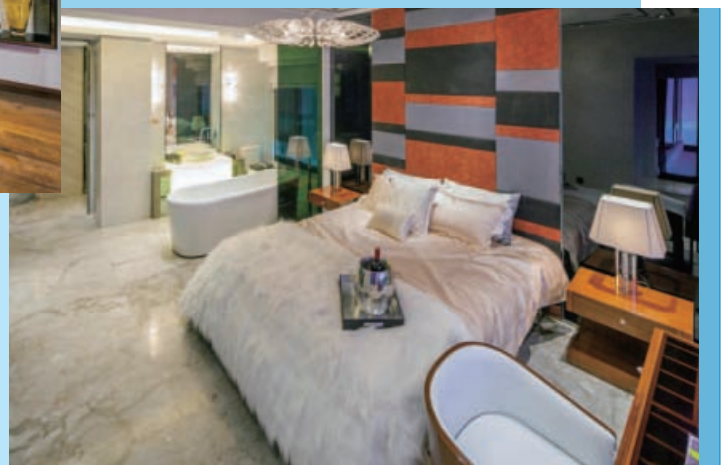
A luxury waterfront residence at Singapore's West Coast Crescent.



Highlights of Development Projects (*continued*)

## Upper West Shanghai Phases 1A and 1B

Located at Zhen Ru Fu Zhong Xin in the Putuo district, this grand development offers a total floor area of over 1.1 million sq.m. and features retail, office and residential premises as well as a hotel. Phases 1A and 1B are scheduled for completion in 2014.



# One West Kowloon

This residence with a prime location in the heart of West Kowloon enjoys the advantages of the Express Rail Link that connects Hong Kong and the Mainland.



Highlights of Development Projects (*continued*)

# Hemera

This residential development at Tseung Kwan O commands spectacular sea views and beautiful skylines.





# Argyle Street Project

Located at Argyle Street, this site is designated for a deluxe residential development overlooking the views of a cricket practice pitch.



## Schedule of Major Properties

Dated the 31st day of December, 2013

### A. PROPERTIES FOR/UNDER DEVELOPMENT

Description	Lot Number/Location	Group's Interest	Approx. Site Area (sq. m.)
<b>Hong Kong</b>			
Kennedy Park at Central, Mid-level	Various sections and subsections in I.L. 1381	100.0%	1,018
Mont Vert, Tai Po	T.P.T.L. 183	100.0%	126,290
The Rise, Tsuen Wan	K.C.T.L. 157	100.0%	4,645
DIVA, North Point	I.L. 3319 R.P.	100.0%	723
A site at Hung Hom Bay	K.I.L. 11120	100.0%	7,551
A site at Tseung Kwan O	T.K.O.T.L. 111	100.0%	10,200
A site at Repulse Bay	R.B.L. 177	100.0%	3,244
A site at Aberdeen	A.I.L. 354	100.0%	2,006
A site at Yuen Long	Lot 2129 in D.D.121	100.0%	6,076
A site at Ho Man Tin	K.I.L. 11125	80.0%	7,326
A site at Hung Hom	H.H.I.L. 556	100.0%	1,299
A site at Hung Hom	Various sections and subsections in K.M.L. 53	100.0%	543
A site at Yuen Long	Lot 2086 in D.D.105	100.0%	23,480
A site at Yuen Long	Y.L.T.L. 518	100.0%	12,340
A site at Ma On Shan	S.T.T.L. 574	100.0%	14,400
A site at North Point	I.L. 8920	100.0%	7,887
A site at Mid-level	I.L. 8949	100.0%	10,488
A site at Fung Yuen, Tai Po	Various lots in D.D. 11	100.0%	69,435
A site at Yuen Long	Lot 1457 R.P. in D.D. 123 Y.L.	60.0%	799,977
A site at North District	Various lots	100.0%	168,648
Various sites at Yuen Long	Various lots	100.0%	192,351
Various sites at Tai Po	Various lots	100.0%	12,400
<b>The Mainland</b>			
La Grande Ville	Beijing	100.0%	493,601
Shisanling	Beijing	50.0%	256,332
The Greenwich	Beijing	50.0%	109,187
Regency Lakeville	Changchun	50.0%	158,892
Regency Park	Changchun	50.0%	418,679
Regency Residence	Changchun	50.0%	2,250
Noble Hills	Changsha	50.0%	267,598
Regency Park	Changzhou	50.0%	24,547
Le Parc	Chengdu	50.0%	339,739
Regency Oasis	Chengdu	50.0%	10,932
Noble Hills	Chongqing	50.0%	39,270
Yangjiashan	Chongqing	47.5%	1,041,360
Zhaomushan	Chongqing	50.0%	132,471
Heizuizi, Xigang District	Dalian	50.0%	143,034
Wolong Bay	Dalian	50.0%	319,359
Laguna Verona	Dongguan	49.9%	1,757,739

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
8,106	Residential	Interior finishing	March, 2014
70,456	Residential	Interior finishing	March, 2014
16,900	Residential	Superstructure in progress	June, 2014
23,225	Residential	Interior finishing	April, 2014
6,606	Residential/Commercial	Superstructure in progress	January, 2015
33,979	Residential	Superstructure in progress	March, 2015
51,000	Residential	Superstructure in progress	March, 2015
6,613	Residential	Foundation work	May, 2015
30,099	Commercial	Foundation work	June, 2015
6,076	Residential	Foundation work	June, 2015
29,304	Residential	Superstructure in progress	September, 2015
9,740	Residential	Foundation work	October, 2015
3,579	Residential/Commercial	Foundation work	December, 2015
9,392	Residential	Site formation	December, 2015
61,700	Residential/Commercial	Foundation work	March, 2016
52,227	Residential	Planning	May, 2016
70,200	Residential/Hotel	Foundation work	December, 2016
40,440	Residential	Foundation work	March, 2017
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
67,667	Residential	Superstructure in progress	December, 2015
148,169	Residential	Superstructure in progress	December, 2016
57,444	Residential	Site formation	December, 2017
30,610	Residential	Site formation	December, 2018
40,000	Residential	Planning	–
118,268	Residential	Planning	June, 2017
117,728	Residential/Commercial	Superstructure in progress	June, 2015
93,372	Residential/Commercial	Superstructure in progress	June, 2016
1,500	Commercial	Superstructure completed	June, 2014
35,524	Residential	Planning	March, 2016
96,247	Residential/Commercial	Planning	September, 2017
85,393	Residential	Superstructure completed	September, 2014
77,243	Residential	Superstructure in progress	March, 2014
74,008	Residential	Superstructure in progress	December, 2014
15,248	Commercial	Foundation work	September, 2015
92,244	Residential/Commercial	Foundation work	December, 2016
315,078	Residential/Commercial	Foundation work	March, 2018
7,672	Residential	Superstructure completed	March, 2014
18,150	Residential	Superstructure in progress	March, 2014
95,956	Residential/Commercial	Superstructure in progress	June, 2015
5,445	Residential/Commercial	Foundation work	September, 2017
1,468,433	Residential/Commercial	Planning	–
36,861	Residential	Superstructure in progress	June, 2014
101,101	Residential	Site formation	December, 2015
252,500	Residential/Commercial	Planning	–
28,708	Residential/Commercial	Foundation work	December, 2015
169,389	Residential/Commercial	Planning	September, 2017
13,013	Residential	Superstructure in progress	March, 2014
19,765	Residential	Planning	December, 2014
140,241	Residential/Commercial	Planning	December, 2015
548,203	Residential/Commercial	Planning	–

## Schedule of Major Properties (continued)

## A. PROPERTIES FOR/UNDER DEVELOPMENT (continued)

Description	Lot Number/Location	Group's Interest	Approx. Site Area (sq. m.)
<b>The Mainland (continued)</b>			
Nanzhuang Town	Foshan	50.0%	74,858
Cape Coral	Guangzhou	50.0%	143,128
Guangzhou Guoji Wanjucheng	Guangzhou	30.0%	321,261
Noble Hills	Guangzhou	50.0%	1,565,629
Yuhu Mingdi	Guangzhou	40.0%	225,547
Aotou, Daya Bay	Huizhou	50.0%	80,052
Yinhuwan	Jiangmen	45.0%	1,333,333
Yingtianandajie, Jianye District	Nanjing	50.0%	119,503
The Harbourfront	Qingdao	45.0%	220,522
Century Link	Shanghai	25.0%	51,281
City Link	Shanghai	30.0%	14,528
Hupan Mingdi	Shanghai	50.0%	211,621
Kerry Everbright City	Shanghai	24.8%	15,858
Oriental Financial Center	Shanghai	50.0%	9,298
Regency Garden	Shanghai	42.5%	143,198
Upper West Shanghai	Shanghai	29.4%	176,854
Zhao Xiang Town, Qing Pu District	Shanghai	50.0%	218,573
Land lots G/M and H, Futian District	Shenzhen	25.0%	14,904
Millennium Waterfront	Wuhan	50.0%	110,619
Laopupian, Jiangnan	Wuhan	50.0%	35,271
Regency Cove	Wuhan	50.0%	787,945
The Greenwich	Xian	50.0%	128,135
Cuilihu	Zhongshan	50.0%	104,808
Horizon Costa	Zhuhai	50.0%	200,000
<b>Overseas</b>			
The Vision	Singapore	50.0%	12,000
Thomson Grand	Singapore	100.0%	20,848
Lots Road, Chelsea	London, United Kingdom	47.5%	35,693
Convoys Wharf	London, United Kingdom	50.0%	161,874

Approx. Floor Area Attributable to the Group (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
10,919	Residential	Superstructure in progress	December, 2014
81,776	Residential/Commercial	Superstructure in progress	December, 2015
38,398	Residential/Commercial	Superstructure in progress	June, 2015
49,204	Residential	Planning	June, 2016
29,839	Commercial	Superstructure in progress	August, 2014
12,977	Commercial	Planning	June, 2016
52,619	Commercial	Planning	June, 2017
750	Commercial	Superstructure in progress	June, 2014
10,902	Residential	Superstructure in progress	December, 2014
113,020	Residential	Planning	June, 2016
50,351	Residential	Foundation work	June, 2015
24,832	Residential	Foundation work	December, 2015
118,227	Residential/Commercial	Planning	March, 2016
12,539	Commercial/Hotel	Site formation	June, 2016
72,522	Residential	Site formation	March, 2018
108,428	Residential	Planning	–
36,499	Residential/Commercial	Superstructure in progress	December, 2014
72,332	Residential	Superstructure in progress	May, 2015
70,768	Residential/Commercial	Superstructure in progress	September, 2015
12,600	Commercial	Superstructure completed	January, 2014
49,204	Residential/Commercial	Superstructure in progress	September, 2014
101,517	Residential/Commercial	Planning	March, 2015
150,462	Residential/Commercial	Planning	December, 2016
16,209	Commercial	Superstructure in progress	December, 2014
38,405	Commercial	Superstructure in progress	December, 2015
17,392	Commercial	Foundation work	April, 2016
30,787	Residential/Commercial	Interior finishing	September, 2014
38,850	Residential	Superstructure in progress	March, 2015
56,382	Residential/Commercial	Superstructure in progress	September, 2015
38,950	Residential	Site formation	June, 2016
24,933	Commercial	Foundation work	August, 2015
40,000	Commercial	Superstructure in progress	July, 2014
31,966	Residential	Superstructure in progress	March, 2014
10,744	Residential	Superstructure in progress	September, 2014
15,292	Residential	Planning	December, 2014
38,017	Residential	Planning	December, 2015
3,948	Commercial	Superstructure in progress	March, 2014
30,373	Commercial	Superstructure in progress	November, 2014
12,190	Commercial	Planning	December, 2017
41,099	Commercial/Hotel	Foundation work	April, 2018
124,070	Residential/Commercial/Hotel	Planning	June, 2018
33,406	Residential	Superstructure in progress	October, 2014
80,142	Residential	Foundation work	April, 2015
11,250	Commercial	Superstructure in progress	December, 2015
12,311	Commercial	Superstructure in progress	June, 2014
205,562	Residential	Superstructure in progress	December, 2015
73,533	Commercial	Superstructure in progress	March, 2016
99,197	Residential/Commercial	Superstructure in progress	September, 2015
44,679	Residential	Superstructure completed	January, 2014
716,408	Residential/Commercial/Hotel	Planning	–
142,333	Residential/Commercial	Planning	September, 2016
30,919	Residential/Commercial	Site formation	September, 2015
55,872	Residential/Commercial	Planning	June, 2016
62,910	Residential	Planning	June, 2017
16,800	Residential	Superstructure in progress	June, 2014
43,781	Residential	Superstructure in progress	March, 2015
39,827	Residential/Commercial	Foundation work	March, 2018
153,224	Residential/Commercial	Planning	–

## Schedule of Major Properties (continued)

**B. PROPERTIES IN WHICH THE GROUP HAS A DEVELOPMENT INTEREST**

Description	Lot Number/Location	Approx. Site Area (sq. m.)
<b>Hong Kong</b>		
Hemera, Tseung Kwan O	T.K.O.T.L. 70	13,587
City Point, MTR Tsuen Wan West Station, Tsuen Wan	T.W.T.L. 403	23,742
Trinity Towers, Cheung Sha Wan	N.K.I.L. 6494	3,339
A site at Peel Street/Graham Street, Site B, Central	I.L. 9038	1,690
A site at MTR Tsuen Wan West Station, Tsuen Wan	T.W.T.L. 401	42,870

**C. PROPERTIES FOR INVESTMENT/OWN USE**

Description	Lot Number/Location	Group's Interest
<b>Hong Kong</b>		
The Center (portion), Central	–	100.0%
United Centre (portion), Admiralty	–	100.0%
Victoria Mall, Tsim Sha Tsui	–	42.5%
Rambler Plaza, Tsing Yi	T.Y.T.L. 140	30.0%
Rambler Garden Hotel, Tsing Yi	T.Y.T.L. 140	30.0%
Rambler Oasis Hotel, Tsing Yi	T.Y.T.L. 140	30.0%
Harbour Plaza Resort City, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Harbourview Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11103	100.0%
Harbourfront Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11110	100.0%
The Apex Horizon, Kwai Chung	K.C.T.L. 467 R.P.	100.0%
Harbour Plaza North Point	I.L. 8885	60.9%
Horizon Suite Hotel at Tolo Harbour, Ma On Shan	S.T.T.L. 461	51.0%
Harbour Plaza Metropolis, Hung Hom	–	50.0%
The Kowloon Hotel, Tsim Sha Tsui	–	50.0%
Harbour Grand Hong Kong, North Point	I.L. 7106 s.A & Extension	Development interest
Harbour Plaza 8 Degrees, Kowloon City	K.I.L. 4013 R.P.	100.0%
1881 Heritage, Tsim Sha Tsui	K.I.L. 11161	100.0%
Conic Investment Building, Hung Hom	–	100.0%
8 Tung Yuen Street, Yau Tong	Y.T.M.L. 69	100.0%
<b>The Mainland</b>		
Sofitel Shenyang Lido	Shenyang	29.0%
Sheraton Chengdu Lido Hotel	Chengdu	69.0%
Harbour Plaza Chongqing	Chongqing	50.0%
Metropolitan Plaza	Chongqing	50.0%
Century Place	Shenzhen	40.0%
Westgate Mall	Shanghai	30.0%
Kerry Everbright City	Shanghai	24.8%

**Notes to Schedule of Major Properties:**

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

Approx. Floor Area of the Development (sq. m.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
128,543	Residential	Interior finishing	September, 2014
113,064	Residential	Superstructure in progress	September, 2014
29,649	Residential/Commercial	Superstructure in progress	December, 2014
17,790	Residential/Commercial	Planning	December, 2016
207,650	Residential/Commercial	Planning	June, 2017

Approx. Site Area (sq. m.)	Approx. Floor Area Attributable to the Group (sq. m.)	Existing Use	Lease Term
–	113,169	Commercial	Medium Term Lease
–	3,512	Commercial	Long Lease
–	6,634	Commercial	Medium Term Lease
907	1,696	Commercial	Medium Term Lease
3,147	5,884	Hotel	Medium Term Lease
3,178	5,943	Hotel	Medium Term Lease
–	60,591	Hotel	Medium Term Lease
9,940	119,280	Hotel	Medium Term Lease
20,364	107,444	Hotel	Medium Term Lease
7,825	21,190	Hotel	Medium Term Lease
–	19,410	Hotel	Medium Term Lease
8,000	28,560	Hotel	Medium Term Lease
–	21,429	Hotel	Medium Term Lease
–	15,311	Hotel	Medium Term Lease
6,816	41,341	Hotel	Medium Term Lease
3,153	21,420	Hotel	Long Lease
12,289	13,023	Commercial/Hotel	Medium Term Lease
–	30,409	Industrial	Medium Term Lease
2,108	7,170	Godown	Medium Term Lease
9,745	23,505	Hotel	Medium Term Lease
4,615	38,882	Hotel	Medium Term Lease
–	25,872	Hotel	Medium Term Lease
–	70,212	Commercial	Medium Term Lease
–	21,105	Commercial	Medium Term Lease
–	30,640	Commercial	Medium Term Lease
–	15,528	Commercial	Medium Term Lease

## Consolidated Income Statement

For the year ended 31st December, 2013

	Note	2013 \$ Million	2012 (Restated) \$ Million
Group turnover		17,013	19,199
Share of property sales of joint ventures		15,301	11,907
Turnover	(3)	32,314	31,106
<b>Group turnover</b>		<b>17,013</b>	<b>19,199</b>
Investment and other income		4,467	2,180
Operating costs			
Property and related costs		(7,983)	(9,810)
Salaries and related expenses		(1,609)	(1,607)
Interest and other finance costs		(356)	(496)
Depreciation		(325)	(340)
Other expenses		(473)	(496)
		(10,746)	(12,749)
Share of net profit of joint ventures		5,771	5,997
Increase in fair value of investment properties		1,782	4,470
Profit on disposal of investment properties		2,760	–
Surplus on loss of control of interest in subsidiaries		–	1,077
Profit on disposal of joint ventures		798	450
Operating profit		21,845	20,624
Share of net profit of associates		15,649	13,018
<b>Profit before taxation</b>	(4)	<b>37,494</b>	<b>33,642</b>
Taxation	(5)	(1,522)	(1,234)
<b>Profit for the year</b>		<b>35,972</b>	<b>32,408</b>
<b>Profit attributable to</b>			
Shareholders of the Company	(6)	35,260	32,036
Non-controlling interests and holders of perpetual securities		712	372
		35,972	32,408
<b>Earnings per share</b>	(7)	<b>\$15.22</b>	<b>\$13.83</b>



## Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2013

	2013	2012 (Restated)
	\$ Million	\$ Million
<b>Profit for the year</b>	<b>35,972</b>	<b>32,408</b>
<b>Other comprehensive income – reclassifiable to profit or loss</b>		
Translation of financial statements of operations outside Hong Kong		
Exchange gain	154	326
Exchange gain reclassified to profit or loss upon disposal	–	(372)
Investments available for sale		
Gain in fair value	428	2,870
Gain in fair value reclassified to profit or loss upon disposal	(1,127)	(479)
Impairment charged to income statement	614	50
Hedging instruments designated and qualify as net investment hedges – loss in fair value	(338)	(60)
Share of other comprehensive loss of associates	(2,486)	–
Share of other comprehensive income of joint ventures	1,188	1,103
<b>Other comprehensive income – not reclassifiable to profit or loss</b>		
Share of other comprehensive income of associates	537	–
Share of other comprehensive income/(loss) of joint ventures	47	(40)
<b>Other comprehensive income</b>	<b>(983)</b>	<b>3,398</b>
<b>Total comprehensive income for the year</b>	<b>34,989</b>	<b>35,806</b>
<b>Total comprehensive income attributable to</b>		
Shareholders of the Company	34,271	35,433
Non-controlling interests and holders of perpetual securities	718	373
	<b>34,989</b>	<b>35,806</b>

## Consolidated Statement of Financial Position

As at 31st December, 2013

	Note	31/12/2013 \$ Million	31/12/2012 (Restated) \$ Million	1/1/2012 (Restated) \$ Million
<b>Non-current assets</b>				
Fixed assets	(8)	9,977	10,145	11,233
Investment properties	(9)	28,777	29,656	25,180
Associates	(11)	196,812	187,348	178,606
Joint ventures	(12)	65,659	63,303	56,929
Investments available for sale	(13)	9,334	11,642	8,327
Long term loan receivables		1,073	286	180
		<b>311,632</b>	<b>302,380</b>	<b>280,455</b>
<b>Current assets</b>				
Stock of properties	(14)	79,784	80,088	68,932
Debtors, deposits and prepayments	(15)	2,313	2,418	2,805
Investments held for trading	(16)	1,360	236	220
Derivative financial instruments		551	436	155
Bank balances and deposits		33,197	21,167	19,894
		<b>117,205</b>	<b>104,345</b>	<b>92,006</b>
<b>Current liabilities</b>				
Bank and other loans	(17)	2,438	5,098	22,897
Creditors and accruals	(18)	11,699	13,290	9,701
Derivative financial instruments		167	1,140	826
Provision for taxation		1,162	661	1,607
		<b>101,739</b>	<b>84,156</b>	<b>56,975</b>
<b>Net current assets</b>				
		<b>101,739</b>	<b>84,156</b>	<b>56,975</b>
<b>Total assets less current liabilities</b>				
		<b>413,371</b>	<b>386,536</b>	<b>337,430</b>
<b>Non-current liabilities</b>				
Bank and other loans	(17)	39,452	43,001	23,020
Deferred tax liabilities	(19)	986	820	850
Derivative financial instruments		112	63	–
		<b>40,550</b>	<b>43,884</b>	<b>23,870</b>
<b>Net assets</b>				
		<b>372,821</b>	<b>342,652</b>	<b>313,560</b>
<b>Representing:</b>				
Share capital	(20)	1,158	1,158	1,158
Share premium		9,331	9,331	9,331
Reserves		350,192	323,354	295,211
<b>Shareholders' funds</b>				
		<b>360,681</b>	<b>333,843</b>	<b>305,700</b>
Perpetual securities	(22)	9,048	5,652	4,648
Non-controlling interests		3,092	3,157	3,212
<b>Total equity</b>				
		<b>372,821</b>	<b>342,652</b>	<b>313,560</b>

Li Ka-shing  
Director

Ip Tak Chuen, Edmond  
Director

# Statement of Financial Position

As at 31st December, 2013

	Note	31/12/2013 \$ Million	31/12/2012 (Restated) \$ Million
<b>Non-current assets</b>			
Fixed assets	(8)	5	6
Subsidiaries	(10)	30,733	29,537
Associates	(11)	1	1
Joint ventures	(12)	767	767
		<b>31,506</b>	<b>30,311</b>
<b>Current assets</b>			
Stock of properties	(14)	3	3
Debtors, deposits and prepayments	(15)	150	163
Bank balances and deposits		315	352
		<b>468</b>	<b>518</b>
<b>Current liabilities</b>			
Creditors and accruals	(18)	291	270
Provision for taxation		–	2
		<b>177</b>	<b>246</b>
<b>Net current assets</b>		<b>177</b>	<b>246</b>
<b>Net assets</b>		<b>31,683</b>	<b>30,557</b>
<b>Representing:</b>			
Share capital	(20)	1,158	1,158
Share premium		9,331	9,331
Reserves	(21)	21,194	20,068
<b>Total equity</b>		<b>31,683</b>	<b>30,557</b>

Li Ka-shing  
Director

Ip Tak Chuen, Edmond  
Director

## Consolidated Statement of Changes in Equity

For the year ended 31st December, 2013

	Shareholders' Funds						
	Share capital, premium and reserve <sup>(1)</sup>	Other reserves <sup>(2)</sup>	Retained profits	Total	Holders of perpetual securities	Non- controlling interests	Total Equity
	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Balance at 1st January, 2013, as previously reported	10,834	8,688	315,162	334,684	5,652	3,157	343,493
Prior year adjustments (note 2)	-	-	(841)	(841)	-	-	(841)
<b>Balance at 1st January, 2013, as restated</b>	<b>10,834</b>	<b>8,688</b>	<b>314,321</b>	<b>333,843</b>	<b>5,652</b>	<b>3,157</b>	<b>342,652</b>
Profit for the year	-	-	35,260	35,260	447	265	35,972
Other comprehensive income							
Translation of financial statements of operations outside Hong Kong – exchange gain	-	148	-	148	-	6	154
Investments available for sale							
Gain in fair value	-	428	-	428	-	-	428
Gain in fair value reclassified to profit or loss upon disposal	-	(1,127)	-	(1,127)	-	-	(1,127)
Impairment charged to income statement	-	614	-	614	-	-	614
Hedging instruments designated and qualify as net investment hedges – loss in fair value	-	(338)	-	(338)	-	-	(338)
Share of other comprehensive income/(loss) of associates	-	(2,470)	521	(1,949)	-	-	(1,949)
Share of other comprehensive income of joint ventures	-	1,188	47	1,235	-	-	1,235
Total comprehensive income for the year	-	(1,557)	35,828	34,271	447	271	34,989
Change in non-controlling interests	-	-	-	-	-	(246)	(246)
Issue of perpetual securities	-	-	-	-	3,875	-	3,875
Transaction costs for issue of perpetual securities	-	-	(41)	(41)	-	-	(41)
Purchase and cancellation of perpetual securities	-	-	42	42	(579)	-	(537)
Distribution paid on perpetual securities	-	-	-	-	(347)	-	(347)
Dividend paid to non-controlling interests	-	-	-	-	-	(90)	(90)
Dividend paid to shareholders of the Company							
2012 final dividend \$2.63 per share	-	-	(6,091)	(6,091)	-	-	(6,091)
2013 interim dividend \$0.58 per share	-	-	(1,343)	(1,343)	-	-	(1,343)
<b>Balance at 31st December, 2013</b>	<b>10,834</b>	<b>7,131</b>	<b>342,716</b>	<b>360,681</b>	<b>9,048</b>	<b>3,092</b>	<b>372,821</b>

	Shareholders' Funds				Holders of perpetual securities \$ Million	Non-controlling interests \$ Million	(Restated) Total Equity \$ Million
	Share capital, premium and reserve <sup>(1)</sup> \$ Million	Other reserves <sup>(2)</sup> \$ Million	Retained profits \$ Million	Total \$ Million			
Balance at 1st January, 2012, as previously reported	10,834	5,251	290,340	306,425	4,648	3,212	314,285
Prior year adjustments (note 2)	-	-	(725)	(725)	-	-	(725)
Balance at 1st January, 2012, as restated	10,834	5,251	289,615	305,700	4,648	3,212	313,560
Profit for the year	-	-	32,036	32,036	262	110	32,408
Other comprehensive income							
Translation of financial statements of operations outside Hong Kong							
Exchange gain	-	326	-	326	-	-	326
Exchange gain reclassified to profit or loss upon disposal	-	(372)	-	(372)	-	-	(372)
Investments available for sale							
Gain in fair value	-	2,869	-	2,869	-	1	2,870
Gain in fair value reclassified to profit or loss upon disposal	-	(479)	-	(479)	-	-	(479)
Impairment charged to income statement	-	50	-	50	-	-	50
Hedging instruments designated and qualify as net investment hedges – loss in fair value	-	(60)	-	(60)	-	-	(60)
Share of other comprehensive income/(loss) of joint ventures	-	1,103	(40)	1,063	-	-	1,063
Total comprehensive income for the year	-	3,437	31,996	35,433	262	111	35,806
Change in non-controlling interests	-	-	-	-	-	(141)	(141)
Issue of perpetual securities	-	-	-	-	1,000	-	1,000
Transaction costs for issue of perpetual securities	-	-	(12)	(12)	-	-	(12)
Gain on dilution of interest in subsidiaries	-	-	41	41	-	34	75
Distribution paid on perpetual securities	-	-	-	-	(258)	-	(258)
Dividend paid to non-controlling interests	-	-	-	-	-	(59)	(59)
Dividend paid to shareholders of the Company							
2011 final dividend \$2.63 per share	-	-	(6,091)	(6,091)	-	-	(6,091)
2012 interim dividend \$0.53 per share	-	-	(1,228)	(1,228)	-	-	(1,228)
Balance at 31st December, 2012	10,834	8,688	314,321	333,843	5,652	3,157	342,652

(1) Share capital, premium and reserve comprise share capital of \$1,158 million, share premium of \$9,331 million and capital reserve of \$345 million.

(2) Other reserves comprise investment revaluation reserve, exchange reserve, asset revaluation reserve and hedging reserve. As at 31st December, 2013, investment revaluation reserve surplus amounted to \$3,522 million (31st December, 2012 – \$3,706 million and 1st January, 2012 – \$597 million), exchange reserve surplus amounted to \$3,234 million (31st December, 2012 – \$5,085 million and 1st January, 2012 – \$4,658 million), asset revaluation reserve surplus amounted to \$16 million (31st December, 2012 – Nil and 1st January, 2012 – Nil) and hedging reserve surplus amounted to \$359 million (31st December, 2012 – deficit of \$103 million and 1st January, 2012 – deficit of \$4 million).

## Consolidated Statement of Cash Flows

For the year ended 31st December, 2013

	Note	2013 \$ Million	2012 (Restated) \$ Million
<b>Operating activities</b>			
Cash generated from operations	(a)	5,552	1,633
Investment in/loan advance to joint ventures		(695)	(1,941)
Dividend/repayment from joint ventures		7,118	1,200
Dividend from associates		4,564	4,454
Dividend from investments in securities		401	432
Interest received		827	834
Dividend paid to shareholders of the Company		(7,434)	(7,319)
Dividend paid to non-controlling interests		(90)	(59)
Distribution paid on perpetual securities		(372)	(233)
Profits tax paid		(855)	(2,220)
Increase in bank deposits maturing over three months		(1,920)	–
<b>Net cash from/(used in) operating activities</b>		<b>7,096</b>	<b>(3,219)</b>
<b>Investing activities</b>			
Loss of control of interest in subsidiaries		–	1,065
Investment in/loan advance to joint ventures		(2,525)	(2,677)
Dividend/repayment from joint ventures		199	3,427
Disposal of joint ventures		1,560	503
Investment in/loan advance to associates		(367)	(172)
Purchase of investments available for sale		(180)	(104)
Disposal/redemption of investments available for sale		2,946	922
Addition of investment properties		(6)	(21)
Disposal of investment properties		5,427	–
Addition of fixed assets		(162)	(105)
<b>Net cash from investing activities</b>		<b>6,892</b>	<b>2,838</b>
<b>Financing activities</b>			
Borrowing of bank and other loans		4,086	26,035
Repayment of bank and other loans		(10,179)	(24,274)
Decrease in funding from non-controlling interests		(246)	(141)
Issue of perpetual securities		3,834	988
Purchase and cancellation of perpetual securities		(537)	–
Interest and other finance costs paid		(836)	(954)
<b>Net cash from/(used in) financing activities</b>		<b>(3,878)</b>	<b>1,654</b>
<b>Net increase in cash and cash equivalents</b>		<b>10,110</b>	<b>1,273</b>
Cash and cash equivalents at 1st January		21,167	19,894
<b>Cash and cash equivalents at 31st December</b>	(b)	<b>31,277</b>	<b>21,167</b>

## Notes:

## (a) Cash generated from operations

	2013	2012
	\$ Million	(Restated) \$ Million
Profit before taxation	37,494	33,642
Interest income	(858)	(809)
Interest and other finance costs	356	496
Dividend income from investments in securities	(491)	(470)
Share of net profit of joint ventures	(5,771)	(5,997)
Share of net profit of associates	(15,649)	(13,018)
Increase in fair value of investment properties	(1,782)	(4,470)
Profit on disposal of investment properties	(2,760)	–
Surplus on loss of control of interest in subsidiaries	–	(1,077)
Profit on disposal of joint ventures	(798)	(450)
Increase in long term loan receivables	(787)	(106)
Gain on disposal of investments available for sale	(1,127)	(479)
Impairment of investments available for sale	614	50
Depreciation	325	340
Exchange difference and other items	(344)	50
Changes in working capital		
Increase in investments held for trading	(1,124)	(16)
(Increase)/decrease in stock of properties	788	(10,702)
Increase in customers' deposits received	184	3,318
Decrease in debtors, deposits and prepayments	149	632
(Increase)/decrease in derivative financial instruments	(1,259)	83
Increase/(decrease) in creditors and accruals	(1,608)	616
	(2,870)	(6,069)
	5,552	1,633

## (b) Cash and cash equivalents

	2013	2012
	\$ Million	\$ Million
Bank balances and deposits	33,197	21,167
Less: Bank deposits maturing over three months	(1,920)	–
	31,277	21,167

## Notes to Financial Statements

### 1. General Information

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and other corporate information are set out on page 168 of the annual report.

### 2. Principal Accounting Policies

#### (a) Basis of preparation

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

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised HKFRSs. The adoption of these HKFRSs which are effective for the Group’s annual accounting periods beginning on 1st January, 2013 has no material impact on the Group’s results and financial position, however, the following changes are made to the financial statements as required:

- presentation of the consolidated statement of comprehensive income has been modified to meet the requirements of Hong Kong Accounting Standard (“HKAS”) 1 (Amendments) “Presentation of Items of Other Comprehensive Income” and comparative figures have been restated accordingly;
- appropriate disclosures have been made in the financial statements as required by HKFRS 12 “Disclosure of Interests in Other Entities” and HKFRS 13 “Fair Value Measurement”; and
- for investments previously accounted for as jointly controlled entities and certain associates which have the characteristics of a joint arrangement, and of which the Group shares joint control and has rights to their net assets, they have been reclassified and accounted for as joint ventures in accordance with HKFRS 11 “Joint Arrangements” and such change in classification and accounting has the following effects on the financial statements:

	Year ended 31st December	
	2013 \$ Million	2012 \$ Million
Decrease in share of net profit of jointly controlled entities	(4,049)	(5,452)
Decrease in share of net profit of associates	(1,722)	(545)
Increase in share of net profit of joint ventures	5,771	5,997
Profit for the year	–	–
Decrease in share of other comprehensive income of jointly controlled entities	(853)	(954)
Decrease in share of other comprehensive income of associates	(382)	(109)
Increase in share of other comprehensive income of joint ventures	1,235	1,063
Total comprehensive income for the year	–	–



## 2. Principal Accounting Policies *(continued)*

### (a) Basis of preparation *(continued)*

	31/12/2013 \$ Million	31/12/2012 \$ Million	1/1/2012 \$ Million
Decrease in jointly controlled entities	(49,524)	(48,705)	(45,323)
Decrease in associates	(16,135)	(14,598)	(11,606)
Increase in joint ventures	65,659	63,303	56,929
Net assets	–	–	–

However, the adoption of HKAS 19 (2011) "Employee Benefits" which is effective for annual accounting periods beginning on 1st January, 2013 by Hutchison Whampoa Limited, listed associate, has material impact on its accounting policy and retrospective application is required. The Group's share of the impact of its adoption of HKAS 19 (2011) has the following effects on the financial statements:

	Year ended 31st December	
	2013 \$ Million	2012 \$ Million
Decrease in share of net profit of associates	(149)	(116)
Decrease in profit attributable to shareholders of the Company	(149)	(116)
Increase in share of other comprehensive income of associates	152	–
Increase/(decrease) in total comprehensive income attributable to shareholders of the Company	3	(116)
Decrease in earnings per share (based on profit attributable to shareholders)	\$0.06	\$0.05

	31/12/2013 \$ Million	31/12/2012 \$ Million	1/1/2012 \$ Million
Decrease in associates	(838)	(841)	(725)
Decrease in net assets	(838)	(841)	(725)
Decrease in retained profits	(838)	(841)	(725)
Decrease in total equity	(838)	(841)	(725)

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

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

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

Amendments to HKFRSs	Annual Improvements 2010 – 2012 Cycle
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HK(IFRIC)-Int 21	Levies

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

Amendments to HKFRSs	Annual Improvements 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements 2011 – 2013 Cycle
HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contributions

Mandatory effective date not yet determined

HKFRS 9	Financial Instruments
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**(b) Consolidation**

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

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

**(c) Subsidiaries**

A subsidiary is an entity that after considering relevant facts, the Group has (i) power over the entity; (ii) exposure, or rights, to variable returns from involvement with the entity; and (iii) ability to use power over the entity to affect the amount of return.

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

## 2. Principal Accounting Policies *(continued)*

### (d) Joint ventures

A joint venture is an entity in which the Group has a long term equity interest and of which the Group shares joint control with other parties when decisions of the entity, under contractual arrangements, require unanimous consent of the parties sharing control.

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

Results of joint ventures are incorporated in the consolidated financial statements to the extent of the Group's share of their total comprehensive income based on their financial statements made up to 31st December and after adjusting, where necessary, to ensure consistency with the Group's accounting policies.

### (e) Associates

An associate is an entity, other than a subsidiary or a joint venture, in which the Group has a long term equity interest and has significant influence over its management.

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

Results of associates are incorporated in the consolidated financial statements to the extent of the Group's share of their total comprehensive income based on their financial statements made up to 31st December and after adjusting, where necessary, to ensure consistency with the Group's accounting policies.

### (f) Investments in securities

Investments in securities, other than subsidiaries, joint ventures or associates, are classified as either investments held for trading or investments available for sale, and are stated at fair value. Changes in fair value of investments held for trading are included in income statement. Changes in fair value of investments available for sale are recognised in other comprehensive income and reclassified to profit or loss upon disposal.

Investments available for sale are reviewed for impairment when there are significant or prolonged declines in fair value below costs for equity securities or when there are observable evidences that debt securities cannot be recovered in full. Impairment, if any, is charged to income statement and is not reversible unless for debt securities, increase in fair value in a subsequent period can be objectively related to events occurring after the impairment is recognised.

Purchase and sale of investments in securities are accounted for on a trade date basis.

### (g) Fixed assets

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

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

**Notes to Financial Statements (continued)****2. Principal Accounting Policies (continued)****(h) Investment properties**

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

**(i) Loan receivables**

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

**(j) Stock of properties**

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

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

**(k) Debtors**

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

**(l) Derivative financial instruments and hedge accounting**

Derivative financial instruments are used for investment and financial purposes and are stated at fair value.

For derivative financial instruments that qualify for hedge accounting, if they are designated as fair value hedges, changes in their fair value are included in income statement together with any changes in fair value of the hedged assets or liabilities that are attributable to the hedged risk; if they are designated as net investment hedges, changes in their fair value are recognised in other comprehensive income. Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are included in income statement.

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

Any cumulative gain or loss on net investment hedges, previously recognised in other comprehensive income, is reclassified to profit or loss upon disposal of the investment hedged.

**(m) Bank and other loans**

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

## 2. Principal Accounting Policies *(continued)*

### (n) Creditors

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

### (o) Revenue recognition

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

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

### (p) Foreign exchange

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

For translation of the financial statements of subsidiaries, joint ventures and associates denominated in foreign currencies into presentation currency of the Company, assets and liabilities are translated at the exchange rates prevailing at the year end date and results are translated at the average rates of exchange for the year. Exchange differences are recognised in other comprehensive income.

### (q) Taxation

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

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

### (r) Borrowing costs

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

## Notes to Financial Statements (continued)

### 3. Turnover and Contribution

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

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

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

	2013 \$ Million	2012 \$ Million
Property sales	12,288	14,614
Property rental	1,960	1,867
Hotels and serviced suites	2,368	2,350
Property and project management	397	368
Group turnover	17,013	19,199
Share of property sales of joint ventures	15,301	11,907
Turnover	32,314	31,106

During the year, turnover of the Group's operating activities outside Hong Kong (including property sales of joint ventures) accounted for approximately 54% (2012 – 38%) of the turnover and was derived from the following locations:

	2013 \$ Million	2012 \$ Million
The Mainland	16,454	11,919
Singapore	980	–
	17,434	11,919

### 3. Turnover and Contribution *(continued)*

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

	Company and subsidiaries		Joint ventures		Total	
	2013 \$ Million	2012 \$ Million	2013 \$ Million	2012 \$ Million	2013 \$ Million	2012 \$ Million
Property sales	4,710	5,305	5,474	4,699	10,184	10,004
Property rental	1,790	1,703	322	275	2,112	1,978
Hotels and serviced suites	989	930	284	305	1,273	1,235
Property and project management	136	129	46	45	182	174
	7,625	8,067	6,126	5,324	13,751	13,391
Infrastructure business	–	–	1,602	839	1,602	839
	7,625	8,067	7,728	6,163	15,353	14,230
Investment and finance					3,741	1,159
Interest and other finance costs					(356)	(496)
Increase in fair value of investment properties						
Subsidiaries					1,782	4,470
Joint ventures					24	531
Profit on disposal of investment properties					2,760	–
Surplus on loss of control of interest in subsidiaries					–	1,077
Surplus on loss of control of indirect interest in joint ventures					–	1,326
Profit on disposal of joint ventures					798	450
Others					428	90
Taxation						
Company and subsidiaries					(1,522)	(1,234)
Joint ventures					(2,684)	(2,213)
Profit attributable to non-controlling interests and holders of perpetual securities					(712)	(372)
					19,612	19,018
Share of net profit of listed associates						
Hutchison Whampoa Limited					15,544	12,938
CK Life Sciences Int'l., (Holdings) Inc.					104	80
Profit attributable to shareholders of the Company					35,260	32,036

Notes to Financial Statements (*continued*)

## 4. Profit before Taxation

	2013 \$ Million	2012 \$ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Bank loans and other loans repayable within 5 years	847	874
Other loans not repayable within 5 years	79	172
Gain on loan hedging	(98)	(121)
	828	925
Less: Amount capitalised (note (a))	(472)	(429)
	356	496
Directors' emoluments (note (b))		
Salaries, allowances and benefits in kind	121	115
Pension scheme contribution	12	11
Discretionary bonus	98	93
	231	219
Less: Emoluments from listed associates paid back	(12)	(11)
	219	208
Auditors' remuneration	8	7
Costs of properties sold	6,894	8,426
Impairment of investments available for sale	614	50
Operating lease charges – properties	242	226
and after crediting:		
Net rental income	1,909	1,832
Interest income from banks	91	73
Interest income from loan receivables	12	60
Interest income from joint ventures	714	633
Interest income from associates	14	11
Income from listed investments in securities		
Dividend income from equity securities	467	460
Interest income from debt securities	12	12
Income from unlisted investments in securities		
Dividend income from equity securities	24	10
Interest income from debt securities	15	20
Exchange difference	259	(122)
Gain on investments held for trading	855	26
Gain on disposal of investments available for sale	1,127	479

Notes:

- (a) Interest and other finance costs were capitalised at annual rates of approximately 1.8% (2012 – 1.75%) on average to various property development projects.



#### 4. Profit before Taxation (continued)

- (b) Directors' emoluments comprised payments to the Company's directors (including the five highest paid individuals in the Group) in connection with the management of the affairs of the Group. The independent non-executive directors receive an annual director's fee of \$120,000 (2012 – \$120,000) each; and for those acting as members of the Audit Committee and/or Remuneration Committee, additional annual fee of \$130,000 (2012 – \$130,000) each is paid for the former and \$60,000 (2012 – \$60,000) each is paid for the latter. The emoluments of the Company's directors, excluding emoluments received by them from listed associates, are as follows:

	Director's Fees \$ Million	Salaries, Allowances and Benefits in Kind \$ Million	Pension Scheme Contribution \$ Million	Discretionary Bonus \$ Million	Inducement or Compensation Fee \$ Million	2013 Total \$ Million	2012 Total \$ Million
Li Ka-shing <sup>(1)</sup>	0.01	–	–	–	–	0.01	0.01
Li Tzar Kuoi, Victor <sup>(2)</sup>	0.12	39.86	3.98	21.95	–	65.91	62.77
Kam Hing Lam <sup>(3)</sup>	0.12	19.46	1.94	0.84	–	22.36	21.30
Ip Tak Chuen, Edmond <sup>(4)</sup>	0.12	15.95	1.59	9.57	–	27.23	25.86
Chung Sun Keung, Davy	0.12	9.91	0.99	17.40	–	28.42	27.07
Pau Yee Wan, Ezra	0.12	11.23	1.12	13.81	–	26.28	25.04
Woo Chia Ching, Grace	0.12	11.24	1.12	17.33	–	29.81	28.39
Chiu Kwok Hung, Justin	0.12	10.08	1.00	17.41	–	28.61	27.24
Leung Siu Hon	0.12	–	–	–	–	0.12	0.12
Fok Kin Ning, Canning	0.12	–	–	–	–	0.12	0.12
Frank John Sixt	0.12	–	–	–	–	0.12	0.12
Chow Kun Chee, Roland	0.12	–	–	–	–	0.12	0.12
George Colin Magnus	0.12	–	–	–	–	0.12	0.12
Lee Yeh Kwong, Charles	0.11	–	–	–	–	0.11	–
Kwok Tun-li, Stanley	0.31	–	–	–	–	0.31	0.31
Yeh Yuan Chang, Anthony	0.12	–	–	–	–	0.12	0.12
Simon Murray	0.12	–	–	–	–	0.12	0.12
Chow Nin Mow, Albert	0.12	–	–	–	–	0.12	0.12
Hung Siu-lin, Katherine	0.25	–	–	–	–	0.25	0.25
Wong Yick-ming, Rosanna	0.18	–	–	–	–	0.18	0.18
Cheong Ying Chew, Henry	0.25	–	–	–	–	0.25	0.25
<b>Total for the year 2013</b>	<b>2.91</b>	<b>117.73</b>	<b>11.74</b>	<b>98.31</b>	<b>–</b>	<b>230.69</b>	
Total for the year 2012	2.80	112.10	11.19	93.54	–		219.63

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

## Notes to Financial Statements (continued)

## 5. Taxation

	2013 \$ Million	2012 \$ Million
Current tax		
Hong Kong profits tax	1,026	1,095
Tax outside Hong Kong	330	122
Deferred tax	166	17
	<b>1,522</b>	<b>1,234</b>

Hong Kong profits tax has been provided for at the rate of 16.5% (2012 – 16.5%) on the estimated assessable profits for the year and operating profit (after adjusting for share of taxation of joint ventures) is reconciled with taxation as follows:

	2013 \$ Million	2012 \$ Million
Adjusted operating profit at Hong Kong tax rate of 16.5% (2012 – 16.5%)	4,047	3,768
Effect of tax rate differences at locations outside Hong Kong	2,087	1,289
Effect of change of tax rate on deferred tax liabilities at location outside Hong Kong	(696)	(300)
Surplus on loss of control of indirect interest in joint ventures	–	(219)
Interest income from infrastructure business	(108)	(96)
Dividend income	(110)	(63)
Increase in fair value of investment properties	(297)	(751)
Profit on disposal of investment properties	(455)	–
Net effect of tax losses and deductible temporary differences utilised/not recognised	(55)	(58)
Net effect of non-assessable/deductible items	(203)	(116)
Others	(4)	(7)
	<b>4,206</b>	<b>3,447</b>
Less: Share of taxation of joint ventures	<b>(2,684)</b>	<b>(2,213)</b>
	<b>1,522</b>	<b>1,234</b>

## 6. Profit Attributable to Shareholders of the Company

Profit attributable to shareholders of the Company dealt with in the income statement of the Company is \$8,560 million (2012 – \$4,499 million) and dividends paid and proposed for the year by the Company are as follows:

	2013 \$ Million	2012 \$ Million
Interim dividend paid at \$0.58 (2012 – \$0.53) per share	1,343	1,228
Final dividend proposed at \$2.90 (2012 – \$2.63) per share	6,717	6,091
	<b>8,060</b>	<b>7,319</b>

## 7. Earnings per Share

The calculation of earnings per share is based on profit attributable to shareholders of the Company and on 2,316,164,338 shares (2012 – 2,316,164,338 shares) in issue during the year.

## 8. Fixed Assets

Group	Hotels and serviced suites		Other assets \$ Million	Total \$ Million
	Hong Kong \$ Million	in outside Hong Kong \$ Million		
<b>Cost</b>				
At 1st January, 2012	11,966	1,711	1,467	15,144
Additions/transfers	32	18	40	90
Disposals	–	–	(36)	(36)
Derecognised on loss of control in subsidiaries	–	(1,008)	(121)	(1,129)
At 31st December, 2012	11,998	721	1,350	14,069
Translation difference	–	23	8	31
Additions/transfers	97	10	38	145
Disposals	–	–	(29)	(29)
At 31st December, 2013	12,095	754	1,367	14,216
<b>Accumulated depreciation/provisions</b>				
At 1st January, 2012	2,310	412	1,189	3,911
Depreciation	221	16	103	340
Disposals	–	–	(26)	(26)
Derecognised on loss of control in subsidiaries	–	(207)	(94)	(301)
At 31st December, 2012	2,531	221	1,172	3,924
Translation difference	–	7	8	15
Depreciation	225	17	83	325
Disposals	–	–	(25)	(25)
At 31st December, 2013	2,756	245	1,238	4,239
<b>Net book value</b>				
At 31st December, 2013	9,339	509	129	9,977
At 31st December, 2012	9,467	500	178	10,145

At the year end date, hotels and serviced suites with carrying value of \$8,817 million (2012 – \$8,935 million) and \$522 million (2012 – \$532 million) were held in Hong Kong under medium-term and long leases respectively, and hotels and serviced suites with carrying value of \$509 million (2012 – \$500 million) were held outside Hong Kong under medium-term leases.

## Notes to Financial Statements (continued)

## 8. Fixed Assets (continued)

Company	Other assets	
	2013 \$ Million	2012 \$ Million
Cost		
At 1st January	189	189
Additions	2	4
Disposals	–	(4)
At 31st December	191	189
Accumulated depreciation		
At 1st January	183	184
Depreciation	3	3
Disposals	–	(4)
At 31st December	186	183
Net book value at 31st December	5	6

## 9. Investment Properties

	Group	
	2013 \$ Million	2012 \$ Million
Investment properties in Hong Kong		
At 1st January	29,656	25,180
Additions	2	6
Disposals	(2,663)	–
Increase in fair value	1,782	4,470
At 31st December	28,777	29,656

At the year end date:

- investment properties were fair valued by DTZ Debenham Tie Leung Limited, independent professional valuers;
- fair values of investment properties are generally derived using the income capitalisation method which is based on the capitalisation of net income and reversionary income potential by appropriate capitalisation rates; the capitalisation rates adopted, generally not higher than 8% nor lower than 3%, are derived from analysis of relevant sale transactions and interpretation of prevailing market expectations and are inversely related to the fair values derived;
- investment properties with carrying value of \$27,768 million (2012 – \$28,765 million) and \$1,009 million (2012 – \$891 million) were held under medium-term and long leases respectively; and
- gross rental income and direct operating expenses of investment properties for the year amounted to \$1,802 million (2012 – \$1,686 million) and \$46 million (2012 – \$28 million) respectively.

## 10. Subsidiaries

	Company	
	31/12/2013 \$ Million	31/12/2012 \$ Million
Unlisted shares in subsidiaries	3,222	2,071
Amounts due from subsidiaries	27,702	27,731
Amounts due to subsidiaries	(191)	(265)
	<b>30,733</b>	<b>29,537</b>

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

## 11. Associates

	Group		Company	
	31/12/2013 \$ Million	31/12/2012 \$ Million	31/12/2013 \$ Million	31/12/2012 \$ Million
Investments in listed associates (note (a))	28,132	28,132	–	–
Share of results less dividends	167,865	158,741	–	–
	<b>195,997</b>	<b>186,873</b>	<b>–</b>	<b>–</b>
Investments in unlisted associates (note (b))	6	31	1	1
Share of results less dividends	(5)	(30)	–	–
	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Amounts due from associates (note (c))	814	474	–	–
	<b>196,812</b>	<b>187,348</b>	<b>1</b>	<b>1</b>

Notes:

- (a) Reconciliations of published financial information of Hutchison Whampoa Limited (“Hutchison Whampoa”) and CK Life Sciences Int’l., (Holdings) Inc. (“CK Life Sciences”), the listed associates, to the Group’s carrying amounts are as follows:

	Hutchison Whampoa		CK Life Sciences	
	31/12/2013 \$ Million	31/12/2012 \$ Million	31/12/2013 \$ Million	31/12/2012 \$ Million
Published financial information of listed associates				
Share capital	1,066	1,066	961	961
Share premium and reserves	385,299	366,819	4,016	4,503
Capital and reserves	<b>386,365</b>	<b>367,885</b>	<b>4,977</b>	<b>5,464</b>
Shared by the Group:				
Capital and reserves	193,048	183,814	2,256	2,476
Other costs/differences	761	662	(68)	(79)
Carrying amount	<b>193,809</b>	<b>184,476</b>	<b>2,188</b>	<b>2,397</b>

## Notes to Financial Statements (continued)

## 11. Associates (continued)

Notes: (continued)

Extracts of published financial information of Hutchison Whampoa and CK Life Sciences are set out in Appendix IV and Appendix V respectively.

During the year, dividends received from Hutchison Whampoa and CK Life Sciences amounted to \$4,537 million (2012 – \$4,431 million) and \$26 million (2012 – \$22 million) respectively.

At the year end date, market values of the Group's investments in Hutchison Whampoa and CK Life Sciences based on quoted market price were \$224,523 million (2012 – \$172,333 million) and \$3,136 million (2012 – \$3,049 million) respectively.

(b) The Group's share of results of unlisted associates for the year are as follows:

	2013 \$ Million	2012 \$ Million
Net profit	1	–
Other comprehensive income	12	–
Total comprehensive income	13	–

(c) At the year end date, amounts due from associates included the followings:

	2013 \$ Million	2012 \$ Million
Interest bearing loans – repayable within 5 years	679	454
Interest bearing loans – repayable after 5 years	135	–
Non-interest bearing loans – no fixed repayment terms	–	20
	814	474

## 12. Joint Ventures

	Group		Company	
	31/12/2013 \$ Million	31/12/2012 \$ Million	31/12/2013 \$ Million	31/12/2012 \$ Million
Investments in joint ventures				
– unlisted (note (a))	21,826	24,823	191	191
Share of results less dividends	28,085	23,611	–	–
	49,911	48,434	191	191
Amounts due from joint ventures (note (b))	15,748	14,869	576	576
	65,659	63,303	767	767

Notes:

(a) The Group's share of results of joint ventures for the year are as follows:

	2013 \$ Million	2012 \$ Million
Net profit	5,771	5,997
Other comprehensive income	1,235	1,063
Total comprehensive income	7,006	7,060

## 12. Joint Ventures (continued)

Notes: (continued)

(b) At the year end date, amounts due from joint ventures included the followings:

	2013 \$ Million	2012 \$ Million
Interest bearing loans – repayable within 5 years	993	1,050
Interest bearing loans – repayable after 5 years	2,120	1,201
Interest bearing loans – no fixed repayment terms	648	584
Subordinated interest bearing loans – repayable after 5 years	5,306	5,200
Non-interest bearing loans – no fixed repayment terms	6,681	6,834
	<b>15,748</b>	<b>14,869</b>

## 13. Investments Available for Sale

	Group	
	31/12/2013 \$ Million	31/12/2012 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	5,050	5,405
Equity securities – listed outside Hong Kong	3,752	5,391
Debt securities – listed outside Hong Kong	41	32
	<b>8,843</b>	<b>10,828</b>
Unlisted investments		
Equity securities	193	141
Debt securities	298	673
	<b>491</b>	<b>814</b>
	<b>9,334</b>	<b>11,642</b>

## 14. Stock of Properties

	Group		Company	
	31/12/2013 \$ Million	31/12/2012 \$ Million	31/12/2013 \$ Million	31/12/2012 \$ Million
Properties for/under development	50,607	48,895	–	–
Joint development projects	27,420	29,746	–	–
Properties for sale	1,757	1,447	3	3
	<b>79,784</b>	<b>80,088</b>	<b>3</b>	<b>3</b>

At the year end date, properties for/under development and joint development projects amounting to \$54,455 million (2012 – \$63,448 million) were not scheduled for completion within twelve months.

## Notes to Financial Statements (continued)

## 15. Debtors, Deposits and Prepayments

	Group		Company	
	31/12/2013 \$ Million	31/12/2012 \$ Million	31/12/2013 \$ Million	31/12/2012 \$ Million
Trade debtors	1,600	1,308	–	–
Loan receivables	21	193	–	–
Deposits, prepayments and others	692	917	150	163
	<b>2,313</b>	<b>2,418</b>	<b>150</b>	<b>163</b>

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

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

	2013 \$ Million	2012 \$ Million
Current to one month	1,513	1,221
Two to three months	66	72
Over three months	21	15
	<b>1,600</b>	<b>1,308</b>

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

	2013 \$ Million	2012 \$ Million
Overdue within one month	142	88
Overdue for two to three months	37	44
Overdue over three months	19	14
	<b>198</b>	<b>146</b>



## 16. Investments Held for Trading

	Group	
	31/12/2013 \$ Million	31/12/2012 \$ Million
Listed investments		
Equity securities – listed in Hong Kong	69	64
Equity securities – listed outside Hong Kong	176	172
Debt securities – listed outside Hong Kong	1,115	–
	<b>1,360</b>	<b>236</b>

## 17. Bank and Other Loans

	Group	
	31/12/2013 \$ Million	31/12/2012 \$ Million
Bank loans repayable		
within 1 year	2,438	3,498
after 1 year but not exceeding 2 years	13,517	4,437
after 2 years but not exceeding 5 years	13,141	25,916
	<b>29,096</b>	<b>33,851</b>
Other loans repayable		
within 1 year	–	1,600
after 1 year but not exceeding 2 years	6,008	–
after 2 years but not exceeding 5 years	4,786	8,117
after 5 years	2,000	4,531
	<b>12,794</b>	<b>14,248</b>
	<b>41,890</b>	<b>48,099</b>
Less: Amounts classified under current liabilities	2,438	5,098
Amounts classified under non-current liabilities	<b>39,452</b>	<b>43,001</b>

Notes to Financial Statements (*continued*)**17. Bank and Other Loans** (*continued*)

At the year end date:

- (a) bank loans denominated in GBP and EUR amounted to \$3,146 million (2012 – \$3,083 million) and \$2,091 million (2012 – Nil) respectively were designated as net investment hedges for investments in GBP and EUR;
- (b) other loans included fixed rate notes issued by wholly owned subsidiaries and guaranteed by the Company as follows:
- (i) issued by Cheung Kong Bond Finance Limited in Hong Kong:
- |                 |  |
|-----------------|--|
| HK\$500,000,000 | 4.4% due April 2015 (issued in 2005)   |
| HK\$150,000,000 | 5.1% due April 2016 (issued in 2006)   |
| HK\$500,000,000 | 4.88% due August 2018 (issued in 2008) |
- (ii) issued by Joynote Ltd and listed in Singapore:
- |                |  |
|----------------|--|
| SGD225,000,000 | 2.25% due November 2015 (issued in 2010) |
| SGD180,000,000 | 2.585% due July 2016 (issued in 2011)    |
| SGD320,000,000 | 3.408% due July 2018 (issued in 2011)    |
- (iii) issued by Cheung Kong Finance (MTN) Limited in Hong Kong:
- |                 |   |
|-----------------|---|
| HK\$500,000,000 | 4.3% due January 2020 (issued in 2010)                            |
| HK\$500,000,000 | 4.35% due January 2020 (issued in 2010)                           |
| HK\$300,000,000 | 3.9% due April 2020 (issued in 2010)                              |
| HK\$330,000,000 | 2.45% due September 2016 (issued in 2011)                         |
| HK\$377,000,000 | 2.56% due October 2016 (issued in 2011)                           |
| HK\$400,000,000 | 3.45% due October 2021 (issued in 2011)                           |
| HK\$300,000,000 | 3.35% due November 2021 (issued in 2011)                          |
| US\$500,000,000 | LIBOR+1.5% due June 2015 (issued in 2012) and listed in Hong Kong |
- (c) swaps for interest rate hedging purposes with notional principal amounting to \$2,450 million (2012 – \$3,750 million) had been arranged to convert the rates and related terms of the fixed rate notes to a floating rate basis and the fair value of which, as quoted by financial institutions, amounted to a net asset of \$220 million (2012 – \$422 million);
- (d) bank and other loans, where appropriate after interest rate hedging, approximated their fair values and carried interest at effective rates generally based on inter-bank offered rates of the relevant currency plus a margin of approximately 1.3% per annum.

## 18. Creditors and Accruals

	Group		Company	
	31/12/2013 \$ Million	31/12/2012 \$ Million	31/12/2013 \$ Million	31/12/2012 \$ Million
Trade creditors	1,232	2,677	–	–
Accruals and other creditors	3,260	3,615	291	270
Customers' deposits received	7,207	6,998	–	–
	<b>11,699</b>	<b>13,290</b>	<b>291</b>	<b>270</b>

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

	2013 \$ Million	2012 \$ Million
Current to one month	1,171	2,584
Two to three months	32	53
Over three months	29	40
	<b>1,232</b>	<b>2,677</b>

## 19. Deferred Tax Liabilities

At the year end date:

- deferred tax liabilities amounting to \$810 million (2012 – \$806 million), \$35 million (2012 – \$14 million) and \$141 million (2012 – Nil) were provided for accelerated tax depreciation, withholding tax on undistributed profits and other temporary differences respectively; and
- unutilised tax losses and deductible temporary differences amounting to a total of \$2,905 million (2012 – \$2,717 million) were not recognised, of which \$96 million (2012 – \$65 million) expires within 5 years.

## 20. Share Capital

	Company		Company	
	31/12/2013 No. of shares	31/12/2012 No. of shares	31/12/2013 \$ Million	31/12/2012 \$ Million
Authorised:				
Shares of \$0.5 each	3,800,000,000	3,800,000,000	1,900	1,900
Issued and fully paid:				
Shares of \$0.5 each	2,316,164,338	2,316,164,338	1,158	1,158

## Notes to Financial Statements (continued)

## 21. Reserves

	Company			31/12/2012 Total \$ Million
	Capital reserve \$ Million	Retained profits \$ Million	31/12/2013 Total \$ Million	
At 1st January	199	19,869	20,068	22,888
Profit for the year	–	8,560	8,560	4,499
Dividend paid	–	(7,434)	(7,434)	(7,319)
At 31st December	199	20,995	21,194	20,068

The Company's reserves available for distribution to shareholders of the Company, including the final dividend proposed, amounted to \$20,995 million (2012 – \$19,869 million). Proposed final dividend for 2012 was approved by shareholders of the Company on 21st May, 2013 and paid on 7th June, 2013.

## 22. Perpetual Securities

	Group	
	31/12/2013 \$ Million	31/12/2012 \$ Million
SGD730 million issued in 2011 (note (a))	4,650	4,652
HK\$1,000 million issued in 2012 (note (b))	1,025	1,000
US\$425.3 million issued in 2013 (note (c))	3,373	–
	9,048	5,652

Perpetual securities were issued by wholly owned subsidiaries and guaranteed by the Company. The perpetual securities have no fixed maturity and distributions are paid semi-annually in arrears. Distribution may be deferred at the Group's discretion and in which event, the Company and the issuer will not declare/pay any dividends or distributions, redeem, reduce, cancel or buy-back any of the Company's and/or the issuer's share capital.

Notes:

- Listed in Singapore, the perpetual securities carry an annual distribution rate of 5.125% and are redeemable at the Group's option on or after 9th September, 2016.
- Listed in Hong Kong, the perpetual securities carry an annual distribution rate of 5.25% for the first five years and 6.25% thereafter, and are redeemable at the Group's option on or after 9th July, 2017.
- Listed in Hong Kong and after purchase back and cancellation of US\$74.7 million, the perpetual securities in the remaining amount of US\$425.3 million carry an annual distribution rate of 5.375% and are redeemable at the Group's option on or after 24th January, 2018.

## 23. Operating Lease

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

	Group	
	2013 \$ Million	2012 \$ Million
Future minimum lease income receivable		
not later than 1 year	1,644	1,736
later than 1 year but not later than 5 years	920	1,634
	<b>2,564</b>	<b>3,370</b>

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

	Group		Company	
	2013 \$ Million	2012 \$ Million	2013 \$ Million	2012 \$ Million
Future minimum lease charges payable				
not later than 1 year	167	201	82	123
later than 1 year but not later than 5 years	59	141	–	82
	<b>226</b>	<b>342</b>	<b>82</b>	<b>205</b>

## 24. Segment Information

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

	2013 \$ Million	2012 \$ Million
Hotels and serviced suites	294	305
Property and project management	14	14
	<b>308</b>	<b>319</b>
Others	17	21
	<b>325</b>	<b>340</b>

**Notes to Financial Statements (continued)****25. Commitments and Contingent Liabilities**

At the year end date:

- (a) the Group had capital commitments as follows:
  - (i) contracted but not provided for
    - fixed assets – \$501 million (2012 – \$213 million)
    - investments in associates – \$693 million (2012 – \$693 million)
    - others – \$108 million (2012 – \$124 million)
  - (ii) authorised but not contracted for
    - fixed assets – \$5 million (2012 – \$5 million)
    - loan advances to joint ventures – \$452 million (2012 – Nil)
- (b) the minimum share of revenue guaranteed by the Company to be received by the partner of a joint development project amounted to \$600 million (2012 – \$612 million);
- (c) the Company provided guarantee for amounts payable under the terms and conditions of the perpetual securities as disclosed in note 22; and
- (d) the Company provided guarantees for loan financing as follows:
  - (i) bank and other loans utilised by subsidiaries – \$41,280 million (2012 – \$47,484 million)
  - (ii) bank loans utilised by joint ventures – \$52 million (2012 – \$50 million)
  - (iii) bank loans utilised by investee company – \$390 million (2012 – \$359 million)and certain subsidiaries provided guarantees for bank loans utilised by joint ventures amounted to \$823 million (2012 – \$1,231 million).

**26. Employees Pension Schemes**

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

During the year, the Group's costs incurred on employees pension schemes were \$137 million (2012 – \$125 million) and forfeited contributions in the amount of \$3 million (2012 – \$5 million) were used to reduce current year's contributions.

## 27. Related Party Transactions

The Group has entered into various joint ventures mainly on property projects and infrastructure businesses with parties including subsidiaries of the Hutchison Whampoa group. Loan advances were made to/repaid from and guarantees were provided for the joint ventures on a pro rata basis. As at the year end date, loan advances made to joint ventures were disclosed as amounts due from joint ventures in note 12; commitments for loan advances to joint ventures and guarantees provided for bank loans utilised by joint ventures were disclosed in note 25.

Loan advances were made to associates and outstanding balances as at the year end date were disclosed as amounts due from associates in note 11.

Interest was received from joint ventures and associates and interest income for the year was disclosed in note 4.

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

## 28. Financial Risks and Management

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

### (a) Treasury policies

The Group maintains a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised. At times of interest rate or exchange rate uncertainty or volatility and when appropriate, hedging instruments including swaps and forwards are used in the management of exposure to interest rate and foreign exchange rate fluctuations.

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

At the year end date, approximately 74.7% of the Group's borrowings were in HK\$ and US\$, with the balance in EUR, GBP and SGD mainly for the purpose of financing investments and property projects in Europe, the United Kingdom and Singapore. The Group derives its revenue mainly in HK\$ and maintains its cash balance mainly in HK\$. Income in foreign currencies, including RMB, SGD, GBP and EUR, is also generated from the Group's investments and property projects outside Hong Kong and cash in these foreign currencies is kept for business requirements.

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

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

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

The exposure of investments in securities and derivative financial instruments to price changes is managed by closely monitoring changes in market conditions that may have an impact on market prices or factors affecting the fair value. If the fair value of the investments in securities and derivative financial instruments was 5% higher/lower at the year end date, the Group's investment revaluation reserve would increase/decrease by approximately \$396 million (2012 – \$557 million) and the Group's profit for the year would increase/decrease by approximately \$163 million (2012 – \$69 million).

The Group's borrowings are exposed to interest rate fluctuation. It is estimated that an increase/decrease of 1% in interest rates would increase/decrease the Group's finance costs for the year by approximately \$360 million (2012 – \$421 million), assuming the change in interest rates had been applied to the Group's bank and other loans at the year end date which were kept constant throughout the year, and the amount of finance costs capitalised would increase/decrease by approximately \$205 million (2012 – \$195 million) based on the proportion of finance costs capitalised during the year.

At the year end date, foreign exchange risk of the subsidiaries with functional currency in HK\$ arose mainly from borrowings denominated in GBP which were designated as net investment hedges for investments in GBP. It is estimated that if GBP had strengthened/weakened against HK\$ by 5% at the year end date, the Group's other comprehensive income for the year would decrease/increase by approximately \$157 million (2012 – \$154 million).



## 28. Financial Risks and Management *(continued)*

### (c) Liquidity management

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

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

	2013 \$ Million	2012 \$ Million
Within 1 year	3,126	5,847
After 1 year but not exceeding 2 years	20,041	5,124
After 2 years but not exceeding 5 years	18,568	34,961
After 5 years	2,084	4,694
	<b>43,819</b>	<b>50,626</b>

The derivative financial instruments designated as net investment hedges for investments in GBP will be settled on gross basis and will mature after 2 years but not exceeding 5 years. The contractual undiscounted cash inflow and outflow upon maturities are \$9,983 million (2012 – \$9,978 million) and \$10,271 million (2012 – \$10,066 million) respectively based on exchange rates at the year end date.

## Notes to Financial Statements (continued)

## 29. Fair Value Measurement

Investments in securities and derivative financial instruments are stated at fair value. Fair values are measured based on quoted prices in active markets, value inputs that are observable either directly or indirectly and/or value inputs that are not based on observable market data. Change of value inputs that are not based on observable market data to reasonably possible alternatives would not have material effect on the Group's results for the year and financial position at the year end date.

An analysis of the Group's financial assets and financial liabilities based on the degree to which their fair values are observable is as follows:

Level 1 : quoted prices in active markets

Level 2 : value inputs, other than quoted prices, that are observable either directly or indirectly

Level 3 : value inputs that are not based on observable market data

	Level 1 \$ Million	Level 2 \$ Million	Level 3 \$ Million	Total \$ Million
At 31st December, 2013				
Financial assets				
Investments available for sale				
Equity securities	8,802	12	181	8,995
Debt securities	41	298	–	339
Investments held for trading				
Equity securities	245	–	–	245
Debt securities	1,115	–	–	1,115
Derivative financial instruments	–	551	–	551
	10,203	861	181	11,245
Financial liabilities				
Derivative financial instruments	–	(279)	–	(279)
At 31st December, 2012				
Financial assets				
Investments available for sale				
Equity securities	10,796	14	127	10,937
Debt securities	32	673	–	705
Investments held for trading				
Equity securities	236	–	–	236
Derivative financial instruments	–	436	–	436
	11,064	1,123	127	12,314
Financial liabilities				
Derivative financial instruments	–	(1,203)	–	(1,203)

## 29. Fair Value Measurement *(continued)*

The movement of equity securities available for sale in Level 3 measurement during the year is as follows:

	2013 \$ Million	2012 \$ Million
Fair value at 1st January	127	434
Additions	14	27
Disposal	–	(337)
Gain in fair value recognised in other comprehensive income	40	3
Fair value at 31st December	181	127

## 30. Capital Management

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

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

	2013 \$ Million	2012 \$ Million
Bank and other loans	41,890	48,099
Less: Bank balances and deposits	(33,197)	(21,167)
Net debt	8,693	26,932
Total equity	372,821	342,652
Net debt	8,693	26,932
Net total capital	381,514	369,584
Net debt to net total capital ratio	2.3%	7.3%

## 31. Approval of Financial Statements

The financial statements reported in Hong Kong dollars and set out on pages 110 to 156 were approved by the board of directors on 28th February, 2014.

## Principal Subsidiaries

### Appendix I

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

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
Alcon Investments Limited	HK\$ 1		100	Property development
AMTD Group Company Limited (British Virgin Islands)	US\$ 10,000		55.9	Financial planning, mortgage servicing & corporate insurance
Bermington Investment Limited	HK\$ 2		100	Hotels & serviced suites
Biro Investment Limited	HK\$ 10,000		100	Property development
Bopson Limited (British Virgin Islands)	US\$ 2		100	Finance
Bradford Investments Limited	HK\$ 1		80	Property development
Bristow Investments Limited	HK\$ 1		100	Property development
Carlford Investments Limited	HK\$ 1		100	Property development
Chaview Holdings Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Cheer Good Limited	HK\$ 1		100	Property development
Cheung Kong Bond Finance Limited (Cayman Islands)	US\$ 1		100	Finance
Cheung Kong Bond Securities Limited (British Virgin Islands)	US\$ 1		100	Finance
Cheung Kong Bond Securities (02) Limited (British Virgin Islands)	US\$ 1		100	Finance
Cheung Kong Bond Securities (03) Limited (British Virgin Islands)	US\$ 1		100	Finance
Cheung Kong Finance Company Limited	HK\$ 2,500,000	100		Finance
Cheung Kong Finance (MTN) Limited (Cayman Islands)	US\$ 1,000		100	Finance
Cheung Kong Holdings (China) Limited	HK\$ 2		100	Investment holding in the Mainland projects
Cheung Kong Investment Company Limited	HK\$ 20	100		Investment holding
Cheung Kong Property Development Limited	HK\$ 2	100		Project management
Citybase Property Management Limited	HK\$ 100,000		100	Property management
Crown Treasure Investments Limited	HK\$ 1		100	Property development
East City Investments Limited	HK\$ 1		100	Property development
Fantastic State Limited	HK\$ 2		100	Property development
Flying Snow Limited	HK\$ 2		100	Property investment
Focus Eagle Investments Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Garbo Field Limited	HK\$ 2		100	Property development
Glass Bead Limited (British Virgin Islands)	US\$ 1		100	Property investment
Global Coin Limited	HK\$ 2		100	Property investment
Goodwell Property Management Limited	HK\$ 100,000		100	Property management
Grandwood Investments Limited	HK\$ 1		100	Property development
Great Art Investment Limited	HK\$ 1		100	Property development
Harbour Grand Hong Kong Limited	HK\$ 2		100	Hotels & serviced suites
Harbour Plaza 8 Degrees Limited	HK\$ 2		100	Hotels & serviced suites
Harbour Plaza Resort City Limited (British Virgin Islands)	US\$ 10,000		98.47	Hotels & serviced suites

Name	Issued Ordinary Share Capital Nominal Value	Effective percentage held by the Company		Principal Activities
		Directly	Indirectly	
iMarkets Limited	HK\$ 30,000,000		54.83	Provider of electronic trading platform
Joynote Ltd (Singapore)	SGD 2		100	Finance
Jubilee Year Investments Limited	HK\$ 1		100	Property development
King Century Investments Limited	HK\$ 1		100	Property development
Kingsmark Investments Limited	HK\$ 1		100	Property development & investment
Luxury Green Development Pte. Ltd. (Singapore)	SGD 1,000,000		100	Property development
Megawin International Limited (British Virgin Islands)	US\$ 2		100	Property development
Mutual Luck Investment Limited	HK\$ 30,000		60	Property development
New Harbour Investments Limited	HK\$ 1		100	Property development
Ocean Century Investments Limited	HK\$ 1		100	Property development
Oxford Investments Limited	HK\$ 2		100	Property development
Pako Wise Limited	HK\$ 2	100		Property investment
Pearl Wisdom Limited	HK\$ 2		100	Hotels & serviced suites
Pofield Investments Limited (British Virgin Islands)	US\$ 1		100	Property investment
Queensway Investments Limited	HK\$ 1		85	Property development
Rainbow Elite Investments Limited	HK\$ 1		100	Property development
Randash Investment Limited	HK\$ 110		60.9	Hotels & serviced suites
Regent Land Investments Limited	HK\$ 1		100	Property development
Rich Asia Investments Limited	HK\$ 1,000,000		85	Property development
Romefield Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Ruby Star Enterprises Limited	HK\$ 1		100	Property development
Sai Ling Realty Limited	HK\$ 10,000	100		Property development
Sino China Enterprises Limited	HK\$ 2		100	Hotels & serviced suites
Stanley Investments Limited	HK\$ 1		100	Property development
The Center (Holdings) Limited (British Virgin Islands)	US\$ 1		100	Property investment
Tony Investments Limited	HK\$ 1		100	Property development
Total Win Group Limited (British Virgin Islands)	US\$ 1		100	Investment holding
Towerich Limited	HK\$ 2		51	Hotels & serviced suites
Volly Best Investment Limited	HK\$ 1		90	Property development
Wealth Pine Investment Limited	HK\$ 1		85	Property development
Wide Global Investment Limited	HK\$ 2		100	Property development
Winchesto Finance Company Limited	HK\$ 15,000,000	100		Finance
Yick Ho Limited	HK\$ 6,000,000		100	Investment in hotel projects

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

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

## Principal Associates

### Appendix II

The Directors are of the opinion that a complete list of the particulars of all the associates will be of excessive length and therefore the following list contains only the particulars of the associates which principally affect the results or assets of the Group.

Name	Effective percentage of Issued Ordinary Share Capital held by the Company Indirectly	Principal Activities
CK Life Sciences Int'l., (Holdings) Inc. – Incorporated in Cayman Islands and listed in Hong Kong	45.3	Research & development, manufacturing, commercialisation, marketing & selling of health & agriculture-related products, vineyards & investments
Hutchison Whampoa Limited – Incorporated and listed in Hong Kong	49.9	Ports & related services, property & hotels, retail, infrastructure, energy, telecommunications, finance & investments and others

## Principal Joint Ventures

### Appendix III

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

Name	Effective percentage of Ownership Interest held by the Company		Principal Activities
	Directly	Indirectly	
AVR – Afvalverwerking B.V. (The Netherlands)		35	Producing energy from waste
Bayswater Developments Limited (British Virgin Islands)		50	Property development & investment
Beright Investments Limited (British Virgin Islands)		50	Property development
Billion Rise Limited (British Virgin Islands)		50	Property development
CEF Holdings Limited	50		Investment holding
Chesgold Limited		50	Property investment
Cheung Wo Enterprises Limited (British Virgin Islands)		50	Property investment
Choicewide Group Limited (British Virgin Islands)		50	Investment in property project
Clayton Power Enterprises Limited		50	Property development
Dragon Beauty International Limited		50	Property development
Elegant Wealth Investment Limited	49		Property development
Extreme Selection Investments Limited (British Virgin Islands)		50	Property development
Forton Investment Limited		50	Property development
Gislingham Limited (British Virgin Islands)		50	Property development
Glory Sense Limited		50	Property development
Golden Castle Management Limited (British Virgin Islands)		50	Property development
Harbour Plaza Hotel Management (International) Limited (British Virgin Islands)		50	Hotel management
Harbour Plaza Metropolis Limited (British Virgin Islands)		50	Hotels & serviced suites
Hildon Development Limited		50	Property development
Hong Kong Concord Holdings Limited		40	Investment holding & power generation
Hong Kong Shanghai Development Co Ltd (Samoa)		25	Property development & investment
Hui Xian Holdings Limited		33.4	Investment holding
Hutchison Whampoa Properties (Chengdu) Limited (The Mainland)		50	Property development
Konus Investment Limited		42.5	Property investment
Mapleleaf Developments Limited (British Virgin Islands)		25	Property development
Metro Broadcast Corporation Limited		50	Radio broadcasting
Mighty General Limited		50	Property development
Montoya (HK) Limited		50	Property development
New China Sheen Limited		50	Property development
New China Target Limited		50	Property development
Northumbrian Water Group Limited (The United Kingdom)		40	Water supply, sewerage and waste water businesses
Shanklin Developments Limited (British Virgin Islands)		50	Property development
Sky Island Limited (British Virgin Islands)		50	Property development

Principal Joint Ventures (*continued*)

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

The principal area of operation of the above joint ventures was Hong Kong except the following:

Name	Area of Operation
AVR – Afvalverwerking B.V.	The Netherlands
Bayswater Developments Limited	The Mainland
Beright Investments Limited	The Mainland
Billion Rise Limited	Singapore
Chesgold Limited	The Mainland
Cheung Wo Enterprises Limited	The Mainland
Choicewide Group Limited	Singapore
Elegant Wealth Investment Limited	The Mainland
Extreme Selection Investments Limited	The Mainland
Forton Investment Limited	The Mainland
Gislingham Limited	The Mainland
Glory Sense Limited	The Mainland
Golden Castle Management Limited	The Mainland
Hildon Development Limited	The Mainland
Hong Kong Concord Holdings Limited	The Mainland
Hong Kong Shanghai Development Co Ltd	The Mainland
Hutchison Whampoa Properties (Chengdu) Limited	The Mainland
Mapleleaf Developments Limited	The Mainland
Mighty General Limited	The Mainland
Montoya (HK) Limited	The Mainland
New China Sheen Limited	The Mainland
New China Target Limited	The Mainland
Northumbrian Water Group Limited	The United Kingdom
Shanklin Developments Limited	The Mainland
Sky Island Limited	The Mainland
True Ample Developments Limited	The Mainland
Wales & West Gas Networks (Holdings) Limited	The United Kingdom
Willpower Developments Limited	The Mainland
Zealand Limited	The Mainland



# Extracts of Financial Statements of Hutchison Whampoa Limited

## Appendix IV

Extracts of the 2013 published financial statements of Hutchison Whampoa Limited, a listed associate, are set out below.

### Consolidated Income Statement

For the year ended 31st December, 2013

	2013 \$ Million	As restated 2012 \$ Million
Revenue	256,234	243,089
Cost of inventories sold	(102,496)	(98,113)
Staff costs	(33,151)	(31,416)
Telecommunications customer acquisition costs	(24,170)	(25,514)
Depreciation and amortisation	(15,850)	(14,149)
Other operating expenses	(51,265)	(50,364)
Change in fair value of investment properties	26	790
Profits on disposal of investments and others	230	(2,052)
Share of profits less losses after tax of:		
Associated companies before profits on disposal of investments and others	10,433	10,558
Joint ventures	12,597	10,924
Associated companies' share of profits on disposal of investments and others	(504)	–
	52,084	43,753
Interest expenses and other finance costs	(8,391)	(9,243)
<b>Profit before tax</b>	<b>43,693</b>	<b>34,510</b>
Current tax	(4,231)	(3,079)
Deferred tax	(569)	676
<b>Profit after tax</b>	<b>38,893</b>	<b>32,107</b>
Allocated as: Profit attributable to non-controlling interests and holders of perpetual capital securities	(7,781)	(6,210)
<b>Profit attributable to ordinary shareholders of the Company</b>	<b>31,112</b>	<b>25,897</b>

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

## Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2013

	2013 \$ Million	As restated 2012 \$ Million
<b>Profit after tax</b>	<b>38,893</b>	<b>32,107</b>
<b>Other comprehensive income (losses)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurement of defined benefit obligations		
recognised directly in reserves	694	(577)
Share of other comprehensive income of associated companies	563	247
Share of other comprehensive income (losses) of joint ventures	(115)	(129)
Tax relating to items that will not be reclassified to profit or loss	84	68
	<b>1,226</b>	<b>(391)</b>
<b>Items that have been reclassified or may be subsequently reclassified to profit or loss:</b>		
Available-for-sale investments		
Valuation gains recognised directly in reserves	382	1,761
Valuation losses (gains) previously in reserves recognised in income statement	6	(210)
Gains (losses) on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised directly in reserves	346	(57)
Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves	(1,774)	1,833
Losses (gains) previously in exchange reserve related to subsidiaries and associated companies disposed during the year recognised in income statement	(152)	69
Share of other comprehensive income (losses) of associated companies	(3,800)	1,525
Share of other comprehensive income of joint ventures	589	1,624
Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	(76)	(82)
	<b>(4,479)</b>	<b>6,463</b>
<b>Other comprehensive income (losses) after tax</b>	<b>(3,253)</b>	<b>6,072</b>
<b>Total comprehensive income</b>	<b>35,640</b>	<b>38,179</b>
<b>Allocated as: Attributable to non-controlling interests and holders of perpetual capital securities</b>	<b>(7,878)</b>	<b>(6,593)</b>
<b>Attributable to ordinary shareholders of the Company</b>	<b>27,762</b>	<b>31,586</b>

## Consolidated Statement of Financial Position

At 31st December, 2013

	31/12/2013 \$ Million	As restated 31/12/2012 \$ Million	As restated 1/1/2012 \$ Million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	177,324	167,588	155,502
Investment properties	42,454	43,652	42,610
Leasehold land	9,849	9,495	10,004
Telecommunications licences	86,576	78,655	75,503
Goodwill	38,028	26,492	26,338
Brand names and other rights	18,755	15,328	12,615
Associated companies	112,058	113,305	105,505
Interests in joint ventures	111,271	108,950	99,758
Deferred tax assets	18,548	18,059	16,985
Other non-current assets	7,934	9,579	10,184
Liquid funds and other listed investments	17,136	23,499	20,239
	<b>639,933</b>	<b>614,602</b>	<b>575,243</b>
<b>Current assets</b>			
Cash and cash equivalents	85,651	107,948	66,539
Trade and other receivables	69,083	61,788	60,345
Inventories	20,855	19,533	18,408
	<b>175,589</b>	<b>189,269</b>	<b>145,292</b>
<b>Current liabilities</b>			
Trade and other payables	86,812	78,471	78,093
Bank and other debts	18,159	39,596	28,835
Current tax liabilities	3,319	2,856	2,431
	<b>108,290</b>	<b>120,923</b>	<b>109,359</b>
<b>Net current assets</b>	<b>67,299</b>	<b>68,346</b>	<b>35,933</b>
<b>Total assets less current liabilities</b>	<b>707,232</b>	<b>682,948</b>	<b>611,176</b>
<b>Non-current liabilities</b>			
Bank and other debts	207,195	220,440	189,719
Interest bearing loans from non-controlling shareholders	5,445	6,307	6,502
Deferred tax liabilities	10,228	8,968	8,888
Pension obligations	3,095	3,616	3,041
Other non-current liabilities	5,037	5,076	4,296
	<b>231,000</b>	<b>244,407</b>	<b>212,446</b>
<b>Net assets</b>	<b>476,232</b>	<b>438,541</b>	<b>398,730</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	1,066	1,066	1,066
Perpetual capital securities	39,587	23,400	15,600
Reserves	385,956	367,053	342,905
<b>Total ordinary shareholders' funds and perpetual capital securities</b>	<b>426,609</b>	<b>391,519</b>	<b>359,571</b>
Non-controlling interests	49,623	47,022	39,159
<b>Total equity</b>	<b>476,232</b>	<b>438,541</b>	<b>398,730</b>

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

### Appendix V

Extracts of the 2013 published financial statements of CK Life Sciences Int'l., (Holdings) Inc., a listed associate, are set out below.

#### Consolidated Income Statement

For the year ended 31st December, 2013

	2013 \$'000	2012 \$'000
Turnover	4,970,927	4,545,022
Cost of sales	(3,229,113)	(2,992,216)
	1,741,814	1,552,806
Other income, gains and losses	42,707	(6,361)
Staff costs	(489,963)	(438,644)
Depreciation	(19,595)	(18,072)
Amortisation of intangible assets	(50,650)	(51,328)
Other expenses	(860,622)	(646,284)
Finance costs	(103,953)	(88,623)
Share of results of associates and joint ventures	43,991	(2,481)
Profit before taxation	303,729	301,013
Taxation	(69,183)	(102,979)
Profit for the year	234,546	198,034
Attributable to:		
Shareholders of the Company	229,008	176,331
Non-controlling interests of subsidiaries	5,538	21,703
	234,546	198,034

## Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2013

	2013 \$'000	2012 \$'000
Profit for the year	234,546	198,034
Other comprehensive income/(expenses)		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Gain on revaluation of property, plant and equipment	34,379	–
	34,379	–
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference arising from translation of foreign operations	(647,386)	44,019
Loss on fair value changes of available-for-sale investments	(45,871)	(10,433)
Reclassification adjustment upon impairment of available-for-sale investments	2,229	50,700
	(691,028)	84,286
Other comprehensive (expenses)/income for the year	(656,649)	84,286
Total comprehensive (expenses)/income for the year	(422,103)	282,320
Total comprehensive (expenses)/income attributable to:		
Shareholders of the Company	(403,640)	254,317
Non-controlling interests of subsidiaries	(18,463)	28,003
	(422,103)	282,320

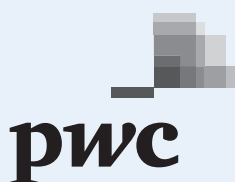
## Extracts of Financial Statements of CK Life Sciences Int'l., (Holdings) Inc. (continued)

## Consolidated Statement of Financial Position

As at 31st December, 2013

	2013 \$'000	2012 \$'000
<b>Non-current assets</b>		
Investment properties	926,897	947,866
Vines	539,502	542,218
Property, plant and equipment	1,177,459	561,604
Intangible assets	4,002,647	4,302,480
Interests in associates and joint ventures	365,531	16,260
Available-for-sale investments	289,515	335,386
Investments at fair value through profit or loss	–	130,923
Deferred taxation	31,447	33,353
	<b>7,332,998</b>	<b>6,870,090</b>
<b>Current assets</b>		
Investments at fair value through profit or loss	43,924	64,718
Derivative financial instruments	6,182	8,234
Tax recoverable	15,705	5,044
Inventories	952,912	796,031
Receivables and prepayments	1,036,987	983,733
Bank balances and deposits	767,661	572,113
	<b>2,823,371</b>	<b>2,429,873</b>
Assets classified as held for sale	63,409	–
	<b>2,886,780</b>	<b>2,429,873</b>
<b>Current liabilities</b>		
Payables and accruals	(1,089,290)	(923,122)
Derivative financial instruments	(5,062)	(17,363)
Bank borrowings	(950,758)	(124,414)
Finance lease obligations	(758)	(431)
Other borrowings	(75,000)	–
Taxation	(58,846)	(112,774)
	<b>(2,179,714)</b>	<b>(1,178,104)</b>
Liabilities associated with assets classified as held for sale	(36,027)	–
	<b>(2,215,741)</b>	<b>(1,178,104)</b>
<b>Net current assets</b>	<b>671,039</b>	<b>1,251,769</b>
<b>Total assets less current liabilities</b>	<b>8,004,037</b>	<b>8,121,859</b>
<b>Non-current liabilities</b>		
Bank borrowings	(1,479,931)	(1,565,629)
Finance lease obligations	(243)	(1,148)
Other borrowings	(1,281,000)	(790,376)
Deferred taxation	(42,568)	(41,008)
	<b>(2,803,742)</b>	<b>(2,398,161)</b>
<b>Total net assets</b>	<b>5,200,295</b>	<b>5,723,698</b>
<b>Capital and reserves</b>		
Share capital	961,107	961,107
Share premium and reserves	4,015,830	4,502,705
<b>Equity attributable to shareholders of the Company</b>	<b>4,976,937</b>	<b>5,463,812</b>
Non-controlling interests of subsidiaries	223,358	259,886
<b>Total equity</b>	<b>5,200,295</b>	<b>5,723,698</b>

# Independent Auditor's Report



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

We have audited the consolidated financial statements of Cheung Kong (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 110 to 156, which comprise the consolidated and Company statements of financial position as at 31st December, 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the consolidated financial statements

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

### Auditor's responsibility

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

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

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

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

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2013, 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, 28 February, 2014

## Listed Affiliated Companies



### Hutchison Whampoa Limited



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

The Hutchison Whampoa Group will continue with the strategy of “Advancing with Stability” in its ongoing investment for growth within its core businesses. Achieving sustainable recurring earnings growth and maintaining a strong financial profile will continue to be the key objectives of the Hutchison Whampoa Group.





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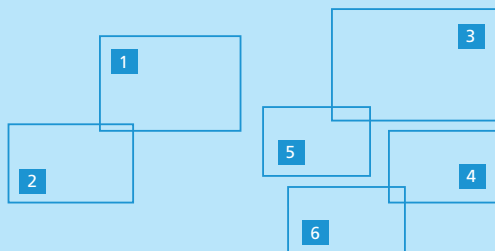


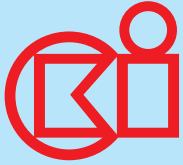
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1. Sydney International Container Terminals, the Hutchison Whampoa Group's second port operation in Australia, commences operations.
2. The Hutchison Whampoa Group's flagship retail brand Watsons reaches 4,000 stores at the end of 2013.
3. Located at the centre of Commercial Business District along Nanjing Road, the Metropolitan Tianjin becomes a new landmark of Tianjin, the Mainland.
4. 3 Austria completes its acquisition of Orange Austria in January 2013.
5. Powercor is the largest electricity distributor in the state of Victoria, Australia.
6. Husky Energy completes one of the world's largest float-over installations in the Liwan Gas Project.



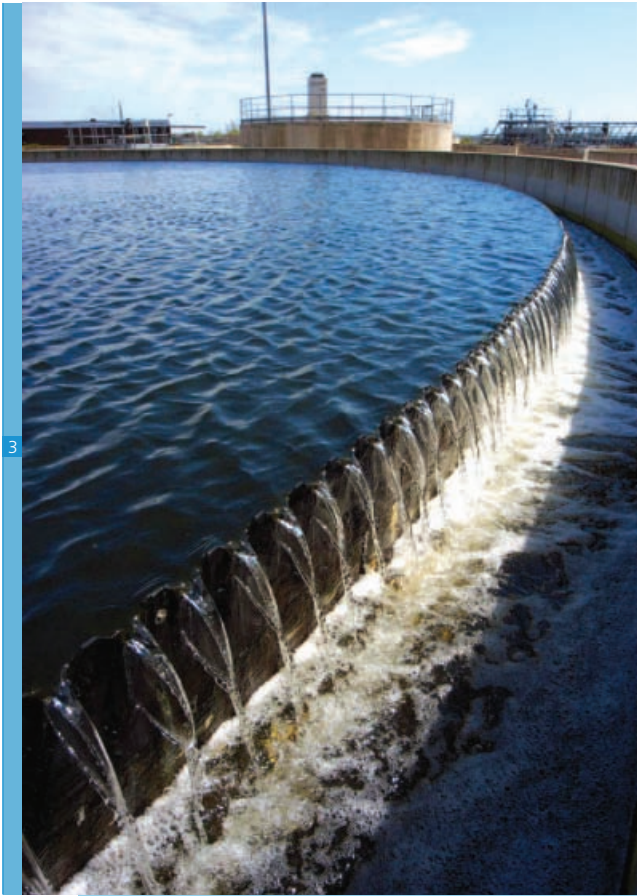


# Cheung Kong Infrastructure Holdings Limited



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

Through a strategy of globalisation and diversification, CKI has evolved from a Greater China-focused infrastructure company to a leading global player with operations around the world.



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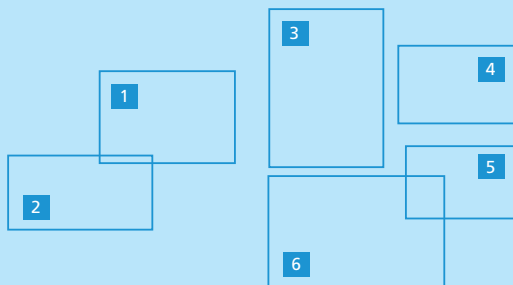
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- 1. UK Power Networks Holdings Limited
- 2. Alliance Construction Materials Limited
- 3. Northumbrian Water Group Limited
- 4. SA Power Networks
- 5. Enviro Waste Services Limited
- 6. AVR-Afvalverwerking B.V.



Power Assets Holdings Ltd.  
電能實業有限公司

## Power Assets Holdings Limited



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

With the proceeds from the spin-off of its Hong Kong electricity business, Power Assets will look to expand into mature, stable markets that offer long-term potential in the energy sector, where the focus will be on high-quality investments of suitable scale that deliver stable income and steady growth.



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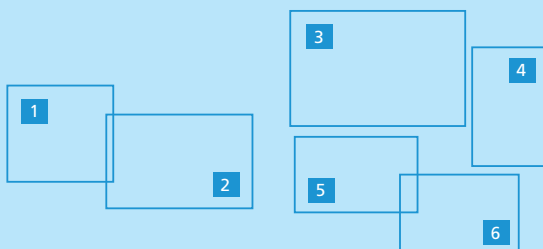
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1. Spin-off and separate listing of Power Assets' Hong Kong electricity business on the Main Board of the Stock Exchange of Hong Kong was successfully completed on 29th January 2014.
2. HK Electric has completed the interim review of its Scheme of Control Agreement with the Government and obtained approval for its new Development Plan.
3. Power Assets acquired a 20% stake of AVR in the Netherlands in an acquisition led by CKI in 2013, further expanding its portfolio to include the energy-from-waste market.
4. Feasibility study on the proposed wind farm project by HK Electric is under review by the Government.
5. Solar Power System at Lamma Power Station of HK Electric expanded to 1MW.
6. On the whole, the UK operations achieved stable growth in profit contribution and remain Power Assets' largest market outside Hong Kong.

## Risk Factors

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

### Economic Environment and Conditions

The global economy remains uncertain since the global financial crisis in 2008, the European sovereign debt crisis that followed, the slowdown of the Mainland economy and the U.S. tapering quantitative easing (QE) policy. The slowdown in world economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence and increased market volatility. The Cheung Kong Group has diversified operations in 52 countries around the world. Any adverse economic conditions in those countries and places in which the Group operates may potentially impact on the Group's financial position or potential income, asset value and liabilities.

### Property Developments

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

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

Supply of land is subject to the development of land policies in different markets. Acquisition of land in Hong Kong, the Mainland and other overseas markets may be subject to various regulatory requirements or restrictions. Future growth prospects of the property development business is therefore affected by the availability and price levels of prime sites in Hong Kong, the Mainland and other overseas markets.

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

### Industry Trends and Interest Rates

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

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

### Highly Competitive Markets

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

### Infrastructure Market

Some of the investments owned by the Group (for example, water and gas) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. Infrastructure projects are capital intensive, only a few major players emerged in the market and there is no assurance of ready buyer on disposal.

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

## Risk Factors (continued)

### Currency Fluctuations

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

### Strategic Partners

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

### Impact of Local, National and International Regulations

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

### Impact of New Accounting Standards

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

### Outbreak of Highly Contagious Disease

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS") in Hong Kong, the Mainland and other places. The SARS outbreak had a significant adverse impact on the economies of the affected areas. The spread of Influenza A H1N1 in 2009 and the spread of avian influenza (including H5N1 and H7N9) also affected many areas of the world. There were also reported cases of NDM-1 in many countries and regions. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease such as avian influenza or SARS. If such an outbreak were to occur, it may have a material adverse impact on the operations of the Group and its results of operations may suffer.



## Connected Transactions

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

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

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

## Natural Disasters

Some of the Group’s assets and businesses, and many of the Group’s customers and suppliers are located in areas at risk of damage from earthquakes, floods and similar events and the occurrence of any of these events could disrupt the Group’s business and materially and adversely affect the Group’s financial conditions and results of operations. For example, in recent years, a number of countries including the Mainland, New Zealand and Japan experienced severe earthquakes that caused significant property damage and loss of life. Parts of Australia have also experienced drought conditions.

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

## Past Performance and Forward Looking Statements

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

## Corporate Information and Key Dates

### Board of Directors

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

\* Also alternate director to Simon MURRAY

### Audit Committee

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

### Remuneration Committee

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

### Executive Committee

LI Tzar Kuoi, Victor ( <i>Chairman</i> )	
KAM Hing Lam	
IP Tak Chuen, Edmond	
CHUNG Sun Keung, Davy	
PAU Yee Wan, Ezra	
WOO Chia Ching, Grace	
CHIU Kwok Hung, Justin	
YIP Kin Ming, Emmanuel	MAN Ka Keung, Simon
SHEN Wai Yee, Grace	KWAN Chi Kin, Anthony
Eirene YEUNG	MA Lai Chee, Gerald

### Company Secretary

Eirene YEUNG

### Authorised Representatives

IP Tak Chuen, Edmond  
 Eirene YEUNG

### Chief Manager, Accounts Department

MAN Ka Keung, Simon

### Principal Bankers

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

### Auditor

PricewaterhouseCoopers

### Legal Advisers

Woo, Kwan, Lee & Lo

### Registered Office

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

### Share Registrar and Transfer Office

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

### Stock Codes

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

### Website

www.ckh.com.hk

### Key Dates

Annual Results Announcement	28th February, 2014
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	13th to 16th May, 2014 (both days inclusive)
Annual General Meeting	16th May, 2014
Record Date (for determination of shareholders who qualify for the Final Dividend)	22nd May, 2014
Payment of Final Dividend	5th June, 2014

This annual report 2013 (“Annual Report”) is available in both English and Chinese versions. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the other language by writing to the Company c/o the Company’s Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email to [ckh.ecom@computershare.com.hk](mailto:ckh.ecom@computershare.com.hk).

The Annual Report (both English and Chinese versions) has been posted on the Company’s website at [www.ckh.com.hk](http://www.ckh.com.hk). Shareholders who have chosen (or are deemed to have consented) to read the Company’s corporate communications (including but not limited to the Annual Report) published on the Company’s website in place of receiving printed copies thereof may request the printed copy of the Annual Report in writing to the Company c/o the Company’s Registrar or by email to [ckh.ecom@computershare.com.hk](mailto:ckh.ecom@computershare.com.hk).

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Annual Report posted on the Company’s website will upon request in writing to the Company c/o the Company’s Registrar or by email to [ckh.ecom@computershare.com.hk](mailto:ckh.ecom@computershare.com.hk) promptly be sent the Annual Report in printed form free of charge.

Shareholders may at any time choose to change your choice as to the means of receipt (i.e. in printed form or by electronic means through the Company’s website) and/or the language of the Company’s corporate communications by reasonable prior notice in writing to the Company c/o the Company’s Registrar or sending a notice to [ckh.ecom@computershare.com.hk](mailto:ckh.ecom@computershare.com.hk).



