

A NEW CHAPTER BEGINS



Corporate Information

CK Hutchison Holdings Limited

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Chairman

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

Group Co-Managing Director and Deputy Chairman

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

Group Co-Managing Director

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

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

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

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

KAM Hing Lam, BSc, MBA
Deputy Managing Director

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

AUDIT COMMITTEE

WONG Chung Hin (*Chairman*)

KWOK Tun-li, Stanley

CHENG Hoi Chuen, Vincent

William SHURNIAK

REMUNERATION COMMITTEE

WONG Yick-ming, Rosanna (*Chairman*)

LI Ka-shing

CHENG Hoi Chuen, Vincent

WONG Chung Hin

NON-EXECUTIVE DIRECTORS

CHOW Kun Chee, Roland, LL.M.

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

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

George Colin MAGNUS, OBE, BBS, MA

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CHENG Hoi Chuen, Vincent, GBS, OBE, JP

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

LEE Wai Mun, Rose, JP, BBA

William Elkin MOCATTA, FCA
Alternate to Michael David Kadoorie

William SHURNIAK, SOM, LLD (Hon)

WONG Chung Hin, CBE, JP

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

COMPANY SECRETARY

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

AUDITOR

PricewaterhouseCoopers

BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Bank of China (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

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Corporate Profile

CK Hutchison Group (the “Group”) is a renowned multinational conglomerate committed to development, innovation and technology in many different sectors. We operate a variety of businesses in over 50 countries across the world with over 270,000 employees. We have a strong commitment to the highest standards of corporate governance, transparency and accountability, which has been recognised by numerous international awards and commendations. Our operations consist of five core businesses – ports and related services, retail, infrastructure, energy, and telecommunications.

We are the world’s leading port investor, developer and operator, holding interests in 48 ports comprising 269 operational berths in 25 countries, including container terminals operating in five of the 10 busiest container ports in the world. In 2015, our ports handled a total throughput of 83.8 million twenty-foot equivalent units (“TEU”). We also engage in mid-stream operations, river trade, cruise terminal operations and ports related logistics services.



Ports and Related Services

The Group’s retail division is the largest international health and beauty retailer in Asia and Europe with over 12,000 retail stores in 25 markets worldwide. Its diverse retail portfolio comprises health and beauty products, supermarkets, and consumer electronics and electrical appliances. It also manufactures and distributes bottled water and beverage products in Hong Kong and Mainland China.



Retail

The Group's infrastructure business includes its shareholding in Cheung Kong Infrastructure Holdings Limited ("CKI"), interests in six infrastructure assets that are co-owned with CKI, as well as its aircraft leasing business. CKI is the largest publicly listed infrastructure company in Hong Kong with diversified investments in energy infrastructure, transportation infrastructure, water infrastructure, waste management and infrastructure related business. It operates mainly in Hong Kong, the Mainland, the United Kingdom, the Netherlands, Portugal, Australia, New Zealand and Canada. The Group's aircraft leasing business has a portfolio of over 60 aircraft leased to commercial airlines.



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



We are a leading global operator of mobile telecommunications and data services, and a pioneer of mobile broadband technology. We are also a major owner and operator of fibre-optic fixed-line networks in Hong Kong. Our operations offer telecommunications services including 4G long-term evolution (LTE) and 3G multi-media mobile, second-generation mobile, fixed-line, Internet and broadband services, including international connectivity services over both fibre-optic and mobile networks.

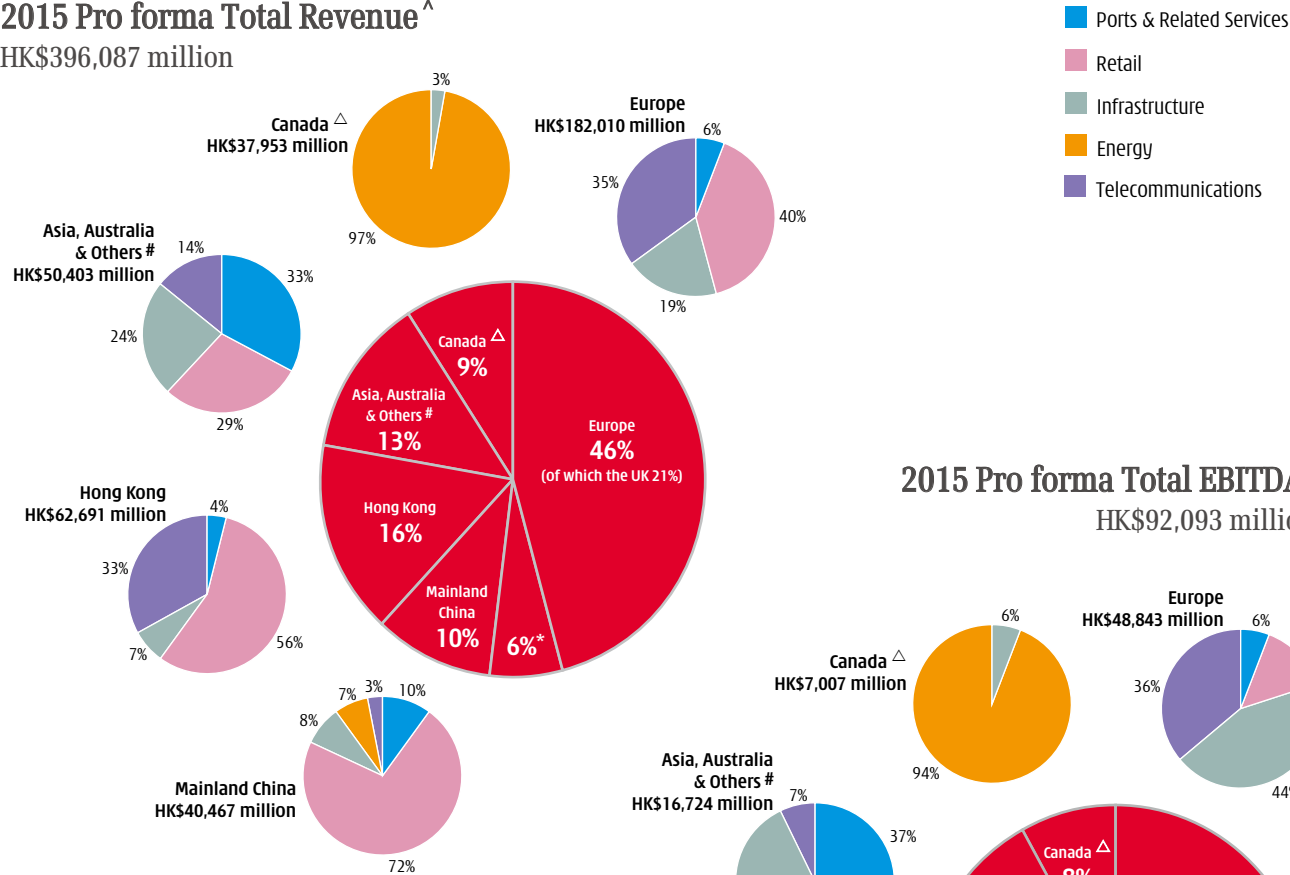


Analyses of Core Business Segments by Geographical Location

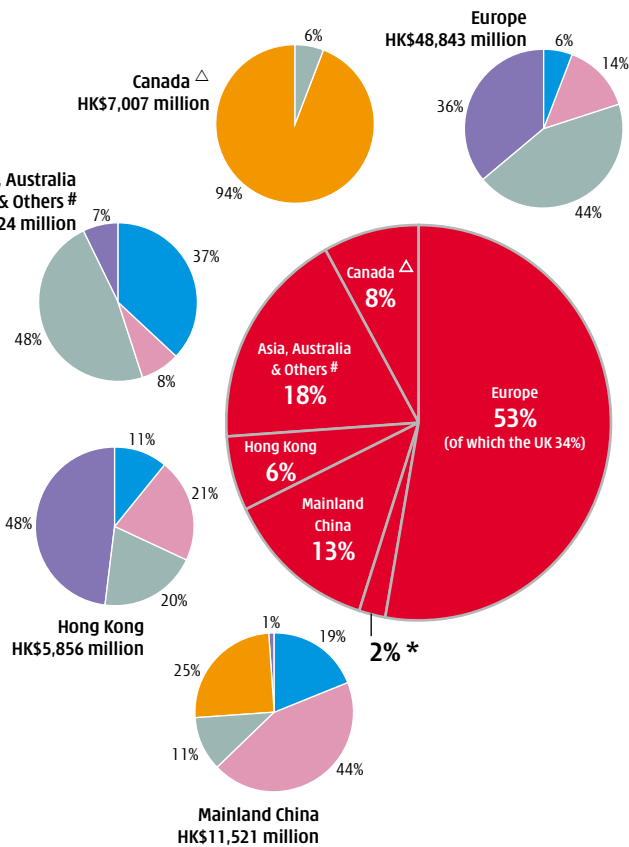
- Pro forma basis

(before profits on disposal of investments & others)

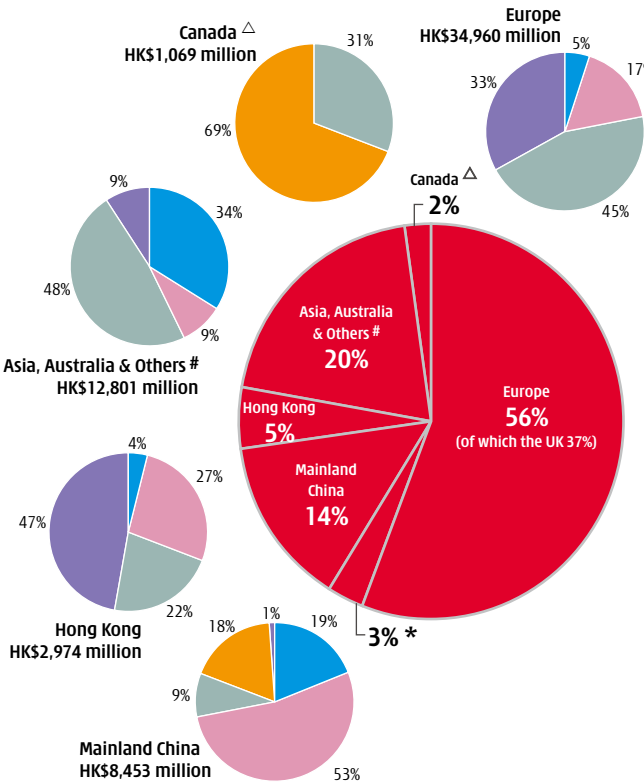
2015 Pro forma Total Revenue ^
HK\$396,087 million



2015 Pro forma Total EBITDA ^
HK\$92,093 million



2015 Pro forma Total EBIT ^
HK\$62,079 million



* Represents contributions from Finance & Investments and Others
 # Includes Panama, Mexico and the Middle East
 △ Includes contribution from the USA for Husky Energy
 ^ The basis of preparation is set out in note 1 on Page 5 and the "Reconciliation from CKHH Statutory Results to CKHH Pro Forma Results".

Analyses by Core Business Segments

	CKHH Pro forma Results ⁽¹⁾ for the year ended 31 December 2015 HK\$ millions	HWL Results ⁽²⁾ for the year ended 31 December 2014 HK\$ millions	Change %
Total Revenue ⁽³⁾			
Ports and related services ⁽³⁾	33,767	35,624	-5%
Retail	151,903	157,397	-3%
Infrastructure	43,844	45,419	-3%
Husky Energy	33,824	57,368	-41%
3 Group Europe	62,799	65,623	-4%
Hutchison Telecommunications Hong Kong Holdings	22,042	16,296	35%
Hutchison Asia Telecommunications	6,900	5,757	20%
Finance & Investments and Others	19,668	21,389	-8%
Total Comparable Revenue	374,747	404,873	-7%
Additional Contributions ⁽⁴⁾	21,340	—	NA
Total Revenue	396,087	404,873	-2%
EBITDA ⁽³⁾			
Ports and related services ⁽³⁾	11,840	12,133	-2%
Retail	14,838	15,549	-5%
Infrastructure	24,147	24,483	-1%
Husky Energy	7,922	14,410	-45%
3 Group Europe	17,396	15,598	12%
Hutchison Telecommunications Hong Kong Holdings	2,891	2,780	4%
Hutchison Asia Telecommunications	1,176	(278)	523%
Finance & Investments and Others	1,786	3,461	-48%
Total Comparable EBITDA	81,996	88,136	-7%
Additional Contributions ⁽⁴⁾	10,097	—	NA
Total EBITDA before profits on disposal of investments & others	92,093	88,136	5%
EBIT ⁽³⁾			
Ports and related services ⁽³⁾	7,887	7,944	-1%
Retail	12,328	13,023	-5%
Infrastructure	18,101	18,215	-1%
Husky Energy	1,884	6,324	-70%
3 Group Europe	11,664	6,892	69%
Hutchison Telecommunications Hong Kong Holdings	1,448	1,380	5%
Hutchison Asia Telecommunications	1,176	(1,465)	180%
Finance & Investments and Others	1,540	3,000	-49%
Total Comparable EBIT before profits on disposal of investments & others	56,028	55,313	1%
Additional Contributions ⁽⁴⁾	6,051	—	NA
Total EBIT before profits on disposal of investments & others	62,079	55,313	12%
Interest expenses and other finance costs ⁽³⁾	(12,581)	(13,909)	10%
Profit Before Tax	49,498	41,404	20%
Tax ⁽³⁾			
Current tax	(6,734)	(7,907)	15%
Deferred tax	(463)	(283)	-64%
	(7,197)	(8,190)	12%
Profit after tax	42,301	33,214	27%
Non-controlling interests and perpetual capital securities holders' interests	(10,173)	(9,559)	-6%
Profit attributable to ordinary shareholders before profits on disposal of investments & others ("Recurring NPAT")	32,128	23,655	36%
- Comparable results	29,364	23,655	24%
- Additional Contributions ⁽⁴⁾	2,764	—	NA
Profits on disposal of investments & others, after tax ⁽⁶⁾	(960)	10,048	-110%
Profit attributable to ordinary shareholders ("NPAT")	31,168	33,703	-8%
- Comparable results	28,404	33,703	-16%
- Additional Contributions	2,764	—	NA

Reconciliation to reported HWL results for the year ended 31 December 2014			
Revenue	Total Comparable results	404,873	
	Discontinued businesses results ⁽⁵⁾	16,599	
	Total HWL results for the year ended 31 December 2014 as reported	421,472	
EBITDA	Total Comparable results	88,136	
	Discontinued businesses results ⁽⁵⁾	10,737	
	Total HWL results for the year ended 31 December 2014 as reported	98,873	
EBIT	Total Comparable results	55,313	
	Discontinued businesses results ⁽⁵⁾	10,400	
	Total HWL results for the year ended 31 December 2014 as reported	65,713	
Recurring NPAT	Total Comparable results	23,655	
	Discontinued businesses results ⁽⁵⁾	8,353	
	Total HWL results for the year ended 31 December 2014 as reported	32,008	
NPAT	Total Comparable results	33,703	
	Discontinued businesses results ⁽⁵⁾	33,453	
	Total HWL results for the year ended 31 December 2014 as reported	67,156	

Note 1: Unaudited CKHH pro forma results for the year ended 31 December 2015 presented above assume that the Reorganisation was effective as at 1 January 2015. This presentation is consistent with the way the Group manages its businesses and enables the Group's underlying performance to be evaluated on a comparable basis, and has been prepared in accordance with the accounting policies of the Group as set out in note 3 of the financial statements. See Reconciliation from CKHH Statutory Results to CKHH Pro Forma Results for the year ended 31 December 2015 for details.

Note 2: Unaudited HWL results for the year ended 31 December 2014 as reported in the Financial Performance Summary presented in HWL's 2014 Annual Report, excluding discontinued property and hotels businesses.

Note 3: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earnings before interest expenses and other finance costs and tax ("EBIT"), interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 4: To enable a better comparison of underlying performance, comparable revenue, EBITDA, EBIT and recurring NPAT exclude discontinued businesses and Additional Contributions. Full year Additional Contributions are as shown in table below, assuming the Reorganisation was effective as at 1 January 2015 (see (1) above). See note 1 to the financial statements for the details of the Reorganisation.

	Revenue	EBITDA	EBIT	Recurring NPAT
Ports and related services	242	124	70	43
Infrastructure	11,918	8,144	5,376	3,320
Energy	6,205	1,453	345	211
Telecommunications	80	20	(22)	(21)
Finance & Investments and Others	2,895	356	282	(789)
Total Additional Contributions	21,340	10,097	6,051	2,764

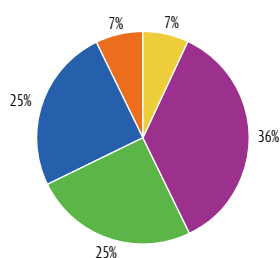
Note 5: Discontinued businesses are businesses carried on by HWL in 2014 that are not carried on by CKHH following the Reorganisation, including property and related businesses of HWL.

Note 6: Profits on disposal of investments & others, after tax for the year ended 31 December 2015 is a charge of HK\$960 million representing the Group's subsidiary Hutchison Telecommunications (Australia) ("HTAL")'s 50% share of Vodafone Hutchison Australia's operating losses. The comparative HWL 2014 of HK\$10,048 million gain comprises HWL's share of the gain arising from separate listing of the Hong Kong electricity business of HK\$16,066 million, as well as a marked-to-market gain of HK\$1,748 million on Cheung Kong Infrastructure Holdings Limited ("CKI")'s investment in Australian Gas Networks Limited partly offset by HTAL's losses of HK\$1,732 million and certain provisions made for other businesses.

Key Financial Information

	2015 HK\$
Earnings per share - statutory ⁽⁷⁾	36.91
Recurring earnings per share - pro forma ⁽⁸⁾	8.32
Full year dividend per share	2.55
	2015 HK\$ millions
Total assets	1,032,944
Net assets	549,111
Net assets attributable to shareholders of the Company per ordinary share (HK\$)	101.9
Total principal amount of bank and other debts	287,603
Total cash, liquid funds and other listed investments ("Liquid assets")	131,426
Total principal amount of bank and other debts including unamortised fair value adjustments from acquisitions	304,006
Net debt ⁽⁹⁾	172,580
Net debt to net total capital ratio ⁽⁹⁾	23.7%
Credit rating:	
Moody's	A3
Standard & Poor's	A-
Fitch	A-

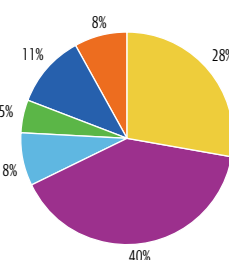
**Debt Profile by
Currency Denomination
at 31 December 2015**



Total principal amount of bank and other debts:
HK\$287,603 million



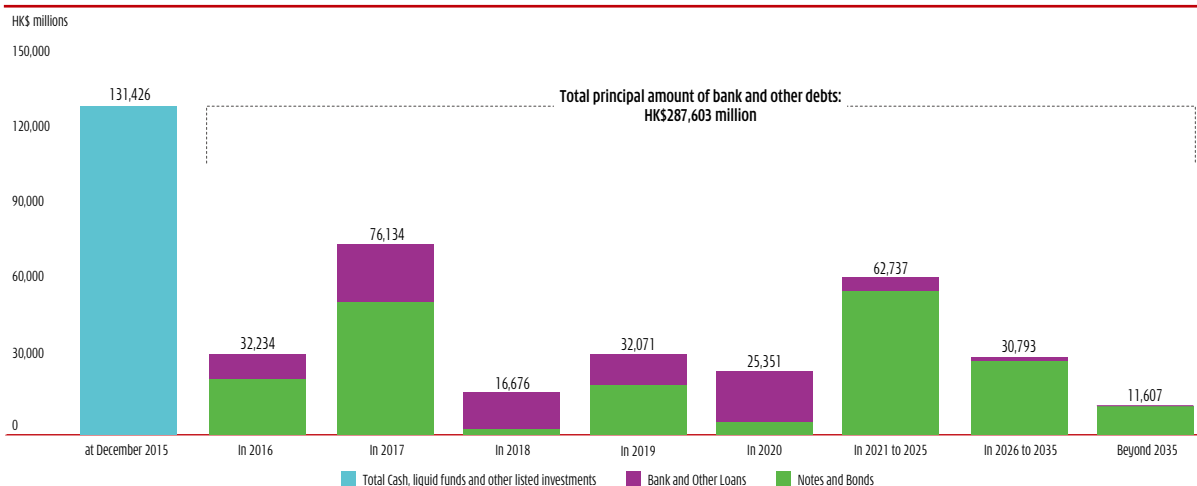
**Liquid Assets by
Currency Denomination
at 31 December 2015**



Total: HK\$131,426 million



Debt Maturity Profile at 31 December 2015



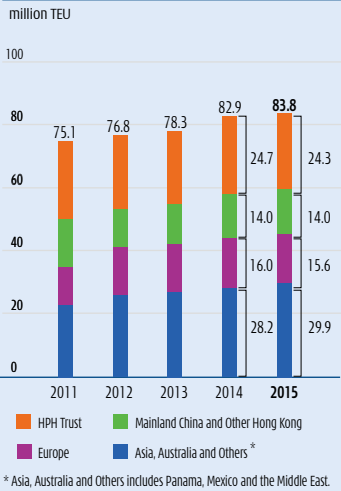
Note 7 : Earnings per share for the statutory results is calculated based on the profit attributable to ordinary shareholders of HK\$118,570 million and on the CKHH weighted average number of shares outstanding during the year ended 31 December 2015 of 3,212,671,194.

Note 8 : On a full year pro forma basis, recurring earnings per share is calculated based on profit attributable to ordinary shareholders before exceptional items, excluding discontinued property and hotels businesses and on CKHH's issued shares outstanding as at 31 December 2015 of 3,859,678,500.

Note 9 : Net debt is defined on the Consolidated Statement of Cash Flows. With effect from 1 January 2015, total bank and other debts is defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

Key Business Indicators

Total Container Throughput by Subdivision



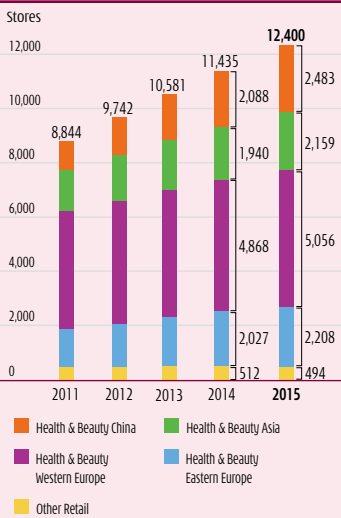
Ports and Related Services

"Annual throughput totalled 83.8 million TEU."

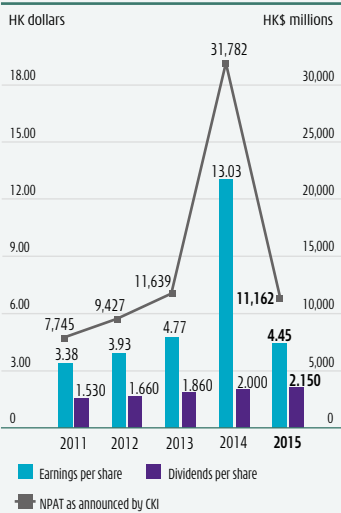
Retail

Total Retail Store Numbers by Subdivision

"Over 12,000 retail stores worldwide in 25 markets."



Earnings per Share, Dividends per Share and NPAT announced by CKI



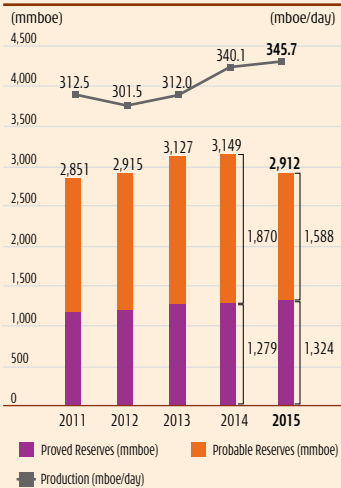
Infrastructure

"Announced total dividend for the year of HK\$2.15 per share."

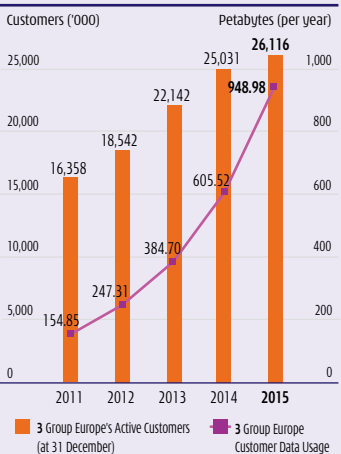
Energy

Proved and Probable Reserves & Production

"Average production increased 2% to 345.7 mboe/day in 2015."



3 Group Europe's Active Customers and Data Usage



Telecommunications

"Active customer base totals over 26.1 million, an increase of 4% while data consumption was approximately 950 petabytes in 2015."

Business Highlights

January to June

- Hutchison Global Communications Limited ("HGC") launches its Retail Cloud solution to enterprises of all sizes.
- A S Watson Group's Health & Beauty Benelux has reached an agreement to acquire all 50 stores of the Dirx health and beauty retail network with an additional five locations being rolled out in the Netherlands.
- CK Life Sciences Int'l (Holdings) Inc ("CK Life Sciences") completes the acquisition of three of McWilliam's vineyards in Australia.
- Husky Energy commences oil production at the Sunrise Energy Project in northern Alberta and starts steaming at the second of its two processing plants in the second half of the year.
- 3 UK reaches agreement with Telefónica SA to acquire O₂ UK to provide UK customers with better service and innovation.
- CK Hutchison and CKI complete the acquisition of Eversholt Rail Group, a rolling stock company in the UK, for an enterprise value of approximately £2.5 billion.
- GAMECO breaks ground for its Qingyuan Landing Gear Overhaul Base Longwan Shop in South China.
- The Cheung Kong Group completes its reorganisation and creates CK Hutchison Holdings Limited and Cheung Kong Property Holdings Limited.
- CKI and Power Assets Holdings Limited ("Power Assets") introduce a strategic investor, Qatar Investment Authority, to HK Electric Investments ("HKEI") through the sale of interests in HKEI.
- Barcelona Europe South Terminal acquires 20% shareholding interest in Depot tmZ Services S.L..
- Husky Energy commences production at the South White Rose project in the Jeanne d'Arc Basin offshore Newfoundland and Labrador.
- 3 Hong Kong harnesses the combined strengths of 4G LTE and Wi-Fi to launch Voice Over Wi-Fi service.



July to December

- 3 Indonesia is granted LTE readiness operator status by the Ministry of Communications to roll out its new 4G LTE network.
- UK Rails signs a contract with First Great Western of the United Kingdom to procure and finance 173 new trains worth over £360 million.
- 3 Italy announces the agreement to merge with Wind to offer greater 4G coverage and higher data speeds in Italy.
- A S Watson Group opens its 12,000th retail store worldwide.
- 3 Austria launches the biggest 4G network in Austria.
- 3 UK is the first UK operator to enable voice calls using Voice Over LTE on its 4G network.
- Berth 9 Extension opens at the Port of Felixstowe, increasing the port's capability to work two of the world's largest container ships simultaneously.
- Husky Energy completes installation of the jacket and wellhead platform for the BD liquids-rich gas development project in Madura Strait, Indonesia.
- 3 Denmark expands 3LikeHome to include the US so their customers can now use their phones at no extra roaming cost in 28 countries.
- CKI and Power Assets complete the acquisition of Iberwind - Desenvolvimento e Projectos, S.A., a wind energy company in Portugal.
- 3 Macau's 4G network goes live.



Chairman's Statement

CK Hutchison Holdings Limited 2015 Pro Forma ⁽¹⁾ Results

As a result of the Reorganisation⁽¹⁾, CK Hutchison Holdings Limited ("CKHH" or the "Group") now holds assets under five core businesses: Ports, Retail, Infrastructure, Energy and Telecommunications in over 50 countries.

Significant headwinds in both currencies and commodities affected certain core businesses in the Group in 2015. Notably for Husky Energy, extended crude oil price weakness led to a significant reduction in its contribution to the Group. In addition, due to the depreciation of several major currencies against the Hong Kong dollar, the Group's reported results in Hong Kong dollars were also adversely impacted by currency translation. However, these unfavourable impacts were fully offset by improving underlying performances in the telecommunications businesses, by moderate but sustainable growth in other core businesses, and by favourable impacts from the Reorganisation.

Recurring profit attributable to ordinary shareholders for 2015, excluding property and hotels businesses carried on by HWL in 2014 and before profits on disposal of investments and others, was HK\$32,128 million, a 36% increase compared to HK\$23,655 million for 2014 results of the HWL's businesses. This increase comprised a 24% increase in Comparable Contributions⁽¹⁾ from HK\$23,655 million in 2014 to HK\$29,364 million in 2015 plus Additional Contributions⁽¹⁾ of HK\$2,764 million in 2015. It also reflects lower depreciation and amortisation as a result of the lower telecommunications and energy depreciable asset base, lower effective interest rates and the reduction in taxation.

Full year pro forma recurring earnings per share was HK\$8.32 in 2015.

Profits on disposal of investments and others, after tax in 2015 was a charge of HK\$960 million representing the Group's subsidiary Hutchison Telecommunications (Australia) ("HTAL")'s 50% share of Vodafone Hutchison Australia ("VHA")'s operating losses⁽²⁾. This is compared to the HK\$10,048 million gain reported by HWL in 2014, which comprised HWL's share of the gain arising from separate listing of the Hong Kong electricity business of HK\$16,066 million, as well as a marked-to-market gain of HK\$1,748 million on Cheung Kong Infrastructure Holdings Limited ("CKI")'s investment in Australian Gas Networks Limited ("AGN"), partly offset by HTAL's losses of HK\$1,732 million and certain provisions made for other businesses.

The reduction in 2015 total profit attributable to ordinary shareholders to HK\$31,168 million from HK\$33,703 million for 2014 is principally due to the gain of HK\$16,066 million realised by HWL in 2014 on the separate listing of the Hong Kong electricity business.

Dividend

The Board recommends the payment of a final dividend of HK\$1.85 per share, payable on Wednesday, 1 June 2016 to those persons registered as shareholders of the Company on Thursday, 19 May 2016, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK\$0.70 per share, the full year dividend amounts to HK\$2.55 per share.

Note 1: The Reorganisation of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited ("HWL") that merged their assets and businesses into CKHH and simultaneously reallocated them between the Group and Cheung Kong Property Holdings Limited on 3 June 2015. For detailed explanation of the Reorganisation and the definition of "Pro Forma", "Comparable Contributions" and "Additional Contributions", see Operations Review.

Note 2: VHA's operating losses continued to be included as a P&L charge under "Others" of the Group's profits on disposal of investments and others line as VHA continues to operate under the leadership of Vodafone under the applicable terms of our shareholders' agreement since the second half of 2012.

Ports and Related Services

Throughput of the ports and related services division increased 1% to 83.8 million twenty-foot equivalent units ("TEU") during 2015. Total revenue, before Additional Contributions, of HK\$33,767 million was 5% lower than the HK\$35,624 million reported for last year principally due to the adverse foreign currency translation to Hong Kong dollars. In local currencies, revenue was 2% higher than the comparable results of 2014. EBITDA and EBIT, before Additional Contributions, decreased 2% and 1% to HK\$11,840 million and HK\$7,887 million respectively in 2015. In local currencies, EBITDA and EBIT respectively increased 4% and 6%, reflecting higher margin and lower power and fuel costs in the year, as well as the continued focus on better cost control through improvements in productivity and efficiency. Despite the overall improvements in underlying performances in most of the Group's ports operations, the better results were partly offset by the deconsolidation impact of the Jakarta operations, which became a joint venture following the dilution of interests, and by the lower profitability in the Rotterdam ports due to the entrance of new competitors during the year.

The division had 269 operating berths as at 31 December 2015. In light of the challenging global trade conditions, this division will continue to focus on cost efficiency and margin growth to maintain a stable contribution in 2016.

Additional Contributions

Post-Reorganisation, the Group's interest in HPH Trust as compared to HWL's interest increased slightly from 27.62% to 30.07%, resulting in Additional Contributions which increased total revenue to HK\$34,009 million for the ports and related services division, 5% lower than the total revenue reported by HWL in 2014. EBITDA decreased 1% to HK\$11,964 million and EBIT remained broadly flat at HK\$7,957 million compared to HWL's reported 2014 results for this division.

Retail

The retail division's total store numbers passed the 12,000 milestone with 12,400 stores across 25 markets as at 31 December 2015, representing net additions of 965 stores in 2015. Despite 2015 results being adversely affected by foreign currency translation to Hong Kong dollars, this division achieved strong sales and earnings growth in local currencies. Total reported revenue of HK\$151,903 million was 3% lower than 2014. In local currencies, revenue increased by 5%, driven by 1.9% comparable store sales growth and an 8% increase in store numbers compared to 2014. Excluding the one-time gain on the disposal of the airport concession operation in July 2014, EBITDA and EBIT of HK\$14,838 million and HK\$12,328 million in 2015 were 2% and 3% lower than 2014 in reported currency respectively, but were both 7% higher in local currencies.

Health and Beauty segment, which represents 92% of the division's EBITDA, reported impressive double-digit growth rates under the current challenging market conditions, with both EBITDA and EBIT growth at 11% in local currencies. This reflected the successful store portfolio expansion strategies, improving margins and strong cost management in the highly resilient health and beauty store format. Health and beauty operations in Europe overall delivered strong earnings, with EBITDA and EBIT growth of 9% in local currencies, reflecting a 5% increase in store numbers, 4.3% comparable store sales growth and generally improving margins.

In Asia, the health and beauty operation's growth continued, largely driven by expansion of the store portfolio partly offset by the softening retail market, comparable store sales growth was negative 2.1% for the full year, resulting in EBITDA and EBIT growth of 13% in local currencies. Watsons China's total revenue grew by 9% in local currency against a 19% increase in stores numbers compared to 2014 as comparable store sales growth was negative 5.1%. EBITDA and EBIT growth for Watsons China in local currency both remained robust at 16% in 2015 as the business continued to maintain disciplined cost control measures and to promote higher margin products.

Overall the retail division plans net openings of over 1,000 stores in 2016, with key markets in the Mainland and certain Asian and Eastern European countries continuing to lead the expansion.

Infrastructure

The Infrastructure division comprises a 75.67%⁽³⁾ interest in CKI, a company listed on the Stock Exchange of Hong Kong ("SEHK"). Additional interests in six co-owned infrastructure investments as well as the new aircraft leasing business are also reported under this division.

CKI

CKI announced profit attributable to shareholders of HK\$11,162 million for 2015 compared to HK\$31,782 million for the previous year. 2014 results include CKI's share of gain arising from the spin-off of the Hong Kong electricity business by Power Assets in January 2014 amounting to HK\$19,557 million and a one-off gain of HK\$2,236 million upon completion of the AGN transaction during 2014. Excluding these one-off items, CKI's profit attributable to shareholders increased by 12% due to the overall growth of the underlying operations, the accretive contributions from Park'N Fly, AGN, UK Rails and Portugal Renewable Energy, which were acquired during 2014 and 2015, as well as the deferred tax benefit from the reduction in UK tax rates. These favourable variances were partly offset by the weaknesses of the British Pound and Australian dollar that resulted in lower reported results on translation to Hong Kong dollars.

In April 2015, UK Rails, a 50/50 joint venture between the Group and CKI, acquired the entire share capital of Eversholt Rail Group, a major rolling stock company in the UK. The enterprise value of the transaction was approximately £2,500 million.

In November 2015, Portugal Renewable Energy, a 50/50 joint venture between CKI and Power Assets, acquired the entire share capital of Iberwind-Desenvolvimento e Projectos, S.A., the largest wind farm operator in Portugal, based on an enterprise value of approximately €978 million.

Additional Contributions

On the full year pro forma basis, the additional interests in the six co-owned infrastructure assets with CKI contributed additional revenue, EBITDA and EBIT of HK\$10,441 million, HK\$6,752 million and HK\$4,653 million respectively to the infrastructure division from January to December 2015.

The Group's new aircraft leasing business contributed additional revenue, EBITDA and EBIT of HK\$1,477 million, HK\$1,392 million and HK\$723 million respectively from January to December 2015. At the end of 31 December 2015, the aircraft leasing business, including its 50% joint venture, has a total fleet of 66 aircraft, which were fully leased and generated steady earnings and cashflow for the Group.

Including the Additional Contributions, total revenue of this division was HK\$55,762 million, 23% higher than the total revenue reported by HWL for 2014, and EBITDA of HK\$32,291 million and EBIT of HK\$23,477 million were 32% and 29% higher than 2014 HWL's results for the division respectively. With its expanded infrastructure asset base post-Reorganisation and the newly acquired businesses, this division is expected to contribute steady recurring earnings to the Group in 2016.

Note 3: In January 2015, CKI completed a share placement and share subscription transaction, which resulted in the Group's interest in CKI reducing from 78.16% to 75.67%. On 1 March 2016, CKI issued new shares in connection with an issue of perpetual capital securities. Subsequent to this transaction, the Group currently holds a 71.93% interest. As these new shares are currently disregarded for the purpose of determining the number of shares held by the public, the Group's profit sharing in CKI continues to be 75.67%.

Husky Energy

Husky Energy, our associated company listed in Canada, announced profit attributable to shareholders, before impairment charge and asset write downs, of C\$165 million in 2015, 92% below last year primarily due to a depressed oil price environment.

In light of the prolonged low oil price levels, Husky Energy has recognised an after-tax impairment charge and exploration and evaluation asset write downs of C\$4,015 million on its crude oil and natural gas assets located in Western Canada in the second half of 2015. As part of the Reorganisation, the Group had to rebase Husky Energy's assets to their fair values on the date of completion of the Reorganisation. Consequently, a lower valuation was assigned to these Western Canadian assets for the Group's financial statements, consistent with prevailing conditions in the relevant energy markets. As a result, the impairment charge and write downs of these assets by Husky Energy had no impact on the Group's reported results.

Average production of 345,700 barrels of oil equivalent per day ("BOEs per day") in 2015, represents a 2% increase from 340,100 BOEs per day in 2014, mainly due to ramp up in production from the Asia Pacific operations and new volumes from the Sunrise Energy and Rush Lake thermal development projects which were partly offset by lower production in Western Canada and the Atlantic Region as a result of natural reservoir declines in mature properties and reduced capital investment.

Husky Energy is continuing to advance its transition into a low sustaining capital business while providing flexibility in ramping up production when commodity prices recover. Several initiatives are in progress to unlock the incremental value and further strengthen the business and its balance sheet, including potential complete or partial sale and dispositions of certain assets. Husky Energy also plans to complete three new heavy oil thermal developments at Edam East, Vawn and Edam West in 2016.

Certain portion of Husky Energy's operations are not directly affected by the commodity price volatility, including the Asia Pacific Region which is delivering solid value through fixed price contracts, and the margin-based Downstream business. Husky Energy will continue to build on its resilience with a focus on growing profitability and further lowering its cost structure to fortify its business in a weak commodity price environment.

Additional Contributions

Post-Reorganisation, the Group's interest in Husky Energy as compared to HWL's interest has increased from 33.96% to 40.18%. Including the Additional Contributions, on a full year pro forma basis, the Group's share of revenue, EBITDA and EBIT before the aforementioned impairment and asset write downs amounted to HK\$40,029 million, HK\$9,375 million and HK\$2,229 million respectively, a 30%, 35% and 65% decrease respectively from the 2014 results as reported by HWL.

3 Group Europe

The Group's active customer base in Europe increased 4% during the year and total over 26.1 million customers. 3 Group Europe continues to improve with revenue and EBITDA growth of 10% and 27% respectively in local currencies. Overall, 3 Group Europe operations reported improved underlying EBITDA performances, particularly in 3 UK from further improvements in net customer service margin, 3 Ireland from a full year of accretive earnings contribution after the acquisition of O₂ Ireland in July 2014 and continued cost synergies realised in 3 Austria. On a full year pro forma basis, EBIT in local currencies improved 92% reflecting both EBITDA growth and lower depreciation and amortisation resulting from the rebasing of telecommunications assets under the Reorganisation. European currency weakness led to a 4% lower revenue in reported currency over last year to HK\$62,799 million, while EBITDA and EBIT in reported currency grew by 12% and 69% to HK\$17,396 million and HK\$11,664 million respectively.

Chairman's Statement

In March 2015, HWL entered into an agreement with Telefónica SA to acquire O₂ UK for £9.25 billion cash and deferred upside interest sharing payments of up to £1 billion upon achievement by the combined business of 3 UK and O₂ UK of agreed financial targets. Upon completion of the acquisition, the combined business will become the largest mobile operator in the UK. In May 2015, HWL announced that it has entered into agreements with five institutional investors who will acquire approximately 32.98% interest in the combined business of 3 UK and O₂ UK for a total of £3.1 billion. These agreements are conditional on and will occur concurrently with completion of the acquisition of O₂ UK. The Group is considering the sale of a stake in 3 UK to a new investor with a view to further reducing the new cash investment required from the Group to fund the acquisition. Should such new investment proceed, the Group will consider implementing a revised business structure that would maintain the continuity and separation of the 3 UK and O₂ UK businesses. This would be directed to achieving benefits in terms of operational strategy and focus, regulatory approvals and contractual obligations, while preserving financial and operational efficiencies and savings expected from the acquisition of O₂ UK.

In August 2015, the Group announced agreement with VimpelCom Ltd to form an equal joint venture merging 3 Italy and VimpelCom's subsidiary Wind Telecomunicazioni S.p.A. ("Wind") in Italy. On a combined basis, 3 Italy and Wind will become the largest mobile operator in Italy by customer numbers.

The aforementioned transactions are expected to create sufficient scale and capacity for delivering significant operational efficiencies and enhancing network quality and innovations in these markets, and in turn, generating accretive earnings to the Group. Completion of these transactions is subject to regulatory approvals.

Hutchison Telecommunications Hong Kong

Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), our Hong Kong listed telecommunications subsidiary operating in Hong Kong and Macau, announced profit attributable to shareholders of HK\$915 million and earnings per share of 18.99 HK cents, an increase of 10% compared to last year, reflecting improvements in the mobile operations. As of 31 December 2015, HTHKH had approximately 3.0 million active mobile customers in Hong Kong and Macau.

Additional Contributions

Post-Reorganisation, the Group's interest in HTHKH as compared to HWL's interest increased slightly from 65.01% to 66.09%.

Hutchison Asia Telecommunications

As of 31 December 2015, Hutchison Asia Telecommunications ("HAT") had an active customer base of approximately 72.8 million, a 34% increase from end of 2014. HAT reported total revenue of HK\$6,900 million in 2015, a 20% increase over last year. EBITDA of HK\$1,176 million in 2015 represents a turnaround from LBITDA of HK\$278 million in 2014, mainly due to charges of HK\$1.1 billion relating to inappropriate dealer credit and commissioning practices in the Indonesian operation in 2014. The Indonesian operation continued to improve sales and profitability, particularly in the second half of the year, with customer growth of 23% during the period since June 2015. On a full year pro forma basis, the turnaround to EBIT of HK\$1,176 million in 2015 compared to an LBIT of HK\$1,465 million in 2014, was also due to the reduced cost and depreciable asset base under the Reorganisation.

With strong network coverage and capacity, the Indonesian business is expected to carry on the growth momentum in 2016.

Finance & Investments and Others

The contribution from this division mainly represents returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited, listed associate Tom Group, Hutchison Water, the Marionnaud business and listed associate CK Life Sciences Group. The decrease in EBIT contribution in 2015 was mainly due to one-off gains on disposal of certain listed equity investments and other non-strategic investments in 2014 which did not recur in 2015.

At 31 December 2015, the Group's consolidated cash and liquid investments totalled HK\$131,426 million and consolidated debt amounted to HK\$304,006 million, resulting in consolidated net debt of HK\$172,580 million and net debt to a net total capital ratio of 23.7%.

The Group will continue to closely monitor its liquidity and debt profile with the objective of maintaining its current assigned credit ratings for the foreseeable future.

Outlook

The global economy in 2015 experienced mounting deflationary pressures resulting in a collapse in commodity prices and slow global trade. In addition, volatility in global equity, debt, commodity and currency markets may increase against a background of continued monetary easing in Europe, increased global political uncertainty, economic and refugee issues in Europe, as well as increased geopolitical risk in the Middle East and African regions. With Mainland China initiating the "One Belt, One Road" economic development strategy, Hong Kong should benefit from its geographical proximity, bringing ample opportunities and building a solid foundation for long term economic development. Despite the global uncertainties, the Group will continue to manage its core businesses with prudence to achieve stable growth and sustain profitability. The Group as a matter of policy will maintain its stable financial profile and ensure that all investment activities are consistent with maintaining the current investment grade ratings. As a global conglomerate, the Group will also sustain its competitive advantages through innovation and embracing new technologies initiatives and opportunities.

Barring any unforeseen material adverse external developments, the Group will continue to adhere to these principles in 2016. I have full confidence in the Group's future prospects.

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

Li Ka-shing
Chairman

Hong Kong, 17 March 2016

Operations Review

Results Highlights for the year ended 31 December 2015

CKHH full year statutory results ⁽¹⁾	2015 HK\$ millions
Total Revenue	316,318
Profit attributable to ordinary shareholders from continuing business	38,189
Profit attributable to ordinary shareholders from discontinued business	80,381
Profit attributable to ordinary shareholders ⁽²⁾	118,570
Earnings per share – statutory ⁽³⁾	HK\$36.91
	2015
Final dividend per share	HK\$1.85
Full year dividend per share	HK\$2.55

Note 1: Statutory results of CK Hutchison Holdings Limited ("CKHH" or the "Group") for the year ended 31 December 2015 include the one-time effects of the Reorganisation that occurred on 3 June 2015. Total revenue and results include share of associated companies and joint ventures' respective items. See page 170 for details of financial statements for the year ended 31 December 2015 with comparative information and notes 11 and 13 for details of the discontinued operations.

Note 2: CKHH profit attributable to ordinary shareholders for the year ended 31 December 2015 under statutory basis included one-time re-measurement gains arising from the Reorganisation of HK\$87,119 million, of which HK\$14,260 million arising from continuing business and HK\$72,859 million from discontinued business. Excluding these re-measurement gains, profit attributable to ordinary shareholders from operating businesses was HK\$31,451 million.

Note 3: Earnings per share for the statutory results is calculated based on the profit attributable to ordinary shareholders of HK\$118,570 million and on the CKHH weighted average number of shares outstanding during the year ended 31 December 2015 of 3,212,671,194.

CKHH full year pro forma results ⁽⁴⁾ (compared to HWL results for businesses continued by CKHH)	CKHH Results 2015 HK\$ millions	HWL Results 2014 HK\$ millions	Change
Total Revenue ⁽⁵⁾	396,087	404,873	-2%
Total EBITDA ⁽⁵⁾	92,093	88,136	+5%
Total EBIT ⁽⁵⁾	62,079	55,313	+12%
Profit attributable to ordinary shareholders before profits on disposal of investments & others ⁽⁶⁾	32,128	23,655	+36%
Profits on disposal of investments & others	(960)	10,048	-110%
Total profit attributable to ordinary shareholders ⁽⁷⁾	31,168	33,703	-8%
Recurring earnings per share – pro forma ⁽⁸⁾	HK\$8.32		

Note 4: CKHH pro forma results for the year ended 31 December 2015 as presented assume that the Reorganisation was effective as at 1 January 2015. This presentation is consistent with the way the Group manages its businesses and enables the Group's underlying performance to be evaluated on a comparable basis, and has been prepared in accordance with the accounting policies of the Group as set out in note 3 of the financial statements. See Reconciliation from CKHH Statutory Results to CKHH Pro Forma Results for the year ended 31 December 2015 for details. 2014 comparatives represent Hutchison Whampoa Limited ("HWL") results for the year ended 31 December 2014 as reported in the Financial Performance Summary presented in HWL's 2014 Annual Report, excluding discontinued property and hotels businesses.

Note 5: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earnings before interest expenses and other finance costs and tax ("EBIT") include the Group's proportionate share of associated companies and joint ventures' respective items.

Note 6: Contribution in 2014 from property and hotels businesses carried on by HWL and that have been discontinued following the Reorganisation, including property revaluation gains, was HK\$33,453 million. Contribution in 2015 from new or additional interests in businesses acquired as a result of the Reorganisation was HK\$2,764 million.

Note 7: Total profit attributable to ordinary shareholders for the year ended 31 December 2014 reconciles to HWL's 2014 Annual Report as follows:

	HK\$ millions
– businesses continued by CKHH*	33,703
– discontinued property and hotels businesses	33,453
– as reported in HWL 2014 Annual Report	67,156

* Including profits on disposal of investments & others of HK\$10,048 million.

Note 8: On a full year pro forma basis, recurring earnings per share is calculated based on profit attributable to ordinary shareholders before exceptional items, excluding discontinued property and hotels businesses and on CKHH's issued shares outstanding as at 31 December 2015 of 3,859,678,500.

Summary of CKHH 2015 Statutory Results⁽⁹⁾

- The statutory results reported for the year ended 31 December 2015 cannot be compared to any prior period as they reflect the one-time accounting effects of several transactions that implemented the reorganisation of Cheung Kong (Holdings) Limited and HWL that merged their assets and businesses into CKHH and simultaneously reallocated them between the Group and Cheung Kong Property Holdings Limited on 3 June 2015 (the "Reorganisation").
- Profit attributable to ordinary shareholders from continuing businesses of HK\$38,189 million under statutory basis represents the following:
 - Full year (from January to December 2015) contribution from the Group's continuing businesses, including results of the six co-owned infrastructure businesses based on the shareholding interest prior to the Reorganisation, aircraft leasing business and the Group's other non-property assets and liabilities;
 - 49.97% share of consolidated results of HWL's businesses continued by the Group for the five months prior to the Reorganisation and seven months of full consolidated results of HWL's businesses continued by the Group; and
 - Net re-measurement gain of HK\$14,260 million from re-measuring the Group's previously held equity interests in HWL and certain interests in co-owned assets which continue to be retained within the Group.
- Profit attributable to ordinary shareholders from discontinued businesses of HK\$80,381 million under statutory basis represents the following:
 - Five months results of the Group's discontinued property and hotels businesses conducted prior to the Reorganisation;
 - 49.97% share of HWL's discontinued property and hotels businesses results for the five months prior to the Reorganisation; and
 - Profits on disposal of investments and others totalling HK\$72,859 million which comprises the gain on distribution in specie arising from the spin-off of Cheung Kong Property Holdings Limited and the net gain arising from re-measurement of the Group's previously held interest in property joint ventures with HWL upon Reorganisation.

Summary of CKHH 2015 Pro Forma Results

- In order to allow a comparison of the operating performance of the Group for the year ended 31 December 2015, pro forma financial results have been prepared as if the Reorganisation was effective on 1 January 2015 (the "Pro Forma Results").
- Full year 2015 Pro Forma Results include contributions from comparable interests in businesses carried on by HWL in 2014 ("Comparable Contributions") and contributions from additional interests in such businesses and interests in new businesses acquired as a result of the Reorganisation ("Additional Contributions").
- Comparable Contributions for the year ended 31 December 2014 are as reported in the Financial Performance Summary presented in HWL's 2014 Annual Report.
- The Pro Forma Results are analysed as follows:

	2015 HK\$ millions	2014 HK\$ millions	Change
Total Revenue			
Comparable Revenue	374,747	404,873	-7%
Additional Contributions	21,340	—	NA
	<u>396,087</u>	<u>404,873</u>	<u>-2%</u>
EBITDA			
Comparable EBITDA	81,996	88,136	-7%
Additional Contributions	10,097	—	NA
	<u>92,093</u>	<u>88,136</u>	<u>+5%</u>
EBIT			
Comparable EBIT	56,028	55,313	+1%
Additional Contributions	6,051	—	NA
	<u>62,079</u>	<u>55,313</u>	<u>+12%</u>
Profit attributable to ordinary shareholders before profits on disposal of investments & others			
Comparable profits	29,364	23,655	+24%
Additional Contributions	2,764	—	NA
	<u>32,128</u>	<u>23,655</u>	<u>+36%</u>

- Declines in Comparable EBITDA contributions mainly reflect the lower contribution from Husky Energy and the adverse foreign currency translation effects, mainly in European currencies, which have been more than offset by the Additional Contributions, lower depreciation and amortisation, lower effective interest rates and lower tax charges, resulting in an improvement in EBIT and recurring earnings compared to the comparable HWL results in 2014.

Note 9: Statutory results for the year ended 31 December 2015 include the one-time effects of the Reorganisation that occurred on 3 June 2015. Total revenue and results include share of associated companies and joint ventures' respective items. See page 170 for details of the financial statements for the year ended 31 December 2015 with comparative information and notes 11 and 13 for details of the discontinued operations.

CKHH 2015 Pro Forma Results

Under the Reorganisation, Cheung Kong (Holdings) Limited and HWL merged their assets and businesses into CKHH and reallocated them between the Group and Cheung Kong Property Holdings Limited on 3 June 2015. The Group acquired the remaining 50.03% interest in HWL and distributed the property and hotels businesses as distribution in specie, retaining the Group's continuing non-property businesses assets and liabilities, including the six co-owned infrastructure businesses based on the shareholding interest prior to the Reorganisation, aircraft leasing business and the Group's other non-property assets and liabilities. Management, in accordance with the applicable accounting standards, have rebased the identifiable assets and liabilities of HWL to their fair values on the date of acquisition. As a result of the Reorganisation and in order to make meaningful comparisons of operating performance against HWL's 2014 continuing businesses, management have prepared the full year 2015 pro forma results as if the Reorganisation was effective on 1 January 2015 which reflects the full year contributions from the Group's continuing non-property businesses assets and liabilities, the full year contributions from the comparable interests in businesses carried on by HWL in 2014 and the effect of rebasing of HWL's assets and liabilities to fair value on acquisition.

The Group reported total revenue, including the Group's share of associated companies' and joint ventures' revenue, of HK\$396,087 million, a decrease of 2% compared to 2014. EBITDA and EBIT, excluding property and hotels businesses carried on by HWL in 2014 and before profits on disposal of investments and others, were HK\$92,093 million and HK\$62,079 million, increases of 5% and 12% respectively compared to 2014.

Recurring profit attributable to ordinary shareholders for 2015, excluding property and hotels businesses carried on by HWL in 2014 and before profits on disposal of investments and others, was HK\$32,128 million, a 36% increase compared to HK\$23,655 million for 2014 results of the HWL's businesses. This increase comprised a 24% increase in Comparable Contributions from HK\$23,655 million in 2014 to HK\$29,364 million in 2015 plus Additional Contributions of HK\$2,764 million in 2015. It also reflects lower depreciation and amortisation as a result of the lower telecommunications and energy depreciable asset base, lower effective interest rates and the reduction in taxation.

Full year pro forma recurring earnings per share was HK\$8.32 in 2015.

Profits on disposal of investments and others, after tax in 2015 was a charge of HK\$960 million representing the Group's subsidiary Hutchison Telecommunications (Australia) ("HTAL")'s 50% share of Vodafone Hutchison Australia ("VHA")'s operating losses⁽¹⁰⁾. This is compared to the HK\$10,048 million gain reported by HWL in 2014, which comprised HWL's share of the gain arising from separate listing of the Hong Kong electricity business of HK\$16,066 million, as well as a marked-to-market gain of HK\$1,748 million on Cheung Kong Infrastructure Holdings Limited ("CKI")'s investment in Australian Gas Networks Limited ("AGN"), partly offset by HTAL's losses of HK\$1,732 million and certain provisions made for other businesses.

The reduction in 2015 total profit attributable to ordinary shareholders to HK\$31,168 million from HK\$33,703 million for 2014 is principally due to the gain of HK\$16,066 million realised by HWL in 2014 on the separate listing of the Hong Kong electricity business.

Note 10: VHA's operating losses continued to be included as a P&L charge under "Others" of the Group's profits on disposal of investments and others line as VHA continues to operate under the leadership of Vodafone under the applicable terms of our shareholders' agreement since the second half of 2012.

Financial Performance Summary

	CKHH Pro forma Results ⁽¹⁾ for the year ended 31 December 2015 HK\$ millions	HWL Results ⁽²⁾ for the year ended 31 December 2014 HK\$ millions	Change %
Total Revenue ⁽³⁾			
Ports and related services ⁽³⁾	33,767	35,624	-5%
Retail	151,903	157,397	-3%
Infrastructure	43,844	45,419	-3%
Husky Energy	33,824	57,368	-41%
3 Group Europe	62,799	65,623	-4%
Hutchison Telecommunications Hong Kong Holdings	22,042	16,296	35%
Hutchison Asia Telecommunications	6,900	5,757	20%
Finance & Investments and Others	19,668	21,389	-8%
Total Comparable Revenue	374,747	404,873	-7%
Additional Contributions ⁽⁴⁾	21,340	—	NA
Total Revenue	396,087	404,873	-2%
EBITDA ⁽³⁾			
Ports and related services ⁽³⁾	11,840	12,133	-2%
Retail	14,838	15,549	-5%
Infrastructure	24,147	24,483	-1%
Husky Energy	7,922	14,410	-45%
3 Group Europe	17,396	15,598	12%
Hutchison Telecommunications Hong Kong Holdings	2,891	2,780	4%
Hutchison Asia Telecommunications	1,176	(278)	523%
Finance & Investments and Others	1,786	3,461	-48%
Total Comparable EBITDA	81,996	88,136	-7%
Additional Contributions ⁽⁴⁾	10,097	—	NA
Total EBITDA before profits on disposal of investments & others	92,093	88,136	5%
EBIT ⁽³⁾			
Ports and related services ⁽³⁾	7,887	7,944	-1%
Retail	12,328	13,023	-5%
Infrastructure	18,101	18,215	-1%
Husky Energy	1,884	6,324	-70%
3 Group Europe	11,664	6,892	69%
Hutchison Telecommunications Hong Kong Holdings	1,448	1,380	5%
Hutchison Asia Telecommunications	1,176	(1,465)	180%
Finance & Investments and Others	1,540	3,000	-49%
Total Comparable EBIT before profits on disposal of investments & others	56,028	55,313	1%
Additional Contributions ⁽⁴⁾	6,051	—	NA
Total EBIT before profits on disposal of investments & others	62,079	55,313	12%
Interest expenses and other finance costs ⁽⁵⁾	(12,581)	(13,909)	10%
Profit Before Tax	49,498	41,404	20%
Tax ⁽⁵⁾			
Current tax	(6,734)	(7,907)	15%
Deferred tax	(463)	(283)	-64%
	(7,197)	(8,190)	12%
Profit after tax	42,301	33,214	27%
Non-controlling interests and perpetual capital securities holders' interests	(10,173)	(9,559)	-6%
Profit attributable to ordinary shareholders before profits on disposal of investments & others ("Recurring NPAT")	32,128	23,655	36%
- Comparable results	29,364	23,655	24%
- Additional Contributions ⁽⁴⁾	2,764	—	NA
Profits on disposal of investments & others, after tax ⁽⁴⁾	(960)	10,048	-110%
Profit attributable to ordinary shareholders ("NPAT")	31,168	33,703	-8%
- Comparable results	28,404	33,703	-16%
- Additional Contributions	2,764	—	NA

Reconciliation to reported HWL results for the year ended 31 December 2014

Revenue	Total Comparable results	404,873
	Discontinued businesses results ⁽⁵⁾	16,599
	Total HWL results for the year ended 31 December 2014 as reported	421,472
EBITDA	Total Comparable results	88,136
	Discontinued businesses results ⁽⁵⁾	10,737
	Total HWL results for the year ended 31 December 2014 as reported	98,873
EBIT	Total Comparable results	55,313
	Discontinued businesses results ⁽⁵⁾	10,400
	Total HWL results for the year ended 31 December 2014 as reported	65,713
Recurring NPAT	Total Comparable results	23,655
	Discontinued businesses results ⁽⁵⁾	8,353
	Total HWL results for the year ended 31 December 2014 as reported	32,008
NPAT	Total Comparable results	33,703
	Discontinued businesses results ⁽⁵⁾	33,453
	Total HWL results for the year ended 31 December 2014 as reported	67,156

- Note 1: Unaudited CKHH pro forma results for the year ended 31 December 2015 presented above assume that the Reorganisation was effective as at 1 January 2015. This presentation is consistent with the way the Group manages its businesses and enables the Group's underlying performance to be evaluated on a comparable basis, and has been prepared in accordance with the accounting policies of the Group as set out in note 3 of the financial statements. See Reconciliation from CKHH Statutory Results to CKHH Pro Forma Results for the year ended 31 December 2015 for details.
- Note 2: Unaudited HWL results for the year ended 31 December 2014 as reported in the Financial Performance Summary presented in HWL's 2014 Annual Report, excluding discontinued property and hotels businesses.
- Note 3: Total revenue, earning before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earning before interest expenses and other finance costs and tax ("EBIT"). Interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.
- Note 4: To enable a better comparison of underlying performance, comparable revenue, EBITDA, EBIT and recurring NPAT exclude discontinued businesses and Additional Contributions. Full year Additional Contributions are as shown in table below, assuming the Reorganisation was effective as at 1 January 2015 (see (1) above). See note 1 to the financial statements for the details of the Reorganisation.

	Revenue	EBITDA	EBIT	Recurring NPAT
Ports and related services	242	124	70	43
Infrastructure	11,918	8,144	5,376	3,320
Energy	6,205	1,453	345	211
Telecommunications	80	20	(22)	(21)
Finance & Investments and Others	2,895	356	282	(789)
Total Additional Contributions	21,340	10,097	6,051	2,764

- Note 5: Discontinued businesses are businesses carried on by HWL in 2014 that are not carried on by CKHH following the Reorganisation, including property and related businesses of HWL.
- Note 6: Profits on disposal of investments & others, after tax for the year ended 31 December 2015 is a charge of HK\$960 million representing the Group's subsidiary Hutchison Telecommunications (Australia) ("HTAL")'s 50% share of Vodafone Hutchison Australia's operating losses. The comparative HWL 2014 of HK\$10,048 million gain comprises HWL's share of the gain arising from separate listing of the Hong Kong electricity business of HK\$16,066 million, as well as a marked-to-market gain of HK\$1,748 million on Cheung Kong Infrastructure Holdings Limited's investment in Australian Gas Networks Limited partly offset by HTAL's losses of HK\$1,732 million and certain provisions made for other businesses.

Ports and Related Services



Europe Container Terminals is one of the most advanced container terminal operators in Europe, handling a majority of the containers at the port of Rotterdam.



The Bahamas

The Netherlands
United Kingdom

Germany

Sweden

Poland

Thailand

Myanmar

United Arab Emirates

Mainland China

Hong Kong

South Korea

Mexico

Panama

Argentina

Spain

Belgium

Egypt

Germany

Sweden

Poland

Thailand

Myanmar

United Arab Emirates

Mainland China

Hong Kong

South Korea

Pakistan

Oman

Saudi Arabia

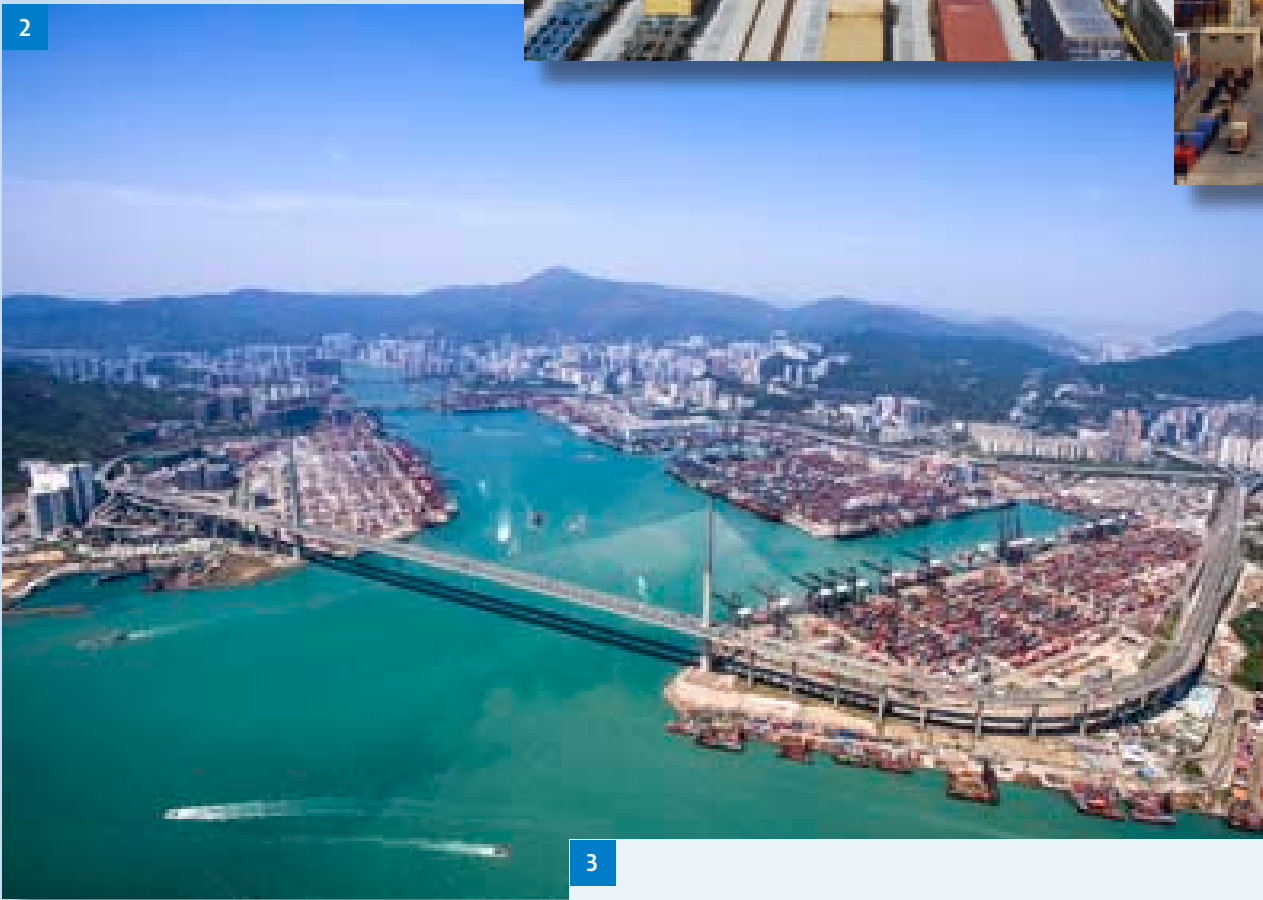
Tanzania

Australia

Indonesia

Vietnam

Malaysia





4

1. Barcelona Europe South Terminal moves 15,000 TEU via rail, breaking its record of 13,000 TEU.
2. Hutchison Port Holdings Trust's cumulative throughput in Hong Kong reaches 200 million TEU.
3. Yantian International Container Terminals simultaneously services three mega-vessels, each with a carrying capacity in excess of 18,000 containers.
4. In Saudi Arabia, International Ports Services' semi-automated remote controlled quay cranes enhance the port's efficiency with the latest technology.
5. Oman International Container Terminal development blueprint includes the fast-tracking development at Terminal C, plans for Terminal D and the expansion of hinterland connections.
6. Panama Ports Company becomes the first port in the country to re-export rice packaged in the terminal.

5



6



Operations Review – Ports and Related Services

This division is one of the world's leading port investors, developers and operators, and has interests in 48 ports comprising 269 operational berths in 25 countries.

Group Performance

The Group operates container terminals in five of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the HPH Trust, which together handled a total of 83.8 million twenty-foot equivalent units ("TEU") in 2015.

	2015 ⁽¹⁾ HK\$ millions	2014 ⁽¹⁾ HK\$ millions	Change	Change in Local Currency
Comparable Revenue ⁽²⁾	33,767	35,624	-5%	+2%
Comparable EBITDA ⁽²⁾	11,840	12,133	-2%	+4%
Comparable EBIT ⁽²⁾	7,887	7,944	-1%	+6%
Throughput (million TEU)	83.8	82.9	+1%	

Results including Additional Contributions:

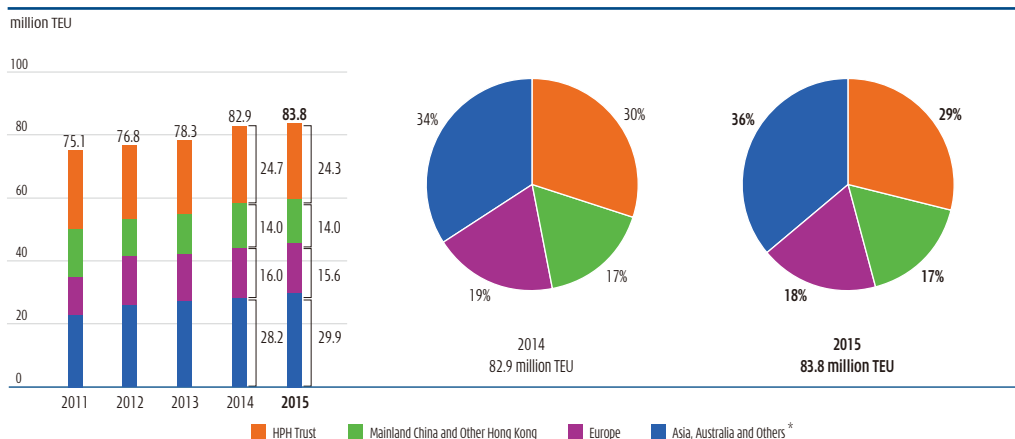
	2015 ⁽¹⁾ HK\$ millions	2014 ⁽¹⁾ HK\$ millions	Change
Total Revenue ⁽²⁾	34,009	35,624	-5%
Total EBITDA ⁽²⁾	11,964	12,133	-1%
Total EBIT ⁽²⁾	7,957	7,944	-

Note 1: To reflect the underlying performance of the Ports and Related Services division in 2015, Comparable Revenue, EBITDA and EBIT exclude the contribution from additional interest in HPH Trust that arose from the Reorganisation. Comparable EBITDA and EBIT include full year pro forma consolidation adjustments that arose from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2015 pro forma Total Revenue, EBITDA and EBIT include full year pro forma contribution from the additional interest in HPH Trust. Revenue, EBITDA and EBIT for 2014 are as presented in HWL's 2014 Annual Report.

Note 2: Revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

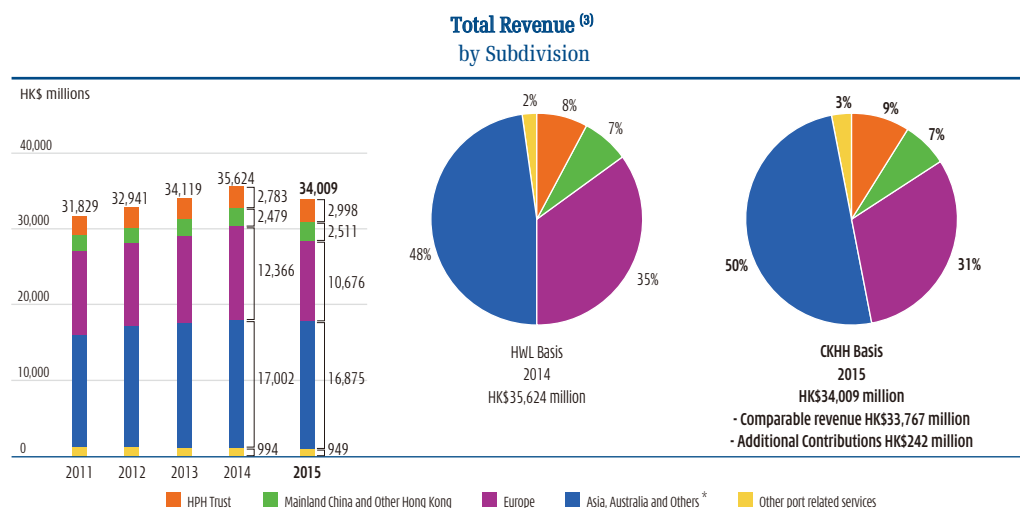
Overall throughput increased 1% to 83.8 million TEU in 2015, reflecting modest growth in all key markets, except in Hong Kong due to weaker Intra-Asia and transshipment cargoes and in Rotterdam due to competition.

Total Container Throughput (+1%) by Subdivision



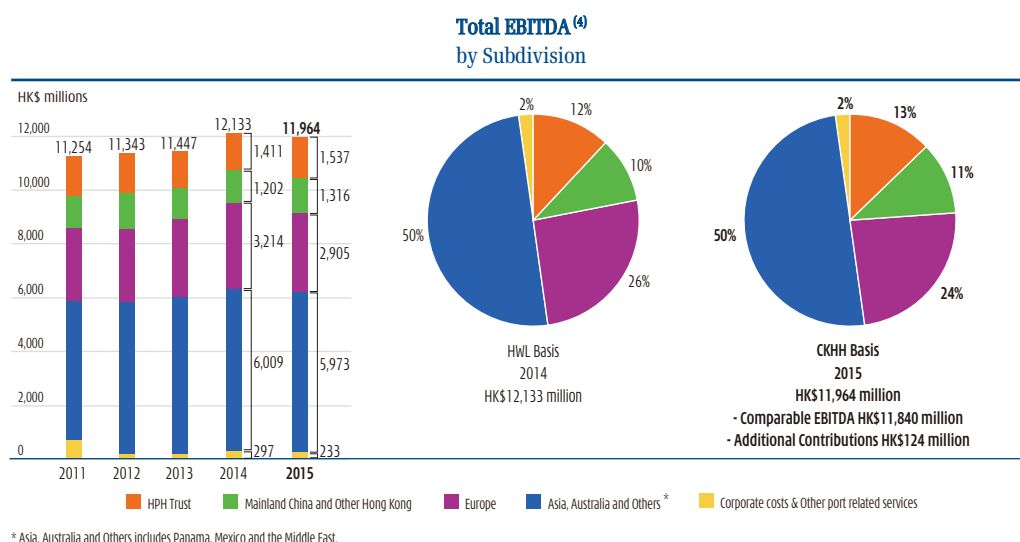
* Asia, Australia and Others includes Panama, Mexico and the Middle East.

Comparable revenue, before Additional Contributions, decreased 5% to HK\$33,767 million in 2015 principally due to the adverse foreign currency translation to Hong Kong dollars, the deconsolidation impact of the Jakarta operations, which became a joint venture following the dilution of interests, as well as the lower contribution from Europe Container Terminals (“ECT”) in Rotterdam due to the entrance of new competitors during the year, partly offset by higher contributions from ports in Mexico, Oman, Malaysia and Shanghai. In local currencies, revenue was 2% higher than the comparable results of 2014.



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

Comparable EBITDA and EBIT, before Additional Contributions, for the division decreased 2% and 1% to HK\$11,840 million and HK\$7,887 million respectively in 2015, but increased 4% and 6% respectively in local currencies, primarily due to the higher margin from the throughput growth previously mentioned, the lower power and fuel costs, together with the continued focus on better cost control through improvements in productivity and efficiency. These improvements in underlying performance, however, were partly offset by the deconsolidation impact of the Jakarta operations as well as the lower profitability in the Rotterdam ports during the year as mentioned previously.



Note 4: Total EBITDA has been adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

The division had 269 operating berths as at 31 December 2015, representing a net decrease of 13 berths during the year mainly due to the disposal or cessation of operations of certain loss-making ports, partly offset by the new berths commencing operations in Dammam, Saudi Arabia, in Barcelona, Spain, and in Felixstowe, the UK.

Segment Performance

HPH Trust

	2015 HK\$ millions	2014 HK\$ millions	Change
Comparable Revenue ⁽⁵⁾	2,756	2,783	-1%
Comparable EBITDA ⁽⁵⁾	1,413	1,411	-
Comparable EBIT ⁽⁵⁾	808	812	-
Throughput (million TEU)	24.3	24.7	-2%

Results including Additional Contributions:

	2015 HK\$ millions	2014 HK\$ millions	Change
Total Revenue ⁽⁵⁾	2,998	2,783	+8%
Total EBITDA ⁽⁵⁾	1,537	1,411	+9%
Total EBIT ⁽⁵⁾	878	812	+8%

Note 5: Revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust. Comparable Revenue, EBITDA and EBIT exclude the contribution from additional interest in HPH Trust that arose from the Reorganisation but include full year pro forma consolidation adjustments that arose from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2015 pro forma Total Revenue, EBITDA and EBIT include the full year pro forma contributions from additional interest in HPH Trust. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report.

Overall throughput decreased 2% and comparable revenue of the ports operated by HPH Trust decreased 1% during 2015, mainly attributable to weaker transshipment and intra-Asia cargoes in Hong Kong, partly offset by continuing throughput growth in outbound cargoes to the US, transshipment and empty cargoes for the Yantian port operations. Despite the lower revenue, the Group's share of comparable EBITDA and EBIT was broadly in line with the results reported for 2014.

Mainland China and Other Hong Kong

	2015 HK\$ millions	2014 HK\$ millions	Change	Change in Local Currency
Total Revenue	2,511	2,479	+1%	+3%
Total EBITDA	1,316	1,202	+9%	+12%
Total EBIT	980	838	+17%	+19%
Throughput (million TEU)	14.0	14.0	+0.1%	

The improvement in performance from Mainland China and other Hong Kong segment was mainly due to the growth in contributions from the division's ports in Shanghai, Ningbo and Xiamen, partly offset by the disposal of the port operations in Gaolan and Jiuzhou during the second half of 2015.

Europe

	2015 HK\$ millions	2014 HK\$ millions	Change	Change in Local Currency
Total Revenue	10,676	12,366	-14%	-
Total EBITDA	2,905	3,214	-10%	+3%
Total EBIT	1,846	1,989	-7%	+5%
Throughput (million TEU)	15.6	16.0	-3%	

The decline in performance in the Europe segment during the year is primarily attributable to the weakness of the Euro and the British Pound that has resulted in lower reported results on translation to Hong Kong dollars. In local currencies, the overall improvement in performance is mainly due to the growth reported by the ports in the UK, partially offset by the impact of new competitors in Rotterdam, the Netherlands.

Asia, Australia and Others

	2015 HK\$ millions	2014 HK\$ millions	Change	Change in Local Currency
Total Revenue	16,875	17,002	-1%	+5%
Total EBITDA	5,973	6,009	-1%	+6%
Total EBIT	4,262	4,262	-	+7%
Throughput (million TEU)	29.9	28.2	+6%	

The adverse impact of exchange rate movements resulted in a decline in the contribution from the Asia, Australia and others segment during 2015. In local currencies, revenue, EBITDA and EBIT increased by 5%, 6% and 7% respectively mainly due to the throughput-driven growth of the port operations in Mexico, Oman and Malaysia, partly offset by the deconsolidation impact of the Jakarta operations as mentioned previously.

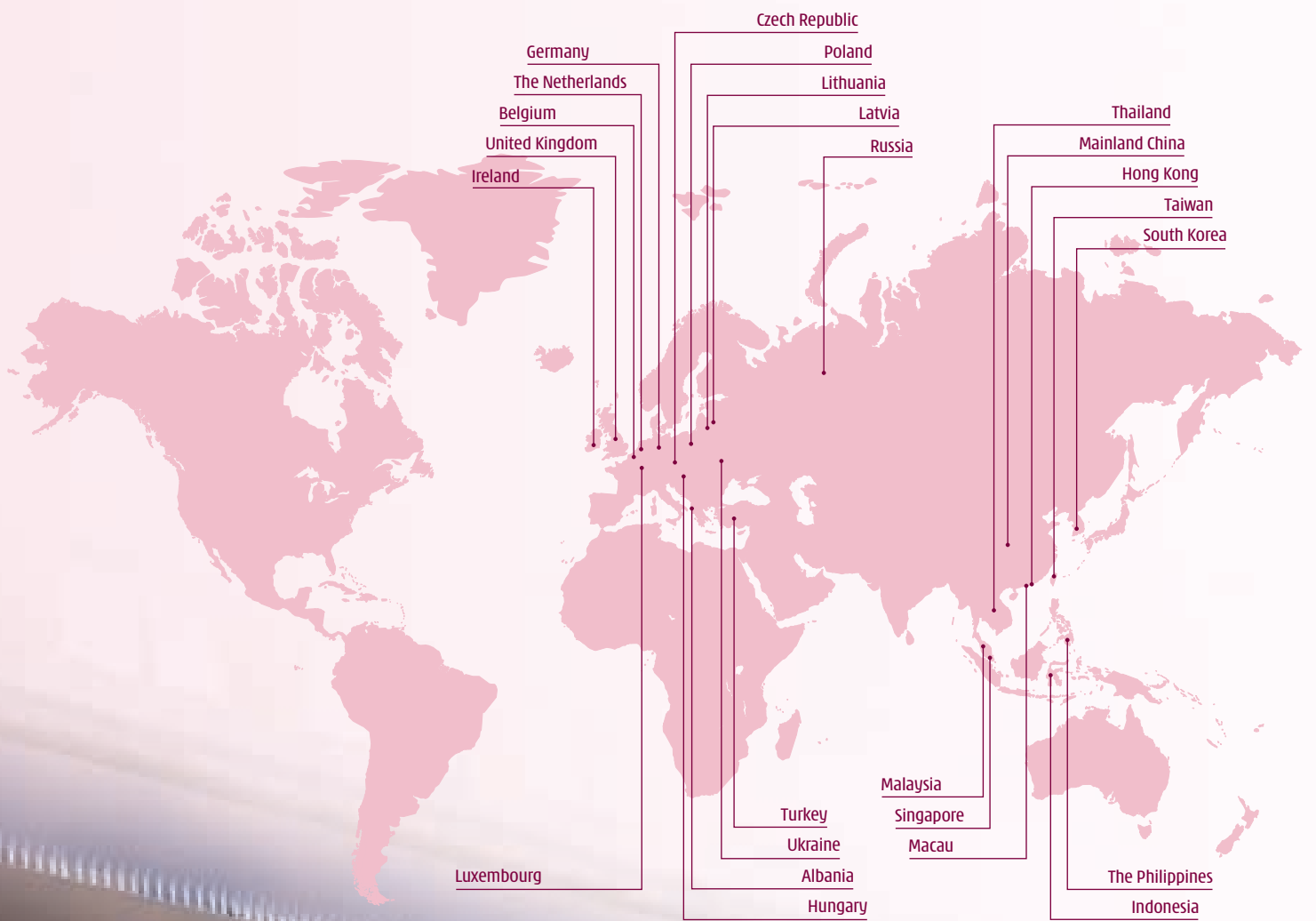
Additional Contributions

Post-Reorganisation, the Group's interest in HPH Trust as compared to HWL's interest increased from 27.62% to currently 30.07%. Including the Additional Contributions, total revenue and EBITDA amounted to HK\$34,009 million and HK\$11,964 million respectively, a decrease of 5% and 1% respectively from the 2014 results as reported by HWL, whereas EBIT, including Additional Contributions, of HK\$7,957 million remained broadly in line.

Retail



Superdrug extends wellbeing store format to Watford High Street, Leicester and Aberdeen.



everdrug[☆]

wellbeing







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1. ICI PARIS XL has over 250 stores in the Benelux market and Germany.
2. A S Watson Group opens its flagship Watsons store in Hong Kong, marking its 12,000th retail store in the world.
3. Celebrating its 40th anniversary, Kruidvat now has over 1,100 stores in the Netherlands and Belgium.
4. Customers can find designer fragrances at affordable prices and professional advice from warm and friendly consultants at The Perfume Shop.
5. Trekpleister is the neighbourhood drugstore customers can count on for great value and warm service.

Operations Review – Retail

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

Group Performance

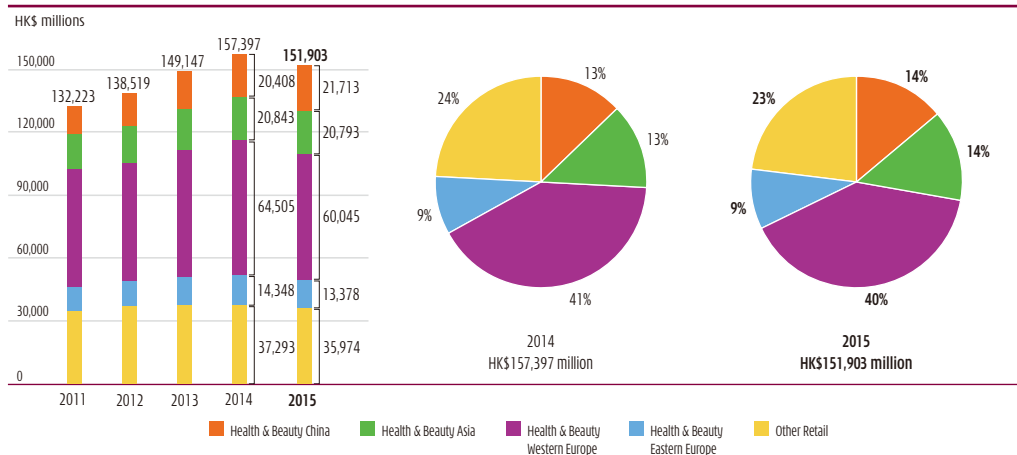
ASW currently operates 13 retail brands with 12,400 stores in 25 markets worldwide, providing high quality personal care, health and beauty products; food and fine wines; as well as consumer electronics and electrical appliances. ASW also manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland.

	2015 ⁽¹⁾ HK\$ millions	2014 ⁽¹⁾ HK\$ millions	Change	Change in Local Currency
Total Revenue	151,903	157,397	-3%	+5%
EBITDA	14,838	15,549	-5%	+4%
EBIT	12,328	13,023	-5%	+4%
Total Store Numbers	12,400	11,435	+8%	

Note 1: The Reorganisation has no impact to the Retail division's 2015 results. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report. The reported results for both periods are presented on a comparable basis.

Total reported revenue of HK\$151,903 million was 3% lower than 2014. In local currencies, revenue increased by 5%, driven by 1.9% comparable store sales growth and an 8% increase in store numbers compared to 2014. Excluding the one-time gain on the disposal of the airport concession operation in July 2014, EBITDA and EBIT of HK\$14,838 million and HK\$12,328 million in 2015, were 2% and 3% lower than 2014 in reported currency respectively, but were both 7% higher in local currencies.

Total Revenue by Subdivision



Total Revenue	2015 HK\$ millions	2014 HK\$ millions	Change	Change in Local Currency
Health & Beauty China	21,713	20,408	+6%	+9%
Health & Beauty Asia	20,793	20,843	-0.2%	+4%
Health & Beauty China & Asia Subtotal	42,506	41,251	+3%	+6%
Health & Beauty Western Europe	60,045	64,505	-7%	+7%
Health & Beauty Eastern Europe	13,378	14,348	-7%	+16%
Health & Beauty Subtotal	115,929	120,104	-3%	+8%
Other Retail ⁽²⁾	35,974	37,293	-4%	-3%
Total Retail	151,903	157,397	-3%	+5%
- Asia	78,480	78,544	-	+2%
- Europe	73,423	78,853	-7%	+9%

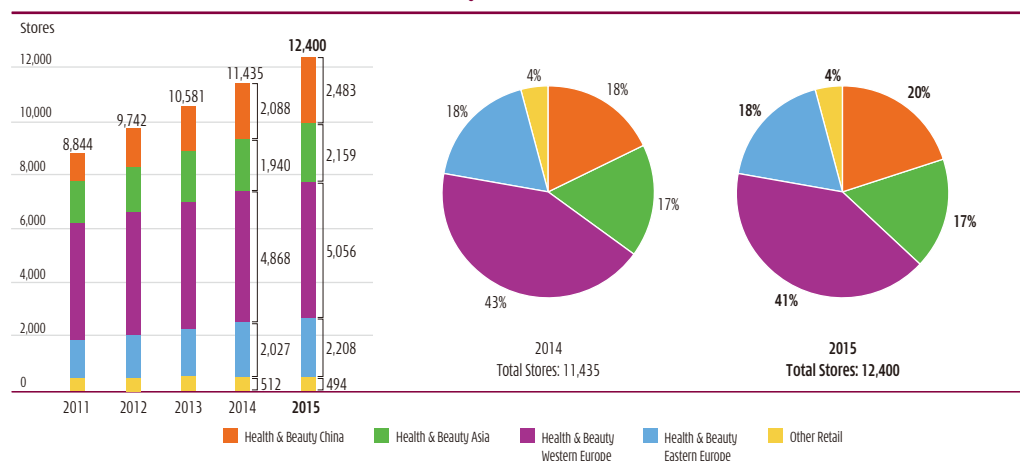
Comparable Store Sales Growth (%) ⁽³⁾	2015	2014
Health & Beauty China	-5.1%	+3.9%
Health & Beauty Asia	+0.8%	+4.6%
Health & Beauty China & Asia Subtotal	-2.1%	+4.3%
Health & Beauty Western Europe	+4.0%	+3.1%
Health & Beauty Eastern Europe	+5.9%	+2.5%
Health & Beauty Subtotal	+2.2%	+3.4%
Other Retail ⁽²⁾	+0.4%	-1.9%
Total Retail	+1.9%	+2.3%
- Asia	-1.0%	+1.4%
- Europe	+4.3%	+3.0%

Note 2: Other Retail includes PARKnSHOP, Fortress, Watson's Wine, and manufacturing operations for water and beverage businesses. 2014 Revenue includes HK\$1.1 billion from the airport concession operation which was disposed of in July 2014.

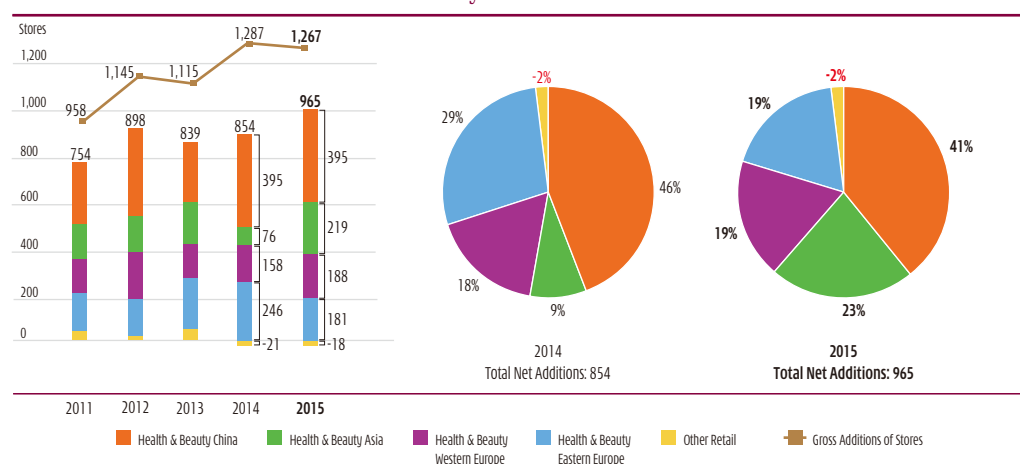
Note 3: Comparable store sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Group Performance (continued)

**Total Retail Store Numbers
by Subdivision**



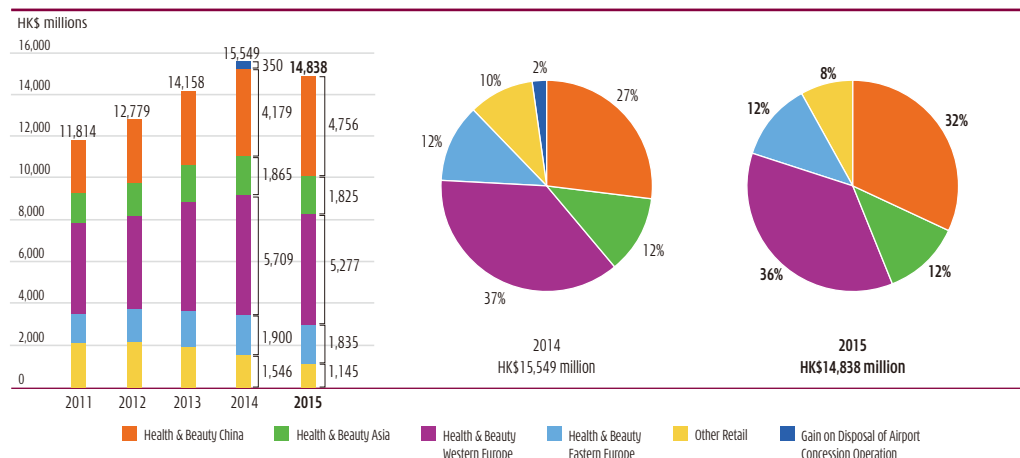
**Total Net Additions of Retail Stores
by Subdivision**



Store Numbers	2015	2014	Change
Health & Beauty China	2,483	2,088	+19%
Health & Beauty Asia	2,159	1,940	+11%
Health & Beauty China & Asia Subtotal	4,642	4,028	+15%
Health & Beauty Western Europe	5,056	4,868	+4%
Health & Beauty Eastern Europe	2,208	2,027	+9%
Health & Beauty Subtotal	11,906	10,923	+9%
Other Retail ⁽⁴⁾	494	512	-4%
Total Retail	12,400	11,435	+8%
- Asia	5,136	4,540	+13%
- Europe	7,264	6,895	+5%

Note 4: Other Retail includes PARKnSHOP, Fortress, Watson's Wine, and manufacturing operations for water and beverage businesses.

EBITDA
by Subdivision



EBITDA	2015 HK\$ millions	2014 HK\$ millions	Change	Change in Local Currency
Health & Beauty China	4,756	4,179	+14%	+16%
Health & Beauty Asia	1,825	1,865	-2%	+5%
Health & Beauty China & Asia Subtotal	6,581	6,044	+9%	+13%
Health & Beauty Western Europe	5,277	5,709	-8%	+6%
Health & Beauty Eastern Europe	1,835	1,900	-3%	+19%
Health & Beauty Subtotal	13,693	13,653	+0.3%	+11%
Other Retail ⁽⁵⁾	1,145	1,546	-26%	-26%
EBITDA before one-off	14,838	15,199	-2%	+7%
Gain on disposal of airport concession operation	-	350	-100%	-100%
Total Retail	14,838	15,549	-5%	+4%
- Asia	7,726	7,940	-3%	+0.1%
- Europe	7,112	7,609	-7%	+9%

Note 5: Other Retail includes PARKnSHOP, Fortress, Watson's Wine, and manufacturing operations for water and beverage businesses.

The overall health and beauty subdivision, which represents 92% of the division's EBITDA, continued to deliver strong performances in 2015 under the current challenging market conditions. EBITDA growth of this subdivision was 11% in local currencies. This reflected the successful store portfolio expansion strategies, improving margins and strong cost management in the highly resilient health and beauty store format. This strong performance was also supported by high quality new store openings with an average new store cash payback period of less than 10 months. The average capex per new store for the overall health and beauty subdivision was HK\$0.9 million.

Segment Performance

Health and Beauty China

	2015 HK\$ millions	2014 HK\$ millions	Change	Change in Local Currency
Total Revenue	21,713	20,408	+6%	+9%
EBITDA <i>EBITDA Margin %</i>	4,756 22%	4,179 20%	+14%	+16%
EBIT <i>EBIT Margin %</i>	4,279 20%	3,758 18%	+14%	+16%
Total Store Numbers	2,483	2,088	+19%	
Comparable Store Sales Growth (%)	-5.1%	+3.9%		

The Watsons business continues to be the leading health and beauty retail chain in the Mainland. Despite a negative 5.1% comparable store sales growth, the 19% increase in store numbers and good cost control resulted in EBITDA and EBIT growth of 16% in local currency. Health and Beauty China increased its total number of stores by 395 during the year with an average new store cash payback period of less than 8 months and currently has more than 2,400 stores operating in 394 cities in the Mainland.

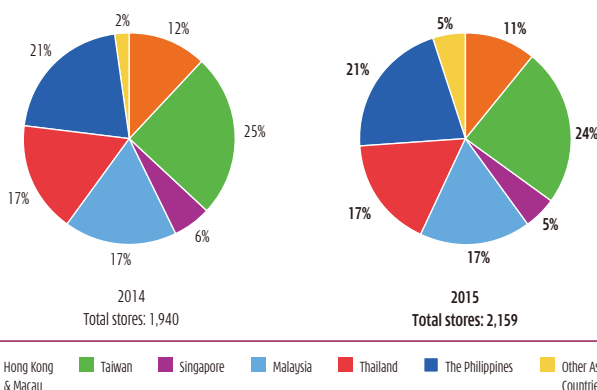
Health and Beauty Asia

	2015 HK\$ millions	2014 HK\$ millions	Change	Change in Local Currency
Total Revenue	20,793	20,843	-0.2%	+4%
EBITDA <i>EBITDA Margin %</i>	1,825 9%	1,865 9%	-2%	+5%
EBIT <i>EBIT Margin %</i>	1,515 7%	1,545 7%	-2%	+6%
Total Store Numbers	2,159	1,940	+11%	
Comparable Store Sales Growth (%)	+0.8%	+4.6%		

The Watsons business is the leading health and beauty retail chain in Asia with strong brand name recognition and extensive geographical coverage. All businesses performed well in the region, except for Watsons Hong Kong which was affected by cost inflation and the declining tourist footfall in Hong Kong.

Health and Beauty Asia increased its total number of stores by 219 during the year achieving an average new store cash payback period of less than 13 months. The subdivision currently has more than 2,100 stores operating in 9 markets.

Health and Beauty Asia (+11%)
Number of Retail Stores by Market



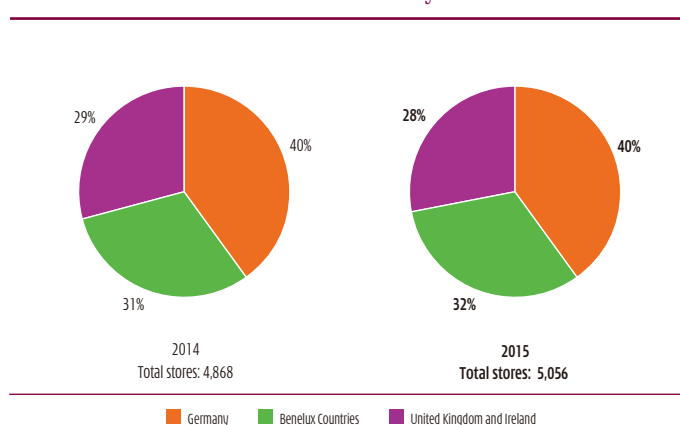
Health and Beauty Western Europe

	2015 HK\$ millions	2014 HK\$ millions	Change	Change in Local Currency
Total Revenue	60,045	64,505	-7%	+7%
EBITDA <i>EBITDA Margin %</i>	5,277 9%	5,709 9%	-8%	+6%
EBIT <i>EBIT Margin %</i>	4,300 7%	4,671 7%	-8%	+5%
Total Store Numbers	5,056	4,868	+4%	
Comparable Store Sales Growth (%)	+4.0%	+3.1%		

Despite the depreciation in most of European currencies, which led to a decline in results in reported currency, the health and beauty businesses in Western Europe continues to report underlying growth in local currencies during the year. This growth was mainly due to strong sales performances across all businesses in the region demonstrating strong cost management and resilience in weak market conditions.

Health and Beauty Western Europe added 188 stores during 2015 and currently operates more than 5,000 stores. The average new store cash payback period of this subdivision was around 12 months.

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



Segment Performance *(continued)*

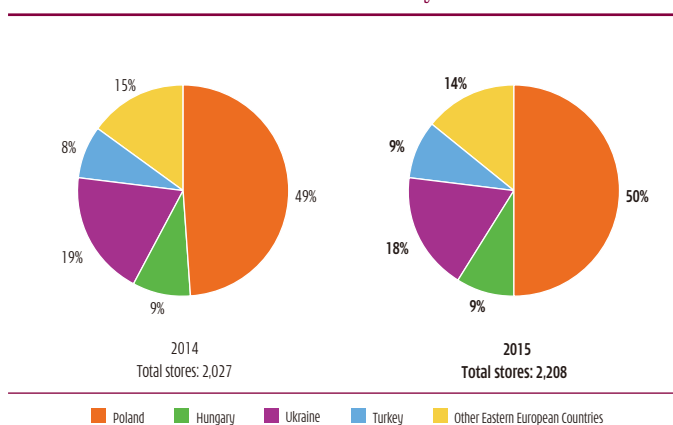
Health and Beauty Eastern Europe

	2015 HK\$ millions	2014 HK\$ millions	Change	Change in Local Currency
Total Revenue	13,378	14,348	-7%	+16%
EBITDA <i>EBITDA Margin %</i>	1,835 <i>14%</i>	1,900 <i>13%</i>	-3%	+19%
EBIT <i>EBIT Margin %</i>	1,569 <i>12%</i>	1,613 <i>11%</i>	-3%	+20%
Total Store Numbers	2,208	2,027	+9%	
Comparable Store Sales Growth (%)	+5.9%	+2.5%		

In Eastern Europe, the currency depreciation, in particular Polish Zloty and Ukrainian Hryvnia, has resulted in adverse reported results for the health and beauty businesses. In local currencies, the 19% and 20% growth in EBITDA and EBIT respectively was mainly from the strong sales and margin performances reported by the Rossmann joint venture in Poland, as well as the Watsons businesses in Turkey and Ukraine.

Health and Beauty Eastern Europe added 181 stores during 2015 and currently operates more than 2,200 stores in 8 markets. The average new store cash payback period in this subdivision was less than 11 months.

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

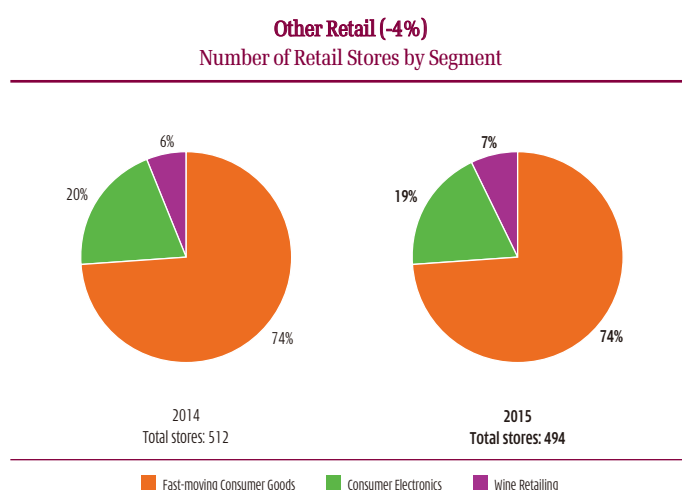


Other Retail

	2015 HK\$ millions	2014 HK\$ millions	Change	Change in Local Currency
Total Revenue	35,974	37,293	-4%	-3%
EBITDA⁽⁶⁾	1,145	1,546	-26%	-26%
<i>EBITDA Margin %</i>	<i>3%</i>	<i>4%</i>		
EBIT⁽⁶⁾	665	1,086	-39%	-39%
<i>EBIT Margin %</i>	<i>2%</i>	<i>3%</i>		
Total Store Numbers	494	512	-4%	
Comparable Store Sales Growth (%)	+0.4%	-1.9%		

Note 6: 2014 EBITDA and EBIT exclude gain on disposal of airport concession operation in July 2014 of HK\$350 million.

This subdivision's reported total revenue, EBITDA and EBIT declined 4%, 26% and 39% respectively mainly due to the lower contributions from the PARKnSHOP operations and Fortress due to cost inflation and declining tourist footfall in Hong Kong. Other Retail currently operates over 490 retail stores in 3 markets, as well as manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland.

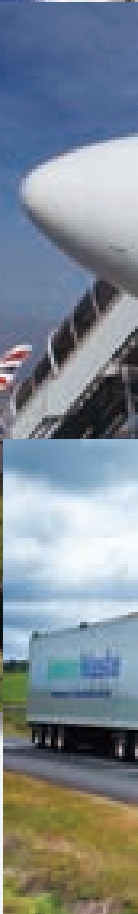


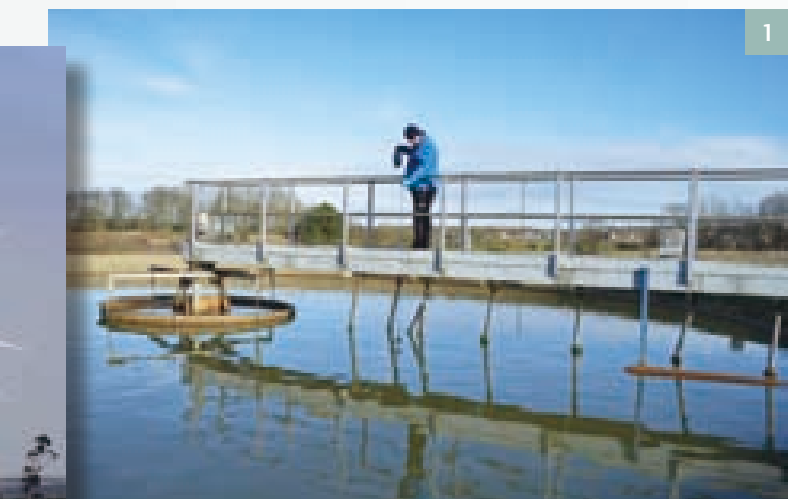
Infrastructure



Northern Gas Networks operates, maintains and develops the North of England's gas distribution network.







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1. Northumbrian Water is one of the 10 regulated water and sewerage companies in England and Wales.
2. Cheung Kong Infrastructure and Power Assets complete the acquisition of Iberwind - Desenvolvimento e Projectos, S.A., a wind energy company in Portugal.
3. New gas-fired generation unit L9 at Lamma Power Station. Unit L10 is scheduled for commission in 2020.
4. UK Rails, the holding company of Eversholt Rail Group, signs a contract with Arriva Rail North Limited to procure and lease out 281 new trains worth £490 million.
5. The Group's aircraft leasing business has a portfolio of over 60 aircraft leased to commercial airlines.
6. Enviro NZ provides waste collection and disposal services to commercial and residential customers.

The infrastructure division comprises the Group's 75.67%⁽¹⁾ interest in Cheung Kong Infrastructure Holdings Limited ("CKI"), the Group's additional interests in six co-owned infrastructure joint ventures ("JVs"), as well as, the aircraft leasing business.

	2015 ⁽²⁾ HK\$ millions	2014 ⁽²⁾ HK\$ millions	Change	Change in Local Currency
Comparable Revenue	43,844	45,419	-3%	+4%
Comparable EBITDA	24,147	24,483	-1%	+7%
Comparable EBIT	18,101	18,215	-1%	+8%

Results including Additional Contributions:

	2015 ⁽²⁾ HK\$ millions	2014 ⁽²⁾ HK\$ millions	Change
Total Revenue	55,762	45,419	+23%
Total EBITDA	32,291	24,483	+32%
Total EBIT	23,477	18,215	+29%

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

Note 2: To reflect the underlying performance of the Infrastructure division in 2015, Comparable Revenue, EBITDA and EBIT exclude the contributions from additional interests in six co-owned JVs with CKI and from the aircraft leasing operations arising from the Reorganisation. 2015 pro forma Total Revenue, EBITDA and EBIT include the full year pro forma contributions from the co-owned JVs and the aircraft leasing operations. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report.

CKI

CKI is the largest publicly listed infrastructure company on the SEHK, with diversified investments in energy infrastructure, transportation infrastructure, water infrastructure, waste management and infrastructure-related businesses, operating in Hong Kong, the Mainland, the UK, the Netherlands, Portugal, Australia, New Zealand and Canada.

CKI announced profit attributable to shareholders of HK\$11,162 million, which was lower compared to HK\$31,782 million for 2014. The 2014 results include CKI's HK\$19,557 million share of the gain, after consolidation adjustments, arising from Power Assets separately listing its Hong Kong electricity business, by way of the listing of share stapled units jointly issued by HK Electric Investments and HK Electric Investments Limited (collectively as "HKEI") on the Main Board of the SEHK in January 2014; and a one-off gain of HK\$2,236 million upon the completion of the AGN transaction during 2014.

Excluding these one-off items, CKI's profit attributable to shareholders increased by 12% due to the overall growth of the underlying operations, the accretive contributions from Park'N Fly, AGN, UK Rails and Portugal Renewable Energy, which were acquired during 2014 and 2015, as well as the deferred tax benefit from the reduction in UK tax rates, partly offset by the weaknesses in the British Pound and Australian dollar which resulted in lower reported results on translation to Hong Kong dollars.

Power Assets, a company listed on the SEHK and in which CKI holds a 38.87% interest, announced profit attributable to shareholders of HK\$7,732 million, a decrease of 87% compared to last year's profit of HK\$61,005 million due to the gain recognised on IPO of HKEI in 2014 and the subsequent reduction in the share of the results of Hong Kong electricity business, partly offset by the accretive contributions from AGN and Portugal Renewable Energy which were acquired in 2014 and 2015 respectively.

In April 2015, UK Rails, a 50/50 joint venture between the Group and CKI, completed the acquisition of Eversholt Rail Group ("Eversholt"). The enterprise value of the transaction was approximately £2,500 million. Eversholt is a major rolling stock company in the UK that leases to train operators a diverse range of rolling stock including regional, commuter and high-speed passenger trains as well as freight locomotives and wagons on long-term contracts. In July 2015, UK Rails entered into a contract to procure and lease out 173 new trains worth £360 million to First Great Western. These AT300 vehicles comprise 22 five-car and 7 nine-car trains. In January 2016, UK Rails entered into a contract to procure and lease out 281 new trains worth £490 million to Arriva Rail North Limited. These vehicles comprise 31 three-car and 12 four-car electric trains, and 25 two-car and 30 three-car diesel trains that all equipped with air conditioning, audio and visual on-board information, power sockets and tables, cycle racks, CCTV, toilets as well as free Wi-Fi.

In November 2015, Portugal Renewable Energy, a 50/50 joint venture between CKI and Power Assets, acquired the entire share capital of Iberwind-Desenvolvimento e Projectos, S.A., a wind power company in Portugal, based on an enterprise value of approximately €978 million.

In March 2016, CKI issued perpetual capital securities with a nominal amount of US\$1,200 million for general corporate funding purposes including the redemption of the existing US\$1,000 million perpetual capital securities.

Additional Contributions

Co-owned Joint ventures with CKI

The Group's six co-owned JVs with CKI include Northumbrian Water, Park'N Fly, AGN, Dutch Enviro Energy (formerly AVR-Afvalverwerking B.V.), Wales & West Utilities and UK Rails. The co-owned operations contributed additional revenue, EBITDA and EBIT of HK\$10,441 million, HK\$6,752 million and HK\$4,653 million respectively in the year.

Aircraft Leasing

The aircraft leasing business, including its 50% joint venture, had a total fleet of 66 aircraft which was fully leased at the end of 2015. Over 90% of the aircraft in the portfolio is narrow body aircraft. The operation contributed additional revenue, EBITDA and EBIT of HK\$1,477 million, HK\$1,392 million and HK\$723 million respectively in the year.

The operation has a diversified customer base with over 25 airline customers across more than 15 countries and is expected to generate steady earnings and cashflow for the Group.

Including the Additional Contributions, total revenue, EBITDA and EBIT of this division amounted to HK\$55,762 million, HK\$32,291 million and HK\$23,477 million respectively, which were 23%, 32% and 29% respectively higher than the results reported by HWL for 2014.

Energy



Husky Energy's Sunrise Energy Oil Sands project continues to steadily ramp up towards 60,000 barrels per day around the end of 2016.



Canada

Mainland China

Taiwan

United States

Indonesia





1. The BD gas condensate field in the Madura Strait offshore Indonesia is on track for first gas in 2017, with expected peak production of about 40 million cubic feet per day of gas and 2,400 barrels of oil equivalent per day of liquids.
2. Husky Energy commences production at the Rush Lake heavy oil thermal project in Saskatchewan, Canada.
3. SeaRose FPSO celebrates 10th anniversary and achieves 250 million barrel milestone.
4. The Gaolan Gas Terminal of Liwan Development marks a milestone to ship its 100th order of gas condensate.
5. The manifold support frame of subsea structures for the South White Rose Extension project on the east coast of Canada.
6. Lima Refinery is awarded for exemplary contractor safety training.

The energy division comprises of the Group's 40.18% interest in Husky Energy, an integrated energy company listed on the Toronto Stock Exchange.

	2015 ⁽¹⁾ HK\$ millions	2014 ⁽¹⁾ HK\$ millions	Change	Change in Local Currency
Comparable Revenue	33,824	57,368	-41%	-32%
Comparable EBITDA	7,922	14,410	-45%	-37%
Comparable EBIT	1,884	6,324	-70%	-65%
Production (mboe/day)	345.7	340.1	+2%	

Results including Additional Contributions:

	2015 ⁽¹⁾ HK\$ millions	2014 ⁽¹⁾ HK\$ millions	Change
Total Revenue	40,029	57,368	-30%
Total EBITDA	9,375	14,410	-35%
Total EBIT	2,229	6,324	-65%

Note 1: To reflect the underlying performance of the Energy division in 2015, Comparable Revenue, EBITDA and EBIT exclude the contribution from additional interest in Husky Energy arising from the Reorganisation but includes the full year pro forma adjustment of the depletion, depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2015 pro forma Total Revenue, EBITDA and EBIT include the full year pro forma contribution from additional interest in Husky Energy. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report.

Husky Energy, our associated company, announced net earnings, before impairment charge and asset write downs, of C\$165 million in 2015, a 92% decline when compared to 2014 due to a depressed oil price environment.

In light of the prolonged low oil price levels, Husky Energy has recognised an after-tax property, plant and equipment impairment charges, goodwill impairment charges, exploration and evaluation asset write-downs and inventory write-downs of C\$4,015 million on its crude oil and natural gas assets located in Western Canada in the second half of 2015. As part of the Reorganisation, the Group had to rebase Husky Energy's assets to their fair values on the date of completion of the Reorganisation. Consequently, a lower valuation was assigned to these Western Canadian assets for the Group's financial statements, consistent with prevailing conditions in the relevant energy markets. As a result, the impairment charge and write downs of these assets by Husky Energy had no impact on the Group's reported results.

On a full year pro forma basis, the Group's share of comparable EBITDA and EBIT, after translation into Hong Kong dollars and consolidation adjustments, decreased 45% and 70% to HK\$7,922 million and HK\$1,884 million respectively, and decreased by 37% and 65% respectively in local currencies, as the average realised crude oil and North American natural gas prices were negatively impacted by the prolonged weak market benchmarks as well as the adverse foreign exchange translation impact to Hong Kong dollars. This is partly offset by lower depletion, depreciation and amortisation charges resulting from the rebasing of depreciable energy assets under the Reorganisation.

Despite operating under a prolonged depressed oil price environment, Husky Energy continues to focus on maximising the margin from every barrel of production, implementing cost reduction and operational efficiency strategies across its operations, reducing capital expenditures, as well as transitioning its production with a higher proportion coming from lower sustaining capital projects.

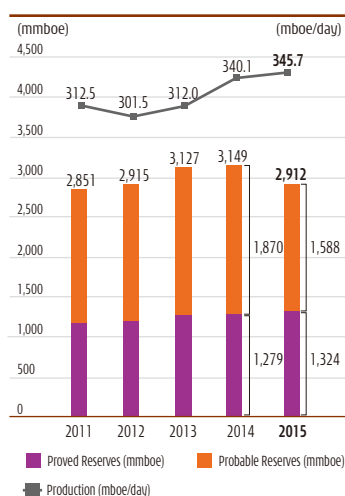
Average production increased 2% to 345,700 barrels of oil equivalent (“BOEs”) per day in 2015, mainly due to strong production volume from the Asia Pacific Region and new volumes from the Sunrise Energy project which began production in March 2015, as well as the suite of heavy oil thermal projects, including Rush Lake development which began production in the third quarter of 2015, partly offset by lower production in Western Canada and the Atlantic Region due to natural reservoir declines at mature properties and oil-related drilling and completion activity in 2015 continued to be deferred as a result of the low oil price environment.

Husky Energy has delivered its milestones in various key projects during 2015. In March 2015, first oil was achieved at Phase 1 of Sunrise Energy project and the project is expected to reach its peak production at 60,000 barrels per day (30,000 barrels per day net to Husky Energy) by the end of 2016. Production at the first and second production wells at the South White Rose Satellite extension in the Atlantic Region commenced in June and September 2015 respectively. In terms of heavy oil developments, first oil was achieved at the Rush Lake heavy oil thermal project in Saskatchewan in July 2015. Husky Energy plans to advance its production timetable for three new heavy oil thermal developments at Edam East (10,000 bbls/day), Vawn (10,000 bbls/day) and Edam West (4,500 bbls/day) in 2016, continued development of the fixed-price Asia Pacific projects that will come online in 2017 and steady ramp up of the Sunrise Energy Project will continue throughout 2016.

Additional Contributions

Post-Reorganisation, the Group's interest in Husky Energy as compared to HWL's interest has increased from 33.96% to currently 40.18%. Including the Additional Contributions, the Group's share of revenue, EBITDA and EBIT before the aforementioned impairment charge and asset write downs amounted to HK\$40,029 million, HK\$9,375 million and HK\$2,229 million respectively, a 30%, 35% and 65% decrease respectively from the 2014 results as reported by HWL.

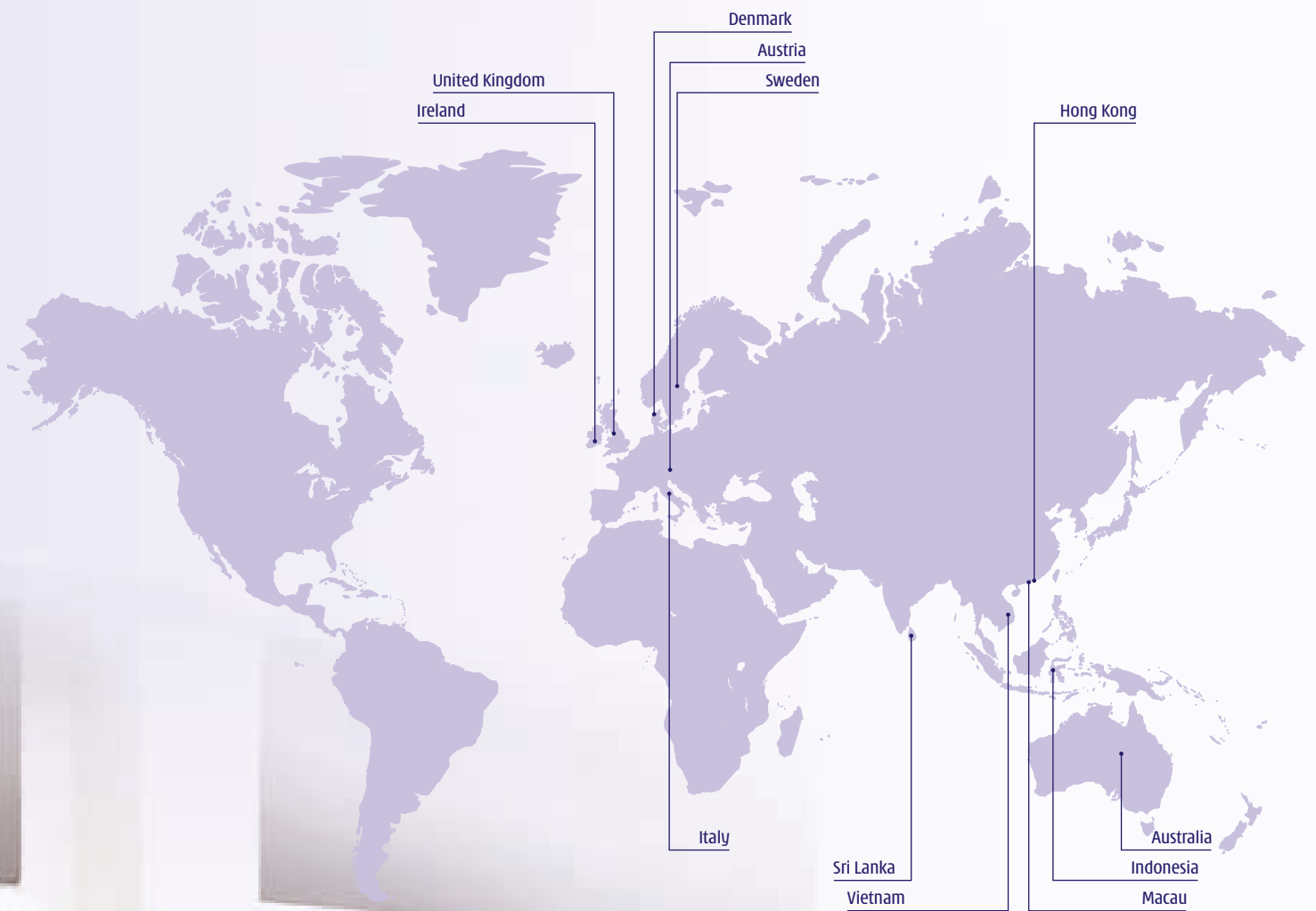
Proved and Probable Reserves & Production



Telecommunications

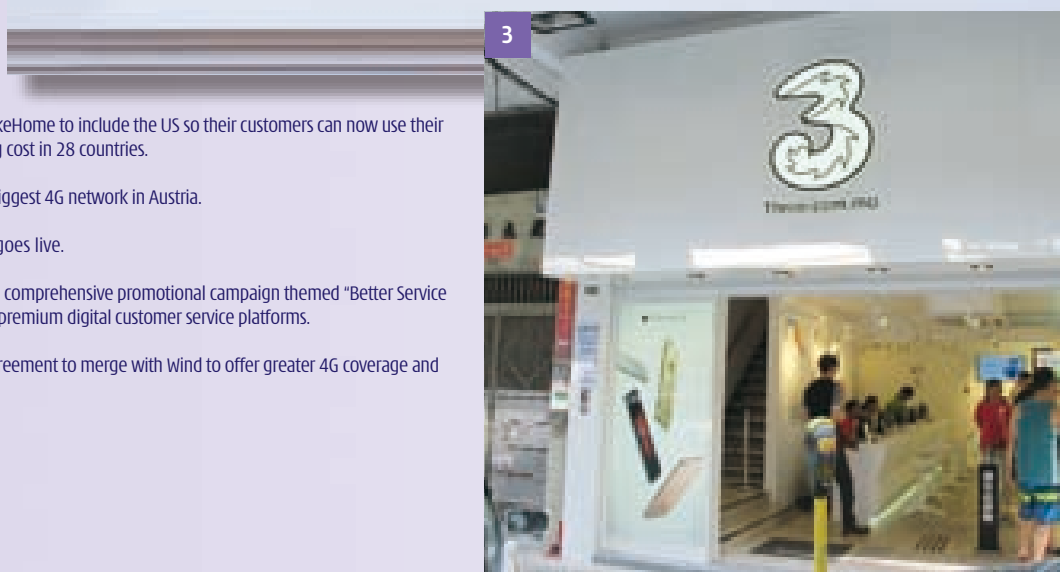


3 UK reaches an agreement with Telefónica SA to acquire O₂ UK to provide UK customers with better service and innovation.



Three.





1. **3** Denmark expands 3LikeHome to include the US so their customers can now use their phones with no roaming cost in 28 countries.
2. **3** Austria launches the biggest 4G network in Austria.
3. **3** Macau's 4G network goes live.
4. **3** Hong Kong launches a comprehensive promotional campaign themed "Better Service from 3" to promote the premium digital customer service platforms.
5. **3** Italy announces an agreement to merge with Wind to offer greater 4G coverage and higher speeds.



4



5

The Group's telecommunications division consists of the 3 Group businesses in Europe ("3 Group Europe"), a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the SEHK, Hutchison Asia Telecommunications ("HAT"), and an 87.87% interest in the Australian Securities Exchange listed HTAL. 3 Group Europe is a pioneer of high-speed mobile telecommunications and mobile broadband technologies with businesses in six countries across Europe. HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau, as well as fixed-line operations in Hong Kong. HAT holds the Group's interests in the mobile operations in Indonesia, Vietnam and Sri Lanka. HTAL owns a 50% share in VHA.

Group Performance

3 Group Europe

	2015 ⁽¹⁾ HK\$ millions	2014 ⁽¹⁾ HK\$ millions	Change	Change in Local Currency
Total Revenue	62,799	65,623	-4%	+10%
- Net customer service revenue	47,713	49,480	-4%	+11%
- Handset revenue	12,696	14,372	-12%	
- Other revenue	2,390	1,771	+35%	
Net Customer Service Margin ⁽²⁾	39,825	39,714	-	+15%
<i>Net customer service margin %</i>	<i>83%</i>	<i>80%</i>		
Other Margin	1,187	1,008	+18%	
Total CACs	(19,169)	(21,514)	+11%	
Less: Handset revenue	12,696	14,372	-12%	
Total CACs (net of handset revenue)	(6,473)	(7,142)	+9%	
Operating Expenses	(17,143)	(17,982)	+5%	
<i>Opex as a % of net customer service margin</i>	<i>43%</i>	<i>45%</i>		
EBITDA	17,396	15,598	+12%	+27%
<i>EBITDA Margin % ⁽³⁾</i>	<i>35%</i>	<i>30%</i>		
Depreciation & Amortisation	(5,732)	(8,706)	+34%	
EBIT	11,664	6,892	+69%	+92%
Capex (excluding licence)	(10,930)	(11,271)	+3%	
EBITDA less Capex	6,466	4,327	+49%	
Licence	(2,447)	(38)	-6,339%	

Note 1: 2015 pro forma EBIT included the full year pro forma adjustment of the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report.

Note 2: Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).

Note 3: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

3 Group Europe's registered customer base grew 4% during the year to total approximately 30.6 million at 31 December 2015, while the active base also grew 4% to total over 26.1 million and represented an 85% activity level. The proportion of contract customers as a percentage of the registered customer base remained stable at 58%. The revenue generated by contract customers accounted for approximately 83% of overall net customer service revenue, 1%-point lower than last year due to the increased focus on pre-paid non-contract customers in the UK during the year. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base increased only marginally to 1.8% from 1.7% last year.

3 Group Europe's net ARPU increased by 5% to €18.14 compared to 2014, primarily due to a focus on upselling and improved customer propositions across the majority of the operations, partly offset by keen competition in Denmark and the dilutive effect of the higher proportion of non-contract customers in Ireland after the acquisition of O₂ Ireland. This, together with the enlarged customer base, resulted in net customer service revenue increasing 11% in local currencies. Net AMPU increased by 10% to €15.14 mainly due to an improvement in tariff mix and propositions, with the net customer service margin increasing 15% in local currencies.

Contract smartphone customers acquired in 2015 represented around 44% of the total contract customers acquired during the year (2014: 41%). Total data usage increased 57% compared to last year to approximately 950 petabytes in 2015. Data usage per active customer was approximately 38.1 gigabytes per user in 2015 compared to 25.4 gigabytes per user in 2014.

Total CACs, net of handset revenue in postpaid contract bundled plans, totalled HK\$6,473 million in 2015, 9% lower than in 2014 and operating expenses also decreased 5% to HK\$17,143 million.

EBITDA and EBIT growth reflected the enlarged customer base, improved net customer service margin, lower customer acquisition costs, full year accretive contribution from 3 Ireland's acquisition of O₂ Ireland and continued realisation of post-merger cost synergies in 3 Austria. EBIT improvement was also due to lower depreciation and amortisation resulting from the rebasing of telecommunication assets under the Reorganisation.

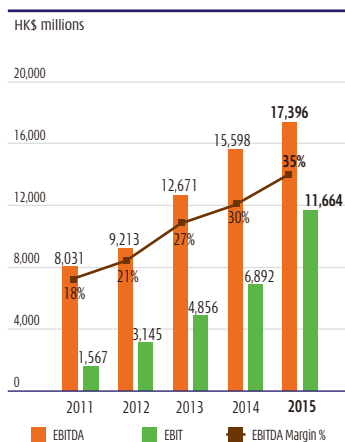
3 Group Europe continued the prudent capex management strategy resulting in EBITDA less capex increasing 49% to HK\$6,466 million in 2015.

In March 2015, HWL entered into an agreement with Telefónica SA to acquire O₂ UK for £9.25 billion cash and deferred upside interest sharing payments of up to £1 billion upon achievement by the combined business of 3 UK and O₂ UK of agreed financial targets. Upon completion of the acquisition, the combined business will become the largest mobile operator in the UK. In May 2015, HWL announced that it has entered into agreements with five institutional investors who will acquire approximately 32.98% interest in the combined business of 3 UK and O₂ UK for a total of £3.1 billion. These agreements are conditional on and will occur concurrently with completion of the acquisition of O₂ UK. The Group is considering the sale of a stake in 3 UK to a new investor with a view to further reducing the new cash investment required from the Group to fund the acquisition. Should such new investment proceed, the Group will consider implementing a revised business structure that would maintain the continuity and separation of the 3 UK and O₂ UK businesses. This would be directed to achieving benefits in terms of operational strategy and focus, regulatory approvals and contractual obligations, while preserving financial and operational efficiencies and savings expected from the acquisition of O₂ UK.

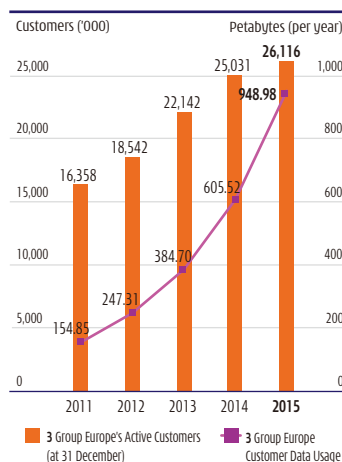
In August 2015, the Group announced agreement with VimpelCom Ltd to form an equal joint venture merging 3 Italy and VimpelCom's subsidiary Wind Telecomunicazioni S.p.A. ("Wind") in Italy. On a combined basis, 3 Italy and Wind will become the largest mobile operator in Italy in terms of customer numbers.

The above transactions are expected to create sufficient scale and capacity for delivering significant operational efficiencies and enhancing network quality and innovations in these markets, and in turn, generating accretive earnings to the Group. The Group is confident that the proposed transactions will create a level playing field for the operations in the UK and Italy to deliver quantitative and qualitative benefits to their customers. Completion of these transactions is subject to regulatory approval.

3 Group Europe - EBITDA & EBIT in reported currency



3 Group Europe's Active Customers and Data Usage



Key Business Indicators

	Registered Customer Base					
	Registered Customers at 31 December 2015 ('000)			Registered Customer Growth (%) from 31 December 2014 to 31 December 2015		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
United Kingdom	4,598	6,193	10,791	+9%	+2%	+5%
Italy	4,579	5,503	10,082	-8%	+9%	—
Sweden	253	1,762	2,015	+13%	+6%	+7%
Denmark	414	760	1,174	+11%	+1%	+4%
Austria	1,301	2,485	3,786	+18%	-1%	+5%
Ireland	1,577	1,168	2,745	+10%	—	+6%
3 Group Europe Total	12,722	17,871	30,593	+3%	+4%	+4%

	Active ⁽⁴⁾ Customer Base					
	Active Customers at 31 December 2015 ('000)			Active Customer Growth (%) from 31 December 2014 to 31 December 2015		
	Prepaid	Postpaid	Total	Prepaid	Postpaid	Total
United Kingdom	2,898	6,068	8,966	+17%	+2%	+7%
Italy	3,723	5,396	9,119	-2%	+9%	+4%
Sweden	163	1,762	1,925	+22%	+6%	+7%
Denmark	394	760	1,154	+17%	+1%	+6%
Austria	447	2,471	2,918	+3%	—	—
Ireland	893	1,141	2,034	-3%	+1%	-1%
3 Group Europe Total	8,518	17,598	26,116	+5%	+4%	+4%

	2015	2014
Contract customers as a % of the total registered customer base	58%	58%
Contract customers' contribution to the net customer service revenue base (%)	83%	84%
Average monthly churn rate of the total contract registered customer base (%)	1.8%	1.7%
Active contract customers as a % of the total contract registered customer base	98%	98%
Active customers as a % of the total registered customer base	85%	85%

Note 4: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

**12-month Trailing Average Revenue per Active User ⁽⁵⁾ ("ARPU")
to 31 December 2015**

	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2014
United Kingdom	£5.23	£26.93	£20.10	-3%
Italy	€8.47	€17.87	€13.89	+2%
Sweden	SEK127.25	SEK305.42	SEK290.95	+1%
Denmark	DKK99.11	DKK168.77	DKK146.36	-5%
Austria	€9.77	€22.33	€20.46	+4%
Ireland	€16.52	€31.25	€24.73	-4%
3 Group Europe Average	€9.29	€27.84	€21.77	+4%

**12-month Trailing Net Average Revenue per Active User ⁽⁶⁾ ("Net ARPU")
to 31 December 2015**

	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2014
United Kingdom	£5.23	£19.41	£14.95	-1%
Italy	€8.47	€17.87	€13.89	+2%
Sweden	SEK127.25	SEK216.27	SEK209.05	—
Denmark	DKK99.11	DKK152.10	DKK135.06	-6%
Austria	€9.77	€19.03	€17.65	+8%
Ireland	€16.52	€27.48	€22.63	-5%
3 Group Europe Average	€9.29	€22.44	€18.14	+5%

**12-month Trailing Net Average Margin per Active User ⁽⁷⁾ ("Net AMPU")
to 31 December 2015**

	Prepaid	Postpaid	Blended Total	% Variance compared to 31 December 2014
United Kingdom	£4.56	£16.80	£12.95	+7%
Italy	€6.82	€13.78	€10.83	+4%
Sweden	SEK107.56	SEK185.57	SEK179.24	—
Denmark	DKK87.43	DKK131.85	DKK117.56	-6%
Austria	€8.39	€15.92	€14.80	+10%
Ireland	€12.70	€23.03	€18.46	-5%
3 Group Europe Average	€7.66	€18.77	€15.14	+10%

Note 5: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in postpaid contract bundled plans, divided by the average number of active customers during the year.

Note 6: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in postpaid contract bundled plans, divided by the average number of active customers during the year.

Note 7: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in postpaid contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

United Kingdom

	2015 ⁽⁸⁾ GBP millions	2014 ⁽⁸⁾ GBP millions	Change
Total Revenue	2,195	2,063	+6%
- Net customer service revenue	1,573	1,459	+8%
- Handset revenue	549	577	-5%
- Other revenue	73	27	+170%
Net Customer Service Margin	1,363	1,169	+17%
<i>Net customer service margin %</i>	<i>87%</i>	<i>80%</i>	
Other Margin	18	10	+80%
Total CACs	(764)	(807)	+5%
Less: Handset revenue	549	577	-5%
Total CACs (net of handset revenue)	(215)	(230)	+7%
Operating Expenses	(480)	(402)	-19%
<i>Opex as a % of net customer service margin</i>	<i>35%</i>	<i>34%</i>	
EBITDA	686	547	+25%
<i>EBITDA Margin %</i>	<i>42%</i>	<i>37%</i>	
Depreciation & Amortisation	(225)	(233)	+3%
EBIT	461	314	+47%
Capex (excluding licence)	(358)	(322)	-11%
EBITDA less Capex	328	225	+46%
Licence	(212)	(1)	-21,100%

Note 8: 2015 pro forma EBIT included the full year pro forma adjustment of the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report.

	2015	2014
Total registered customer base (millions)	10.8	10.3
Total active customer base (millions)	9.0	8.4
Contract customers as a % of the total registered customer base	57%	59%
Contract customers' contribution to the net customer service revenue base (%)	89%	90%
Average monthly churn rate of the total contract registered customer base (%)	1.5%	1.6%
Active contract customers as a % of the total contract registered customer base	98%	98%
Active customers as a % of the total registered customer base	83%	82%

EBITDA of £686 million was 25% higher than 2014 mainly driven by improved net customer service margin primarily due to an enlarged customer base and the net AMPU growth of 7% compared to 2014 through pricing and proposition changes and a one-time release of the excess in the provision made last year following the settlement of interconnection rate disputes during the year. The margin improvement was partly offset by higher operating expenses driven largely by higher network costs due to additional new sites commissioned. EBIT of £461 million represents a 47% increase over last year following the strong EBITDA performance and lower depreciation as a result of rebasing telecommunication assets under the Reorganisation.

Italy

	2015 ⁽⁹⁾ EUR millions	2014 ⁽⁹⁾ EUR millions	Change
Total Revenue	1,825	1,739	+5%
- Net customer service revenue	1,478	1,376	+7%
- Handset revenue	297	308	-4%
- Other revenue	50	55	-9%
Net Customer Service Margin	1,153	1,052	+10%
<i>Net customer service margin %</i>	78%	76%	
Other Margin	48	53	-9%
Total CACs	(560)	(551)	-2%
Less: Handset revenue	297	308	-4%
Total CACs (net of handset revenue)	(263)	(243)	-8%
Operating Expenses	(662)	(614)	-8%
<i>Opex as a % of net customer service margin</i>	57%	58%	
EBITDA	276	248	+11%
<i>EBITDA Margin %</i>	18%	17%	
Depreciation & Amortisation	(119)	(294)	+60%
EBIT (LBIT)	157	(46)	+441%
Capex (excluding licence)	(446)	(404)	-10%
EBITDA less Capex	(170)	(156)	-9%
Licence	—	(2)	+100%

Note 9: 2015 pro forma EBIT included the full year pro forma adjustment of the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2014 Revenue, EBITDA and LBIT are as presented in HWL's 2014 Annual Report.

	2015	2014
Total registered customer base (millions)	10.1	10.0
Total active customer base (millions)	9.1	8.8
Contract customers as a % of the total registered customer base	55%	50%
Contract customers' contribution to the net customer service revenue base (%)	74%	74%
Average monthly churn rate of the total contract registered customer base (%)	2.7%	2.3%
Active contract customers as a % of the total contract registered customer base	98%	98%
Active customers as a % of the total registered customer base	90%	87%

Despite intense competition in the Italian market, **3** Italy successfully grew its active customer base by 4% to 9.1 million customers in 2015. EBITDA increased 11% during the year, mainly driven by a 10% increase in net customer service margin from the increase in the contract customer base, partly offset by higher operating expenses and higher total CACs (net of handset revenue). The turnaround to an EBIT of €157 million from the LBIT position of €46 million in 2014 was also due to the lower depreciation as a result of rebasing telecommunication assets under the Reorganisation.

Sweden

	2015 ⁽¹⁰⁾ SEK millions	2014 ⁽¹⁰⁾ SEK millions	Change
Total Revenue	7,019	6,407	+10%
- Net customer service revenue	4,657	4,286	+9%
- Handset revenue	2,073	1,893	+10%
- Other revenue	289	228	+27%
Net Customer Service Margin	3,995	3,664	+9%
<i>Net customer service margin %</i>	<i>86%</i>	<i>85%</i>	
Other Margin	101	65	+55%
Total CACs	(2,806)	(2,543)	-10%
Less: Handset revenue	2,073	1,893	+10%
Total CACs (net of handset revenue)	(733)	(650)	-13%
Operating Expenses	(1,338)	(1,333)	—
<i>Opex as a % of net customer service margin</i>	<i>33%</i>	<i>36%</i>	
EBITDA	2,025	1,746	+16%
<i>EBITDA Margin %</i>	<i>41%</i>	<i>39%</i>	
Depreciation & Amortisation	(653)	(752)	+13%
EBIT	1,372	994	+38%
Capex (excluding licence)	(809)	(790)	-2%
EBITDA less Capex	1,216	956	+27%

Note 10: 2015 pro forma EBIT included the full year pro forma adjustment of the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report.

	2015	2014
Total registered customer base (millions)	2.0	1.9
Total active customer base (millions)	1.9	1.8
Contract customers as a % of the total registered customer base	87%	88%
Contract customers' contribution to the net customer service revenue base (%)	95%	96%
Average monthly churn rate of the total contract registered customer base (%)	1.5%	1.4%
Active contract customers as a % of the total contract registered customer base	100%	100%
Active customers as a % of the total registered customer base	96%	95%

In Sweden, where the Group has a 60% interest, EBITDA of SEK2,025 million increased 16% from 2014 due to the 7% enlarged active customer base and stringent control of operating expenses, partly offset by 13% increase in total CACs (net of handset revenue) due to higher volumes. EBIT of SEK1,372 million represents a 38% improvement over 2014 reflecting the EBITDA growth as well as lower depreciation as a result of rebasing telecommunication assets under the Reorganisation.

Denmark

	2015 ⁽¹¹⁾ DKK millions	2014 ⁽¹¹⁾ DKK millions	Change
Total Revenue	2,078	2,046	+2%
- Net customer service revenue	1,802	1,799	—
- Handset revenue	178	178	—
- Other revenue	98	69	+42%
Net Customer Service Margin	1,571	1,566	—
<i>Net customer service margin %</i>	<i>87%</i>	87%	
Other Margin	52	32	+63%
Total CACs	(433)	(416)	-4%
Less: Handset revenue	178	178	—
Total CACs (net of handset revenue)	(255)	(238)	-7%
Operating Expenses	(664)	(626)	-6%
<i>Opex as a % of net customer service margin</i>	<i>42%</i>	40%	
EBITDA	704	734	-4%
<i>EBITDA Margin %</i>	<i>37%</i>	39%	
Depreciation & Amortisation	(274)	(309)	+11%
EBIT	430	425	+1%
Capex (excluding licence)	(161)	(187)	+14%
EBITDA less Capex	543	547	-1%

Note 11: 2015 pro forma EBIT included the full year pro forma adjustment of the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report.

	2015	2014
Total registered customer base (millions)	1.2	1.1
Total active customer base (millions)	1.2	1.1
Contract customers as a % of the total registered customer base	65%	67%
Contract customers' contribution to the net customer service revenue base (%)	76%	76%
Average monthly churn rate of the total contract registered customer base (%)	2.8%	2.7%
Active contract customers as a % of the total contract registered customer base	100%	100%
Active customers as a % of the total registered customer base	98%	97%

The operation in Denmark, where the Group has a 60% interest, faced a challenging and competitive market in 2015, where the proposed but withdrawn merger of the two major Danish operators intensified market competition during the year. Although the active customer base increased 6%, this was fully offset by the 6% lower net AMPU resulting in the net customer service margin remained constant in 2015 compared to 2014. EBITDA decreased 4% to DKK704 million, mainly driven by higher operating expenses and total CACs (net of handset revenue). The decline in EBITDA was fully compensated by the lower depreciation and amortisation due to lower telecommunication asset base under the Reorganisation and as a consequence, EBIT improved by 1% to DKK430 million.

Austria

	2015 ⁽¹²⁾ EUR millions	2014 ⁽¹²⁾ EUR millions	Change
Total Revenue	736	686	+7%
- Net customer service revenue	613	564	+9%
- Handset revenue	99	99	—
- Other revenue	24	23	+4%
Net Customer Service Margin	514	464	+11%
<i>Net customer service margin %</i>	84%	82%	
Other Margin	16	17	-6%
Total CACs	(132)	(123)	-7%
Less: Handset revenue	99	99	—
Total CACs (net of handset revenue)	(33)	(24)	-38%
Operating Expenses	(181)	(212)	+15%
<i>Opex as a % of net customer service margin</i>	35%	46%	
EBITDA	316	245	+29%
<i>EBITDA Margin %</i>	50%	42%	
Depreciation & Amortisation	(64)	(75)	+15%
EBIT	252	170	+48%
Capex (excluding licence)	(116)	(135)	+14%
EBITDA less Capex	200	110	+82%

Note 12: 2015 pro forma EBIT included the full year pro forma adjustment of the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report.

	2015	2014
Total registered customer base (millions)	3.8	3.6
Total active customer base (millions)	2.9	2.9
Contract customers as a % of the total registered customer base	66%	69%
Contract customers' contribution to the net customer service revenue base (%)	92%	93%
Average monthly churn rate of the total contract registered customer base (%)	0.4%	0.6%
Active contract customers as a % of the total contract registered customer base	99%	99%
Active customers as a % of the total registered customer base	77%	81%

EBITDA increased 29% from 2014 to €316 million mainly due to an increase in net customer service margin driven by higher net AMPU from improved tariff propositions and mix, together with lower operating expenses attributable to the realisation of additional cost synergies from the Orange Austria acquisition in 2013. EBIT increased 48% to €252 million in 2015, reflecting the improvement of EBITDA as well as the lower depreciation and amortisation due to a lower asset base as a result of the Reorganisation.

Ireland

	2015 ⁽¹³⁾ EUR millions	2014 ⁽¹³⁾ EUR millions	Change
Total Revenue	689	436	+58%
- Net customer service revenue	549	358	+53%
- Handset revenue	79	47	+68%
- Other revenue	61	31	+97%
Net Customer Service Margin	448	292	+53%
<i>Net customer service margin %</i>	82%	82%	
Other Margin	30	6	+400%
Total CACs	(127)	(87)	-46%
Less: Handset revenue	79	47	+68%
Total CACs (net of handset revenue)	(48)	(40)	-20%
Operating Expenses	(256)	(194)	-32%
<i>Opex as a % of net customer service margin</i>	57%	66%	
EBITDA	174	64	+172%
<i>EBITDA Margin %</i>	29%	16%	
Depreciation & Amortisation	(65)	(64)	-2%
EBIT	109	0.1	+108,900%
Capex (excluding licence)	(132)	(126)	-5%
EBITDA less Capex	42	(62)	+168%

Note 13: 2015 pro forma EBIT included the full year pro forma adjustment of the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report.

	2015	2014
Total registered customer base (millions)	2.7	2.6
Total active customer base (millions)	2.0	2.1
Contract customers as a % of the total registered customer base	43%	45%
Contract customers' contribution to the net customer service revenue base (%)	68%	69%
Average monthly churn rate of the total contract registered customer base (%)	1.6%	1.5%
Active contract customers as a % of the total contract registered customer base	98%	98%
Active customers as a % of the total registered customer base	74%	79%

EBITDA of €174 million and EBIT of €109 million were higher than 2014 as results in 2015 reflected the full year accretive contribution from the acquisition of O₂ Ireland in July 2014, together with realisation of cost synergies associated with combining the two operations.

Hutchison Telecommunications Hong Kong Holdings

	2015 ⁽¹⁴⁾ HK\$ millions	2014 ⁽¹⁴⁾ HK\$ millions	Change
Comparable Revenue	22,042	16,296	+35%
Comparable EBITDA	2,891	2,780	+4%
Comparable EBIT	1,448	1,380	+5%
Total active customer base ('000)	3,031	3,197	-5%

Results including Additional Contributions:

	2015 ⁽¹⁴⁾ HK\$ millions	2014 ⁽¹⁴⁾ HK\$ millions	Change
Total Revenue	22,122	16,296	+36%
Total EBITDA	2,911	2,780	+5%
Total EBIT	1,426	1,380	+3%

Note 14: To reflect the underlying performance of HTHKH in 2015, Comparable Revenue, EBITDA and EBIT exclude the contribution from additional interest in HTHKH and its JV that arose from the Reorganisation. 2015 pro forma Total Revenue, EBITDA and EBIT include the full year pro forma contribution from additional interest in HTHKH and its JV. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report.

HTHKH announced its 2015 turnover of HK\$22,042 million and profit attributable to shareholders of HK\$915 million, an increase of 35% and 10% respectively over last year. Comparable EBITDA of HK\$2,891 million and comparable EBIT of HK\$1,448 million were 4% and 5% higher than last year respectively, primarily driven by growth in mobile business from lower acquisition and retention costs, improvement in operational efficiency, as well as higher hardware sales in 2015. The contribution from the fixed-line telecommunications business in Hong Kong was lower than last year, as a result of the reduced demand in IDD, partially offset by higher revenue from corporate and business segments driven by increasing demand on bandwidth capacity and solution-based products.

Additional Contributions

Post-Reorganisation, the Group's interest in HTHKH as compared to HWL's interest has increased from 65.01% to currently 66.09%. Included as Additional Contributions is a 50% interest in a joint venture with HTHKH, of which HTHKH holds the other 50%. Including the Additional Contributions, total revenue, EBITDA and EBIT amounted to HK\$22,122 million, HK\$2,911 million and HK\$1,426 million respectively, a 36%, 5% and 3% increase respectively from the 2014 results as reported by HWL.

Hutchison Asia Telecommunications

	2015 ⁽¹⁵⁾ HK\$ millions	2014 ⁽¹⁵⁾ HK\$ millions	Change	Change in Local Currency
Total Revenue	6,900	5,757	+20%	+34%
Total EBITDA/(LBITDA)	1,176	(278)	+523%	+588%
Total EBIT/(LBIT)	1,176	(1,465)	+180%	+193%
Total active customer base ('000)	72,820	54,454	+34%	

Note 15: 2015 pro forma total EBIT included the full year pro forma adjustment of the depreciation and amortisation impact arising from the fair value adjustment on acquisition, assuming the Reorganisation was effective on 1 January 2015. 2014 Revenue, LBITDA and LBIT are as presented in HWL's 2014 Annual Report.

Hutchison Asia Telecommunications (continued)

HAT reported EBITDA of HK\$1,176 million in 2015, a turnaround from LBITDA of HK\$278 million in 2014 mainly due to charges of HK\$1.1 billion relating to inappropriate dealer credit and commissioning practices in the Indonesian operation in 2014. On a full year pro forma basis, the turnaround to EBIT of HK\$1,176 million in 2015 compared to an LBIT of HK\$1,465 million in 2014, was also due to the division's reduced cost and depreciable asset base under the Reorganisation.

In Indonesia, the active customer base at the end of 2015 increased 48% from last year to approximately 63.6 million customers, representing 87% of HAT's total customer base. The growth momentum has accelerated particularly in the second half of the year, with customer growth of 23% during the period since June 2015, and has significantly improved its net customer service margin during the year. Together with good cost control measures under the leadership of the new management team, notable improvements in profitability have been delivered.

HTAL, share of VHA

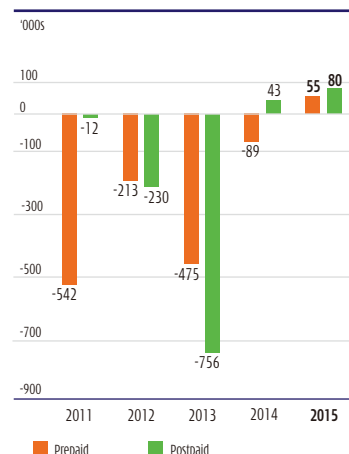
	2015 AUD millions	2014 AUD millions	Change
Announced Total Revenue	1,826	1,748	+4%
Announced EBITDA	406	386	+5%
Announced Loss Attributable to Shareholders	(183)	(286)	+36%

HTAL announced total revenue and EBITDA from its share of 50% owned associated company, VHA, of A\$1,826 million and A\$406 million, a 4% and 5% increase over last year respectively, driven by growth in the customer base as well as good cost controls management. The loss attributable to shareholders decreased by 36% to A\$183 million, primarily due to the improved EBITDA result and lower depreciation charges following the one-off accelerated depreciation in 2014.

VHA's active customer base increased 3% to over 5.4 million (including MVNOS) at 31 December 2015, with over 3% growth in the higher margin postpaid segment. Complaints to the Telecommunications Industry Ombudsman fell 67% between the December 2014 quarter and the December 2015 quarter and VHA had the lowest ratio of complaints of all the major Australian mobile telecommunications providers in the September 2015 and December 2015 quarters.

Following a solid performance in 2015, VHA will continue to focus on its product offerings, network and customer service in order to continue to grow the customer base and a strong brand.

VHA Net Customers Additions



Finance & Investments and Others



Guangzhou Aircraft Maintenance Engineering Company enters into a partnership with PacAvi Group to tap the Chinese and Asian markets for Airbus A320 and A321 passenger-to-freighter conversions.



Operations Review – Finance & Investments and Others

The finance & investments and others segment includes returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited ("HWCL"), listed associate TOM Group ("TOM"), Hutchison Water, the Marionnaud business and listed associate CK Life Sciences Group ("CKLS").

	2015 ⁽¹⁾ HK\$ millions	2014 ⁽¹⁾ HK\$ millions	Change
Comparable Revenue	19,668	21,389	-8%
Comparable EBITDA	1,786	3,461	-48%
Comparable EBIT	1,540	3,000	-49%

Results including Additional Contributions:

	2015 ⁽¹⁾ HK\$ millions	2014 ⁽¹⁾ HK\$ millions	Change
Total Revenue	22,563	21,389	+5%
Total EBITDA	2,142	3,461	-38%
Total EBIT	1,822	3,000	-39%

Note 1: To reflect the underlying performance of Finance & Investments and Others in 2015, Comparable Revenue, EBITDA and EBIT exclude the contribution from additional interest in TOM, CKLS and other investment contributions that arose from the Reorganisation. 2015 pro forma Total Revenue, EBITDA and EBIT include the full year pro forma contribution from additional interest in TOM, CKLS and other investment contributions. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report, excluding corporate overhead from discontinued property and hotels businesses.

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK\$131,426 million at 31 December 2015. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2015 annual report. The reduced EBITDA and EBIT contribution of this segment was mainly due to one-off gains on disposal of certain listed equity investments and other non-strategic investments in 2014.

Other Operations

Hutchison Whampoa (China) Limited

HWCL operates various manufacturing, service and distribution joint ventures in the Mainland and Hong Kong, and also has an investment in Hutchison China MediTech Limited ("Chi-Med"), currently a 64.9% owned subsidiary listed on the AIM of the London Stock Exchange in the UK. Chi-Med focuses on researching, developing, manufacturing and selling pharmaceuticals and health-related consumer products.

TOM Group

TOM, a 36.7% associate, is listed on SEHK and its businesses include e-commerce, mobile Internet, publishing, outdoor media as well as television and entertainment.

Hutchison Water Limited

The Group has a 49% interest in a water desalination project in Israel which was granted a 26.5-year concession by the Israeli government to build and operate a water desalination plant in Sorek, Israel. The plant has been operational since 2014 and is one of the largest desalination plants in the world in terms of capacity.

Marionnaud

Marionnaud currently operates approximately 1,000 stores in 11 European markets, providing luxury perfumery and cosmetic products. The Marionnaud business has improved during the year despite intense competition and weak consumer spending on luxury products.

CK Life Sciences Group

The Group has an approximate 45.32% interest in CKLS, a company listed on SEHK. CKLS is engaged in the business of research and development, commercialisation, marketing and sale of health and agriculture-related products. It has business interests in three key divisions: agriculture, nutraceutical and pharmaceutical.

Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the year, on a full year pro forma basis, including its share of associated companies' and joint ventures' interest expenses, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK\$12,581 million, a decrease of 10% when compared to HWL's results last year⁽²⁾ mainly due to the lower effective interest rates on the Group's listed bonds as a result of the Reorganisation. The Group's pro forma weighted average cost of debt for 2015 was 2.1%.

The Group recorded current and deferred tax charges, on a full year pro forma basis, totalling HK\$7,197 million for the year, a decrease of 12% from HWL's current and deferred tax charges last year⁽²⁾ mainly due to lower share of tax charges from the energy business which reported lower profits in 2015 and the one-time benefits in the Infrastructure businesses in the UK following the enactment of UK corporate tax rate reduction in the year.

Note 2: Excluding discontinued property and hotels businesses.

Summary

Economic and market conditions remained volatile in 2015 which affect the Group's businesses worldwide. Despite facing various challenges, the Group continued to demonstrate its resilience and sustained growth in recurring earnings in 2015, while maintaining a healthy and conservative level of liquidity and a strong balance sheet.

The Group remains committed to its dual objectives of maintaining a healthy rate of growth in recurring earnings and a stable financial profile. This will be achieved through cautious and selective expansion, stringent capital expenditure and cost controls across all businesses, and maintaining a prudent financial profile and strong liquidity. The Group will closely monitor the impact of the volatile markets to the businesses, particularly in the commodities and currency markets, and prudently manage these exposures to support the delivery of a stable growth in 2016. Barring adverse external developments in the sectors and geographies in which we operate, I have full confidence these objectives will be achieved in 2016.

Fok Kin Ning, Canning

Group Co-Managing Director

Hong Kong, 17 March 2016

Additional Information

Ports and Related Services

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

HPH Trust

Name	Location	The Group's Effective Interest	2015 Throughput (100% basis) (million TEU)
Hongkong International Terminals/ COSCO-HIT Terminals/ Asia Container Terminals	Hong Kong	30.07% / 15.03% / 12.03%	12.1
Yantian International Container Terminals - Phase I and II/ Phase III/ West Port	Mainland China	16.96% / 15.53% / 15.53%	12.2
Ancillary Services - Asia Port Services/ Hutchison Logistics (HK)/ Shenzhen Hutchison Inland Container Depots	Hong Kong and Mainland China	30.07% / 30.07% / 23.35%	N/A

Mainland China and Other Hong Kong

Name	Location	HPH's Effective Interest ⁽¹⁾	2015 Throughput (100% basis) (million TEU)
Shanghai Mingdong Container Terminals/ Shanghai Pudong International Container Terminals	Mainland China	50% / 30%	8.3
Ningbo Beilun International Container Terminals	Mainland China	49%	2.0
River Trade Terminal	Hong Kong	50%	1.2
Ports in Southern China - Nanhai International Container Terminals ⁽²⁾ / Jiangmen International Container Terminals ⁽²⁾ / Shantou International Container Terminals/ Huizhou Port Industrial Corporation/ Huizhou International Container Terminals/ Xiamen International Container Terminals/ Xiamen Haicang International Container Terminals	Mainland China	50% / 50% / 70% / 33.59% / 80% / 49% / 49%	2.5 ⁽³⁾

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

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

Note 3: Includes the throughput of the port operations in Gaolan and Jiuzhou that were disposed during the second half of 2015.

Additional Information

Ports and Related Services (continued)

Europe

Name	Location	HPH's Effective Interest ⁽¹⁾	2015 Throughput (100% basis) (million TEU)
Europe Container Terminals/ Amsterdam Container Terminals	The Netherlands	93.5% / 70.08%	9.8
Hutchison Ports (UK) – Port of Felixstowe/ Harwich International Port/ London Thamesport	United Kingdom	100% / 100% / 80%	4.3
Barcelona Europe South Terminal	Spain	100%	1.1
Gdynia Container Terminal	Poland	99.15%	0.3
Container Terminal Frihamnen ⁽⁴⁾	Sweden	100%	0.1

Note 4: The Group holds the right to operate Container Terminal Frihamnen in Sweden.

Asia, Australia and Others

Name	Location	HPH's Effective Interest ⁽¹⁾	2015 Throughput (100% basis) (million TEU)
Westports Malaysia	Malaysia	23.55%	9.1
Panama Ports Company	Panama	90%	3.9
Jakarta International Container Terminal / Koja Terminal	Indonesia	49% / 45.09%	3.2
Hutchison Korea Terminals / Korea International Terminals	South Korea	100% / 88.9%	2.5
Hutchison Laemchabang Terminal / Thai Laemchabang Terminal	Thailand	80% / 87.5%	2.3
Internacional de Contenedores Asociados de Veracruz/ Lazaro Cardenas Terminal Portuaria de Contenedores/ Lazaro Cardenas Multipurpose Terminal/ Ensenada International Terminal/ Terminal Internacional de Manzanillo	Mexico	100%	2.2
International Ports Services	Saudi Arabia	51%	1.9
Freeport Container Port	The Bahamas	51%	1.4
Karachi International Container Terminal / South Asia Pakistan Terminals	Pakistan	100% / 90%	1.0
Alexandria International Container Terminals	Egypt	50%	0.7
Tanzania International Container Terminal Services	Tanzania	66.5%	0.5
Oman International Container Terminal	Oman	65%	0.5
Buenos Aires Container Terminal	Argentina	100%	0.2
Hutchison Ajman International Terminals	United Arab Emirates	100%	0.2
Sydney International Container Terminals	Australia	100%	0.2
Brisbane Container Terminals	Australia	100%	0.1
Myanmar International Terminals Thilawa	Myanmar	100%	-
Saigon International Terminals Vietnam	Vietnam	70%	-

Retail

Brand list by Market

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

Additional Information

Infrastructure

CKI Project Profile by Geographical Location

Geographical Location	Company/Project	Type of Business	Shareholding Interest within CKHH Group
Australia	SA Power Networks	Electricity Distribution	CKI: 23.1%; Power Assets: 27.9%
	Powercor Australia Limited	Electricity Distribution	CKI: 23.1%; Power Assets: 27.9%
	CitiPower I Pty Ltd.	Electricity Distribution	CKI: 23.1%; Power Assets: 27.9%
	Spark Infrastructure Group	Infrastructure Investment	CKI: 6.7%
	Australian Gas Networks Limited	Gas Distribution	CKHH: 27.5%; CKI: 45.0%; Power Assets: 27.5%
	Transmission Operations (Australia) Pty Ltd	Electricity Transmission	CKI: 50%; Power Assets: 50%
Canada	Canadian Power Holdings Inc.	Electricity Generation	CKI: 50%; Power Assets: 50%
	Park'N Fly	Off-airport Parking	CKHH: 50%; CKI: 50%
Hong Kong	Power Assets Holdings Limited ("Power Assets")	Holding company of a 33.4% interest in HKEI, a listed electricity generation and transmission business in HK, and power and utility-related businesses overseas	CKI: 38.9%
	Alliance Construction Materials Limited	Infrastructure Materials	CKI: 50%
	Green Island Cement Company, Limited	Infrastructure Materials	CKI: 100%
	Anderson Asphalt Limited	Infrastructure Materials	CKI: 100%
Mainland China	Green Island Cement (Yunfu) Company Limited	Infrastructure Materials	CKI: 100%
	Guangdong Gitic Green Island Cement Co. Ltd.	Infrastructure Materials	CKI: 66.5%
	Shen-Shan Highway (Eastern Section)	Toll Road	CKI: 33.5%
	Shantou Bay Bridge	Toll Bridge	CKI: 30%
	Tangshan Tangle Road	Toll Road	CKI: 51%
	Changsha Wujialing and Wuyilu Bridges	Toll Bridge	CKI: 44.2%
	Jiangmen Chaolian Bridge	Toll Bridge	CKI: 50%
	Panyu Beidou Bridge	Toll Bridge	CKI: 40%
The Netherlands	Dutch Enviro Energy Holdings B.V.	Energy-from-Waste	CKHH: 35%; CKI: 35%; Power Assets: 20%
New Zealand	Wellington Electricity Lines Limited	Electricity Distribution	CKI: 50%; Power Assets: 50%
	Enviro (NZ) Limited	Waste Management	CKI: 100%
The Philippines	Siquijor Limestone Quarry	Infrastructure Materials	CKI: 40%
Portugal	Portugal Renewable Energy	Generation and Sale of Wind Energy	CKI: 50%; Power Assets: 50%
United Kingdom	UK Power Networks Holdings Limited	Electricity Distribution	CKI: 40%; Power Assets: 40%
	Northumbrian Water Group Limited	Water Supply, Sewerage and Waste Water businesses	CKHH: 40%; CKI: 40%
	Northern Gas Networks Limited	Gas Distribution	CKI: 47.1%; Power Assets: 41.3%
	Wales & West Utilities Limited	Gas Distribution	CKHH: 30%; CKI: 30%; Power Assets: 30%
	Seabank Power Limited	Electricity Generation	CKI: 25%; Power Assets: 25%
	Southern Water Services Limited	Water and Wastewater Services	CKI: 4.8%
	UK Rails S.a.r.l.	Leasing of Rolling Stock	CKHH: 50%; CKI: 50%

Energy

Husky Energy's conventional oil and natural gas assets, heavy oil production and upgrading and transportation infrastructure in Western Canada provides a firm foundation to support three growth pillars: the Asia Pacific Region, the Oil Sands and the Atlantic Region. The table below summarises the major projects and activities of the division.

Operations	Project	Status/Production Timeline	Husky Energy's Working Interest
WESTERN CANADA			
- Oil Resource Plays	Oungre Bakken, S.E. Saskatchewan	In production	100%
	Lower Shaunavon, S.W. Saskatchewan	In production	Varies
	Viking, Alberta and S.W. Saskatchewan	In production	Varies
	N. Cardium, Wapiti, Alberta	In production	Varies
	Muskwa, Rainbow, Northern Alberta	Under evaluation	Varies
	Slater River Canol Shale, Northwest Territories	Under evaluation	100%
- Liquids-Rich Gas Resource Plays	Ansell Multi-zone, Alberta	In production	Varies
	Duvernay, Kaybob, Alberta	In production	Varies
- Heavy Oil Thermal Projects	Pikes Peak	In production	100%
	Bolney/Celtic	In production	100%
	Paradise Hill	In production	100%
	Pikes Peak South	In production	100%
	Sandall	In production	100%
	Rush Lake	In production	100%
	Vawn	2016	100%
	Edam West	2016	100%
	Edam East	2016	100%
GROWTH PILLARS			
- Atlantic Region	Terra Nova	In production	13%
	South Avalon	In production	72.5%
	North Amethyst	In production	68.875%
	South White Rose Extension	In production	68.875%
	West White Rose	Under evaluation	68.875%
	Flemish Pass Basin	Under evaluation	35%
- Oil Sands	Tucker, Alberta	In production	100%
	Sunrise (Phase 1), Alberta	In production	50%
	Saleski, Alberta	Under evaluation	100%
	Wenchang, South China Sea	In production	40%
- Asia Pacific	Liwan 3-1, Block 29/26, South China Sea	In production	49%
	Liuhoa 34-2, Block 29/26, South China Sea	In production	49%
	Liuhoa 29-1, Block 29/26, South China Sea	2019	49%
	Block 15/33, South China Sea	Production Sharing Contract signed in 2015	100%
	Madura Strait, BD, MDA, MBH & MDK, Indonesia	2017	40%
	Madura Strait, MAC, MAX & MBI, Indonesia	Under evaluation	40%
	Madura Strait, MBF, Indonesia	Under evaluation	50%
	Anugerah, Indonesia	Production Sharing Contract signed in 2014	100%
	Offshore Taiwan	Joint Venture Contract signed in 2012	75%
DOWNSTREAM			
	Lima Refinery, Ohio, USA	In production	100%
	Toledo Refinery, Ohio, USA	In production	50%
	Lloydminster Upgrader, Saskatchewan	In production	100%
	Lloydminster Asphalt Refinery, Saskatchewan	In production	100%
	Prince George Refinery, British Columbia	In production	100%
	Lloydminster Ethanol Plant, Saskatchewan	In production	100%
	Minnedosa Ethanol Plant, Manitoba	In production	100%
	Cold Lake Pipeline System, Alberta	In operation	100%
	Saskatchewan Gathering System	In operation	100%
	Mainline Pipeline System, Alberta	In operation	100%
	Hardisty Terminal	In operation	100%
	Rainbow Lake Gas Processing Plant	In operation	50%

Additional Information

Telecommunications

Summary of licence investments

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
United Kingdom	800 MHz	5 MHz	1	Paired	10 MHz
	1400 MHz	5 MHz	4	Unpaired	20 MHz
	1800 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz (from 2015)	5 MHz	1	Paired	10 MHz
	2100 MHz	5 MHz	3	Paired	30 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
Italy	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	3	Paired	30 MHz
	2100 MHz	5 MHz	3	Paired	30 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	5 MHz	2	Paired	20 MHz
	2600 MHz	15 MHz	2	Unpaired	30 MHz
Austria	900 MHz (from 2016)	5 MHz	1	Paired	10 MHz
	1800 MHz (to 2017)	200 kHz	145	Paired	58 MHz
	1800 MHz (from 2013 to 2017)	3.5 MHz	1	Paired	7 MHz
	1800 MHz (from 2016 to 2017)	3 MHz	1	Paired	6 MHz
	1800 MHz (from 2018)	5 MHz	4	Paired	40 MHz
	2100 MHz	5 MHz	5	Paired	50 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	5 MHz	5	Paired	50 MHz
	2600 MHz	25 MHz	1	Unpaired	25 MHz
Sweden	800 MHz	10 MHz	1	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	2100 MHz	20 MHz	1	Paired	40 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	50 MHz	1	Unpaired	50 MHz
Denmark	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	10 MHz	1	Paired	20 MHz
	2100 MHz	15 MHz	1	Paired	30 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	5 MHz	5	Unpaired	25 MHz
Ireland	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	3	Paired	30 MHz
	1800 MHz (to 2015)	5 MHz	2	Paired	20 MHz
	1800 MHz (from 2015)	5 MHz	7	Paired	70 MHz
	2100 MHz	5 MHz	6	Paired	60 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz

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

Note 1: Spectrum held by 50/50 joint venture with PCCW.

Note 2: Spectrum shared with Viettel Mobile.

Note 3: VHA's spectrum holdings vary across different locations, hence the above reflects spectrum allocated in Sydney and Melbourne only.

Group Capital Resources and Liquidity

Treasury Management

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

Cash Management and Funding

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

Interest Rate Exposure

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

At 31 December 2015, approximately 32% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 68% were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$47,973 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$6,061 million principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 47% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 53% were at fixed rates at 31 December 2015. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

Foreign Currency Exposure

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

The Group has operations in over 50 countries and conducts businesses in 46 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation gains or losses on its foreign currency earnings. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings. At times of significant exchange rate volatility and where appropriate opportunities arise, the Group may prudently enter into forward foreign currency contracts and currency swaps for selective foreign currencies for a portion of its budgeted foreign currency earnings to limit potential downside foreign currency exposure on its earnings.

The Group's total principal amount of bank and other debts are denominated as follows: 25% in Euro, 36% in US dollars, 7% in HK dollars, 25% in British Pounds and 7% in other currencies.

Treasury Management (continued)

Credit Exposure

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

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

Credit Profile

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

After the completion of the reorganisation of Cheung Kong (Holdings) Limited ("Cheung Kong") and Hutchison Whampoa Limited ("HWL") on the 3 June 2015, the Group was assigned long-term credit ratings of A3 from Moody's on 3 June 2015, A- from Standard & Poor's on 6 July 2015 and A- from Fitch on 13 July 2015. All three agencies have also assigned stable outlooks on the Group's ratings. On these same dates, HWL's long-term credit ratings were withdrawn by the three agencies. At 31 December 2015, these ratings and outlooks remain unchanged.

Market Price Risk

The Group's main market price risk exposures relate to listed/traded debt and equity securities described in "Liquid Assets" below and the interest rate swaps as described in "Interest Rate Exposure" above. The Group's holding of listed/traded debt and equity securities represented approximately 8% of the cash, liquid funds and other listed investments ("liquid assets"). The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

Reorganisation

The reorganisation of Cheung Kong and HWL, which merged their assets and businesses into CK Hutchison Holdings Limited and simultaneously reallocated them between the Group and Cheung Kong Property Holdings Limited (the "Reorganisation") was completed on 3 June 2015.

As part of the Reorganisation, HWL became a wholly owned subsidiary of the Group upon the completion. In accordance with HKFRS 3 "Business Combinations", the identifiable assets and liabilities of HWL have been re-measured and accounted for at fair value and consolidated into the financial results of the Group.

Furthermore, upon completion of the Reorganisation, certain entities, including Northumbrian Water, Park'N Fly and UK Rails (the "New Consolidated Businesses"), previously co-owned by Cheung Kong and HWL and which the Group now controls, have been accounted for at fair value and consolidated into the financial results of the Group.

Interests in Dutch Enviro Energy (formerly known as AVR), Australian Gas Networks and Wales & West Utilities, acquired as part of the Reorganisation continue to be accounted for using the equity method of accounting as interests in joint venture under HKFRS 11 "Joint Arrangements" and are not consolidated into the financial results of the Group.

Significant Acquisitions and Disposals for Continuing Operations

As part of the Reorganisation, the Group issued approximately 1,544 million of new shares to acquire, through an all share exchange, the remaining 50.03% of the issued and outstanding equity of HWL, as well as, an additional 6.23% interest in Husky Energy's shares. The total cash acquired from the acquisition of HWL amounted to HK\$106,313 million.

As part of the Reorganisation, the Group's enlarged property businesses held by Cheung Kong Property Holdings Limited was separately listed following a distribution in specie of Cheung Kong Property Holdings Limited shares. This increased the Group's liquidity by an aggregate amount of HK\$40,649 million comprising cash of HK\$55,000 million from Cheung Kong Property Holdings Limited for settlement of certain intercompany loans, and netting off the bank balances and cash retained by Cheung Kong Property Holdings Limited of HK\$14,351 million of which the interest has been distributed.

Group Capital Resources and Liquidity

Significant Acquisitions and Disposals for Continuing Operations (continued)

In April, prior to the Reorganisation, Cheung Kong and Cheung Kong Infrastructure Holdings Limited both advanced £559 million each (approximately HK\$6,407 million each) to UK Rails, a 50/50 joint venture with Cheung Kong Infrastructure Holdings Limited. UK Rails subsequently acquired a 100% interest in Eversholt Rail Group at an enterprise value of approximately £2,500 million (approximately HK\$29,300 million).

Subsequent to the Reorganisation, in July, the Group has spent HK\$1,839 million on the concession extension of Jakarta International Container Terminal, and, in November, Cheung Kong Infrastructure Holdings Limited advanced €164 million (approximately HK\$1,375 million) to Portugal Renewable Energy, a 50/50 joint venture with Power Assets Holdings Limited, to acquire the entire share capital of Iberwind-Desenvolvimento e Projectos, S.A., the largest wind farm operator in Portugal.

Capital and Net Debt

The Group's total ordinary shareholders' funds and perpetual capital securities amounted to HK\$428,588 million at 31 December 2015.

The cash and cash equivalents of the Group, including the cash and cash equivalents consolidated from HWL and the New Consolidated Businesses and the increased liquidity resulting from the separate listing of Cheung Kong Property Holdings Limited, amounted to HK\$131,426 million as at 31 December 2015. Correspondingly, the Group's consolidated principal amount of bank and other debts including unamortised fair value adjustments from acquisitions, comprising those consolidated from HWL and the New Consolidated Businesses amounted to HK\$304,006 million at 31 December 2015.

At 31 December 2015, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK\$172,580 million. The Group's net debt to net total capital ratio at 31 December 2015 was 23.7%. The Group's consolidated cash and liquid investments as at 31 December 2015 were sufficient to repay all outstanding consolidated Group's principal amount of debt maturing before 2019.

Changes in Debt Financing and Perpetual Capital Securities

The significant financing activities for the Group including those for HWL in 2015 were as follows:

- In March, obtained a five-year floating rate term loan facility of HK\$500 million;
- In March, obtained a five-year floating rate revolving loan facility of HK\$500 million;
- In March, obtained a five-year floating rate loan facility of £245 million (approximately HK\$2,801 million) and repaid on maturity a floating rate loan facility of the same amount;
- In March, obtained a one-year floating rate loan facility of £6,000 million (approximately HK\$69,240 million);
- In March, repaid a floating rate loan facility of HK\$400 million on maturity;
- In March, prepaid a floating rate loan facility of HK\$1,000 million maturing in August 2015;
- In March, prepaid a floating rate loan facility of HK\$1,800 million maturing in October 2015;
- In March, prepaid a floating rate loan facility of HK\$400 million maturing in August 2017;
- In April, prepaid a floating rate term loan facility of HK\$500 million maturing in August 2015;
- In April, prepaid a floating rate revolving loan facility of HK\$500 million maturing in August 2015;
- In April, obtained a five-year floating rate loan facility of £250 million (approximately HK\$2,907 million);
- In April, repaid HK\$500 million principal amount of fixed rate notes on maturity;
- In June, repaid US\$500 million (approximately HK\$3,900 million) principal amount of floating rate notes on maturity;
- In June, repaid €603 million (approximately HK\$5,233 million) principal amount of fixed notes on maturity;
- In June, repaid a floating rate loan facility of THB4,455 million (approximately HK\$1,022 million) on maturity;
- In June, obtained a five-year floating rate loan facility of THB4,500 million (approximately HK\$1,032 million);
- In June, obtained a three-year floating rate loan facility of US\$165 million (approximately HK\$1,287 million);

Changes in Debt Financing and Perpetual Capital Securities (continued)

- In July, repaid a floating rate loan facility of HK\$500 million on maturity;
- In July, repaid a floating rate loan facility of HK\$640 million on maturity;
- In July, repaid a floating rate loan facility of US\$82 million (approximately HK\$640 million) on maturity;
- In July, repaid a floating rate loan facility of HK\$1,250 million on maturity;
- In July, prepaid a floating rate loan facility of US\$200 million (approximately HK\$1,560 million) maturing in August 2015;
- In July, prepaid a floating rate loan facility of HK\$1,000 million maturing in September 2015;
- In July, prepaid a floating rate loan facility of HK\$250 million maturing in December 2015;
- In July, prepaid a floating rate loan facility of HK\$650 million maturing in February 2017;
- In July, prepaid a floating rate loan facility of HK\$4,000 million maturing in July 2017;
- In July, prepaid a floating rate loan facility of HK\$700 million maturing in October 2017;
- In July, obtained a five-year floating rate loan facility of US\$237 million (approximately HK\$1,845 million);
- In August, repaid a floating rate loan facility of HK\$700 million on maturity;
- In September, obtained a five-year floating rate loan facility of US\$300 million (approximately HK\$2,340 million);
- In September, repaid US\$2,189 million (approximately HK\$17,077 million) principal amount of fixed rate notes on maturity;
- In October, obtained a three-year floating rate loan facility of €300 million (approximately HK\$2,583 million) to refinance existing indebtedness;
- In October, obtained a ten-year floating rate loan facility of £150 million (approximately HK\$1,782 million);
- In November, obtained a five-year floating rate loan facility of £325 million (approximately HK\$3,751 million);
- In November, issued fifteen-year £90 million (approximately HK\$1,039 million) fixed rate notes;
- In November, prepaid a floating rate loan facility of £100 million (approximately HK\$1,154 million) maturing in November 2018;
- In November, repaid S\$225 million (approximately HK\$1,240 million) principal amount of fixed rate notes on maturity;
- In December, obtained a three-year floating rate term loan facility of HK\$1,000 million to refinance existing indebtedness;
- In December, repaid a floating rate loan facility of HK\$1,000 million on maturity;
- In December, repaid a floating rate loan facility of HK\$1,000 million on maturity;
- In December, repaid £325 million (approximately HK\$3,751 million) principal amount of fixed rate notes on maturity; and
- In December, obtained a five-year floating rate loan facility of €300 million (approximately HK\$2,541 million) to refinance existing indebtedness.

In addition, in October, the Group had redeemed outstanding balance of US\$1,705 million (approximately HK\$13,299 million) of the US\$2,000 million (approximately HK\$15,600 million) nominal amount of perpetual capital securities that were originally issued in 2010.

Furthermore, the significant debt financing activities and perpetual capital securities undertaken by the Group following the year ended 31 December 2015 were as follows:

- In January, repaid a floating rate loan facility of HK\$1,000 million on maturity; and
- In March, listed subsidiary Cheung Kong Infrastructure Holdings Limited issued US\$1,200 million perpetual capital securities.

Group Capital Resources and Liquidity

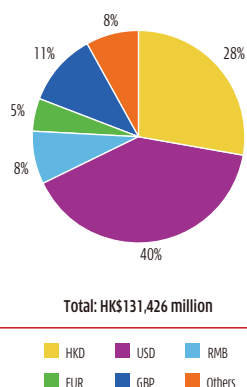
Liquid Assets

The Group continues to maintain a robust financial position. Liquid assets amounted to HK\$131,426 million at 31 December 2015. Liquid assets were denominated as to 28% in HK dollars, 40% in US dollars, 8% in Renminbi, 5% in Euro, 11% in British Pounds and 8% in other currencies.

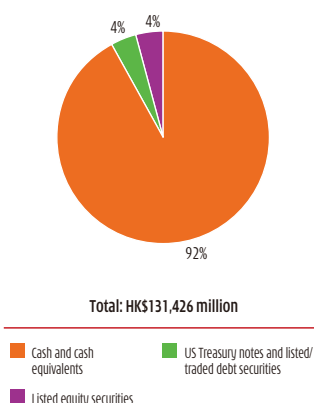
Cash and cash equivalents represented 92% of the liquid assets, US Treasury notes and listed/traded debt securities 4% and listed equity securities 4%.

The US Treasury notes and listed/traded debt securities, including those held under managed funds, consisted of US Treasury notes of 61%, government and government guaranteed notes of 18%, notes issued by the Group's associated company, Husky Energy of 4%, notes issued by financial institutions of 2%, and others of 15%. Of these US Treasury notes and listed/traded debt securities, 80% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.0 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

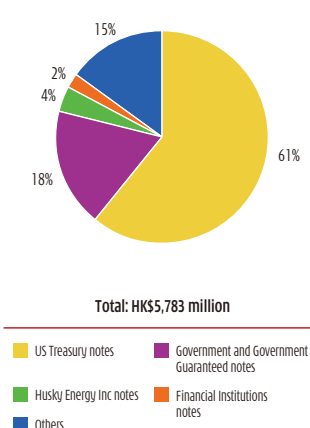
**Liquid Assets by
Currency Denomination
at 31 December 2015**



**Liquid Assets by Type
at 31 December 2015**



**US Treasury Notes and Listed/
Traded Debt Securities by Type
at 31 December 2015**



Debt Maturity and Currency Profile

The Group's total bank and other debts including unamortised fair value adjustments from acquisitions at 31 December 2015 amounted to HK\$304,006 million which comprises principal amount of bank and other debts of HK\$287,603 million, and unamortised fair value adjustments arising from acquisitions of HK\$16,403 million. The Group's total principal amount of bank and other debts at 31 December 2015 of HK\$287,603 million consist of 69% notes and bonds and 31% bank and other loans. Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK\$4,827 million at 31 December 2015.

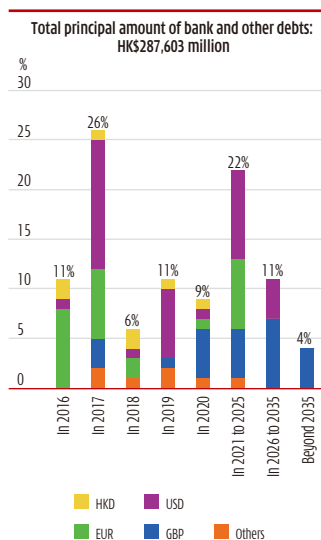
The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2015 is set out below:

	HK\$	US\$	Euro	GBP	Others	Total
In 2016	2%	1%	8%	—	—	11%
In 2017	1%	13%	7%	3%	2%	26%
In 2018	2%	1%	2%	—	1%	6%
In 2019	1%	7%	—	1%	2%	11%
In 2020	1%	1%	1%	5%	1%	9%
In 2021 - 2025	—	9%	7%	5%	1%	22%
In 2026 - 2035	—	4%	—	7%	—	11%
Beyond 2035	—	—	—	4%	—	4%
Total	7%	36%	25%	25%	7%	100%

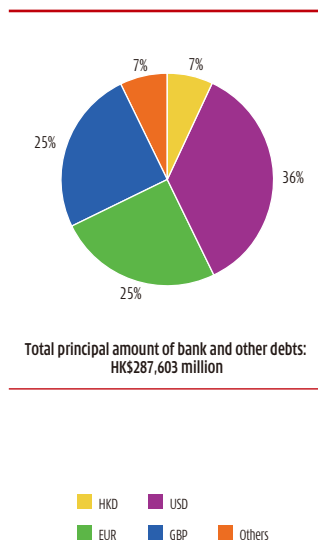
Debt Maturity and Currency Profile (continued)

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

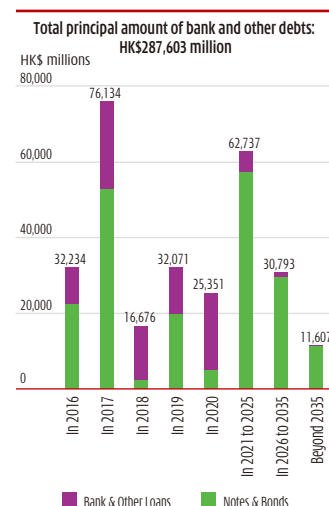
Debt Maturity Profile by Year and Currency Denomination at 31 December 2015



Debt Profile by Currency Denomination at 31 December 2015



Debt Maturity Profile by Notes & Bonds and Bank & Other Loans at 31 December 2015



Secured Financing

At 31 December 2015, assets of the Group totalling HK\$28,828 million were pledged as security for bank and other debts.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 31 December 2015 amounted to the equivalent of HK\$81,423 million, including £6,000 million facility available on completion of the acquisition of O₂ UK for a term of one year from drawdown.

Contingent Liabilities

At 31 December 2015, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK\$3,797 million, of which HK\$2,888 million has been drawn down as at 31 December 2015, and also provided performance and other guarantees of HK\$3,557 million.

Risk Factors

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

Global Economy

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

Industry Trends, Interest Rates and Currency Markets

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

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

Cashflow and Liquidity

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

Currency Fluctuations

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

Crude Oil and Natural Gas Markets

Husky Energy's results of operations and financial condition are dependent on the prices received for its refined products, crude oil, natural gas liquids ("NGL") and natural gas production. Lower prices for crude oil, NGL and natural gas could adversely affect the value and quantity of Husky Energy's oil and gas reserves. Prices for refined products and crude oil are based on world supply and demand. The imbalance in the supply and demand can be affected by a number of factors including, but not limited to, the growth in U.S. unconventional and the Organisation of the Petroleum Exporting Countries (OPEC) production, lower economic growth forecasts from emerging markets and corresponding growth in global crude oil inventories, which resulted in the prolonged low crude oil benchmarks in 2015. Husky Energy's natural gas production is currently located in Western Canada and the Asia Pacific Region. Western Canada is subject to North American fundamentals since virtually all natural gas production in North America is consumed by North American customers, predominantly in the United States. In the Asia Pacific Region, natural gas is sold to a specific buyer with long-term contracts. For the Liwan 3-1 gas field, a price profile has been fixed for five years and will then be linked to local benchmark pricing for the years following subject to a fixed floor and ceiling. For Liuhua 34-2, the price is fixed with a single escalation step during the contract delivery period. Volatility in refined products, crude oil and natural gas prices could adversely affect the Group's financial condition and results of operations.

Highly Competitive Markets

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

- The vertical integration of international shipping lines, who are major clients of the Group's port operations. Shipping lines are increasingly investing in seaports and in their own dedicated terminal facilities and, going forward, may not require the use of the Group's terminal facilities;
- The expected continuous significant competition and pricing pressure from retail competitors, which may adversely affect the financial performance of the Group's retail operations;
- The new market entrants and intensified price competition among existing market players of the Group's waste management and off-airport car park businesses, which could adversely affect the financial performance of the Group's waste management and off-airport car park operations;
- The introduction of new aircraft models brought about by technological innovation and cyclical downturn in the airline industry could adversely affect the demand for and value of aircraft in the Group's aircraft leasing business;
- The risk of competition with respect to gaining access to the resources required to increase oil and gas reserves and production and gain access to markets. The Group's ability to successfully complete development projects could be adversely affected if it is unable to acquire economic supplies and services due to competition;
- The aggressive tariff plans and customer acquisition strategies by telecommunications competitors may impact the Group's pricing plans, customer acquisition and retention costs, rate of customer growth and retention prospects and hence the revenue it receives as a major provider of telecommunications services; and
- The risk of competition from disruptive alternate telecommunications or energy technologies and potential competition in the future from substitute telecommunications or energy technologies being developed or to be developed or if the Group fails to develop, or obtain timely access to new technologies and equipment.

Retail Product Liability

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

Strategic Partners

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

Risk Factors

Future Growth

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

The Group has made substantial investments in acquiring 3G and 4G (LTE) licences, developing its mobile telecommunications networks and growing its customer bases in Europe, Australia, Hong Kong and Macau. The Group may need to incur more capital expenditure to expand, improve or upgrade its mobile telecommunications networks, acquire additional licence spectrum, and incur more customer acquisition and retention costs to expand its mobile telecommunications businesses. There can be no assurance that any additional investments will further increase customer levels and operating margins, and consequently, additional investments may adversely impact the Group's financial condition and results of operations.

As at 31 December 2015, the Group had a total deferred tax asset balance of HK\$20,986 million, of which HK\$19,001 million were attributable to the Group's mobile telecommunications operations in the UK, Ireland, Austria, Sweden and Denmark. The ultimate realisation of these deferred tax assets depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In the UK, Ireland, Austria, Sweden and Denmark, taxation losses can be carried forward indefinitely. In addition, in the UK, the Group enjoys the availability of group relief in relation to taxation losses generated by its mobile telecommunications operations to offset taxable profits from its other businesses in the same period. If there is a significant adverse change in the projected performance and resulting cashflow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have an adverse effect on the Group's financial condition and results of operations.

Impact of National and International Regulations

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

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

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

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

Certain infrastructure investments of the Group 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 of guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities.

Impact of National and International Regulations (continued)

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

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

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

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

Accounting

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

Impact of Regulatory Reviews

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

Outbreak of Highly Contagious Disease

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

Risk Factors

Natural Disasters

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

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

Political Unrest and Terrorist Attacks

The Group has presence in over 50 countries around the world. There can be no assurance that all of these countries will remain stable politically or immune to terrorist attacks. Between 2010 and 2012, a number of Middle Eastern and North African countries were swept by a wave of demonstrations and protests known as Arab Spring and many of the ruling parties were forced from power. The violent demonstrations resulted in political and economic upheaval in the countries that were affected. In 2015, a series of terrorist attacks occurred in Paris, France that resulted in the deaths of 130 people and led to the country declaring a state of emergency and some nearby countries declaring lockdowns. There is no assurance that there will not be any political unrest or immunity from terrorist attacks in the countries in which we operate, and if these events occur, it may have an adverse impact on the Group's financial condition and results of operations.

Past Performance and Forward Looking Statements

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

Environmental, Social and Governance Report

Overview

CK Hutchison Holdings Limited ("CK Hutchison" and together with its subsidiaries, the "Group") has roots dating back to the 1800s. Now, the Group has grown into a conglomerate with businesses in over 50 countries and over 270,000 employees. Our success is due to our commitment to the long-term sustainability of our global businesses and the diligent and hard-working employees who deliver quality products and services to our customers and make worthwhile contributions to the community. In 2015, CK Hutchison was awarded hundreds of industry awards and recognitions that business processes, environmental achievements and employment practices. For a list of the awards our companies won over the past year, please visit our website: www.ckh.com.hk.

Over the past several years, CK Hutchison's Environmental, Social and Governance ("ESG") Committee, chaired by an executive director with representatives from key departments of the Group including Corporate Affairs, Human Resources, Information Services, Legal and Management Services, implemented initiatives to help the Group to reduce waste and promote efficient energy use.



Over 100 Cheung Kong Group companies are awarded the title of Caring Company in 2015.

Environmental Protection

The Group looks to minimise the adverse impact of its businesses on the environment through enhancing operational efficiencies and implementing eco-friendly measures. All our businesses are committed to ensuring compliance with the relevant laws in their jurisdictions and regularly reviewing their business practices to identify ways to enhance sustainability and deploy measures to make more efficient use of resources.

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

Energy Efficiency

For the past several years, the Head Office of CK Hutchison continued its energy saving improvements and has once again reduced electricity consumption by several per cent year on year. Our video conference suite, "Telepresence", has been more widely implemented across a number of global offices to reduce the need of airplane travel by management and the corresponding carbon emissions, whilst maintaining the benefits of "face-to-face" meetings. Telepresence has helped save management from taking approximately 744 flights last year and the service has recently been extended to more locations.

Around the Group, our key subsidiaries continue to review the environmental impact of their operations. Many businesses, especially those in retail, have the biggest impact on electricity usage through lighting, heating and cooling of their offices and stores. These operating companies are also striving to enhance their contributions to environmental sustainability through good environmental practices.

In 2015, retail division of A S Watson Group ("ASW"), kicked off the ASW Energy sub-committee in their CSR Team to share and make use of best practices across their division and to develop better monitoring of energy consumption data and implementing local energy performance strategies.

Pollution Prevention and Emissions Reduction

Many of the Group's operating companies, especially those in the infrastructure and energy portfolios such as UK Power Networks, have plans and metrics to reduce pollution and emissions throughout 2015. More detailed ESG and Sustainability reports are available on their individual websites.

Environmental, Social and Governance Report

Environmental Sustainability

Safeguarding natural resources and reducing wastage are top priorities for the Group across all industries. Our colleagues have initiated their own programmes to conserve resources as well as participate in projects in partnership with third parties to preserve our natural bounties for future generations. Below are some of the initiatives that took place in 2015:

- Power Assets Holding Limited ("Power Assets") and Cheung Kong Infrastructure Holdings Limited acquired Iberwind Group, one of the largest wind energy companies in Portugal. Iberwind's electricity production helps reduce more than one million tonnes of carbon dioxide emission every year.
- Hutchison Port Holdings Limited ("HPH") continues its shift from conventional diesel powered container handling equipment to electrical. Hundreds of the Group's container yard-stacking cranes are now electrical or hybrid powered.
- Starting in March 2015, Watsons Water has been manufacturing its plastic bottles comprised entirely of rPET, which is 100% recyclable, thereby reducing plastic waste. It also introduced its own recycling education programme and places special recycling bins at partner schools and shopping malls to help collect the discarded water bottles.
- UK Power Networks installed electric vehicle charging points at London Underground car parks whilst The Hongkong Electric Company Limited ("HK Electric") added new electric vehicle charging points at public car parks across Hong Kong Island.
- 3 Ireland launched an online mobile phone recycling programme that enables customers to recycle their old handsets. To encourage participation, 3 Ireland makes a donation to Virtual Community College, an online and mobile education initiative for young people from disadvantaged communities, for every handset recycled.

Protection of the Environment and Natural Habitats

Protecting natural habitats for future generations is also an important impetus for many Group companies' initiatives.

Some of these programmes are detailed below:

- In the UK, Northumbrian Water invested £150 million to complete The Abberton Scheme, which, in addition to securing supplies of water for one-and-a-half million people, also transformed the site into a spectacular natural wetland for local inhabitants to enjoy.
- In Hong Kong, HK Electric held the Green Hong Kong Green Festival which included eco-heritage tours, a carnival and workshops on environmental sustainability. It also continues to conserve existing ecological habitats and plant diverse species of native trees and shrubs to attract local wildlife at its Lamma Power Station.
- In 2015, HPH and leading port operators joined hands in a global environmental initiative, "Go Green". Around 30 HPH business units and more than 7,500 employees took part in the event, planting trees, cleaning beaches and other locales, recycling various trashes and promoting conservation of resources. The campaign planted over 6,000 trees and over 52 tonnes of waste was collected.



Social Commitment

Employment and Labour Practices

CK Hutchison has grown both organically and through acquisitions in 2015 and the CK Hutchison family now numbers over 270,000 employees in over 50 countries worldwide. The new additions join a Group that is committed to rewarding and investing in employees according to their performance and productivity. CK Hutchison's team of highly motivated employees has enabled the Group to take advantage of opportunities locally and globally as they arise. Remuneration packages are reviewed individually every year to ensure that they are fair and competitive. The Group provides comprehensive medical, life and disability insurance coverage and retirement benefits. Employees also enjoy a wide range of product and service discounts offered by various Group companies. CK Hutchison's Employment Policy encompasses employment, remuneration, training and development, work environment and grievance procedures. Individual business may develop additional human resources procedures and guidelines in accordance with their specific business nature and needs.

Many of our businesses are recognised for their employee programmes, such as "Best Companies to Work for in Asia 2015" for ASW, "Employer of the Year" for SA Power Networks in Australia, "National Champion – Employer of the Year" for 3 Sweden, and "Asia's Best Employer Brand" for Hutchison Telecommunications Hong Kong Holdings ("HTHKH").

Health and Safety

Safe, effective and congenial workplace and policies are important in protecting our most important asset, our staff. In addition to observing international labour standards and laws where each business operates, many operating companies also created internal guidelines and systems specific to their industries to protect and ensure the health and safety of our employees. Some companies have teams dedicated to workplace safety, tools and equipment sourcing, and provide employee training to ensure that they would discharge their duties safely. HK Electric for example launched the new "Safety Excellence Scheme" to encourage every employee to enhance workplace safety. In the UK, UK Power Networks rolled out a training and coaching programme, "Behavioural Safety", for its front line staff. The Group's businesses continue to review and refine their Health and Safety training modules and programmes, as well as disseminate health and safety practices and learning through different communication channels and platforms.

Development and Training

As technology advances by leaps and bounds, CK Hutchison is committed to providing staff training and development programmes designed to help our employees enhance their knowledge and skills to meet the challenges of a changing era. Dedicated and motivated employees across the Group are provided with development and advancement opportunities as the Group expands its businesses worldwide.

Each division is responsible for creating and developing their own training programmes to meet specific business requirements. Trainings include internal and external courses, workshops, e-learning modules, with a view of challenging employees' capabilities, broadening their skill sets and providing on-the-job training.



1. Thousands of port employees around the world contribute to the "Go-Green" campaign with initiatives based on the themes: reuse and recycle, climate change and community.
2. Northumbrian Water's mascot Dwaine Pipe visits its joint-venture holding, AquaGib, and local schools in a bid to change household habits in Gibraltar.
3. HK Electric volunteers team celebrates its 11th anniversary.
4. UK Power Networks participates in charity cycle ride to London.

Environmental, Social and Governance Report

In addition, CK Hutchison provides continuous professional development training for its directors and senior management to develop and refresh their knowledge and expertise on matters relevant to the businesses of the Group. These include seminars and workshops on leadership development, corporate governance practices as well as updates on legal, regulatory and compliance topics.

Investing in the Group's most important asset, the employees, is essential to future success.

Recruitment and Promotion

The Group believes in nurturing and developing top talents regardless of race, colour, gender, age, or religious belief. The Group has a policy to ensure all employees and job applicants enjoy equal opportunities and fair treatment. Operating in over 50 countries, the Group has an anti-discrimination policy and hires solely on merit. The Group is built with a diverse workforce with different talents and skillsets and we value the input and contributions by employees of all backgrounds and ethnicities. The management team at the CK Hutchison Head Office comprises talented individuals in their thirties to sixties, with women slightly outnumbering men by a ratio of 3:2.

The Group does not employ child or forced labour. Whilst there is no such incident within the Group, businesses across the world are tasked to review their employment policies to ensure all measures are incorporated formally into their HR policies and implemented with vigilance.

Fellowship and Camaraderie

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

In Hong Kong, the Head Office brings employees from different divisions together through a series of activities and volunteering opportunities. Individual operating companies also have numerous activities and events to serve the local communities and build team spirit amongst employees. As an annual tradition, thousands of the Group's employees and their families in Hong Kong enjoy a Fun Day at a local amusement park with the opportunity to interact with colleagues in different business sectors. The Company also organise outings for staff and their families such as visits to the newly opened Tsz Shan Monastery and hikes on the Heritage Trail in Hong Kong.

Operating Practices

Supply Chain Management

The Group developed a comprehensive internal procurement system. It holds laws and regulations of each country with the utmost regard. International best practices are implemented and fair and unbiased tender processes are conducted. Steps are also taken to ensure that our partners and suppliers do not employ child labour or abuse human rights.

As one of the largest health and beauty retailers in the world with over 12,000 stores, ASW joined the Business Social Compliance Initiative in 2008, a leading business-driven initiative for companies committed to improving working conditions in the global supply chain. In 2015, ASW businesses integrated the latest BSCI Code of Conduct (2014) into their local trading contracts.

Consumer Protection

Protecting our consumers and safe-guarding their privacy are some of our top priorities. In addition to guidelines and handbooks, the Group issues periodic reminders and run workshops for customer-facing employees to continuously remind them of the importance of protecting personal data. In addition, the retail businesses review and maintain a range of customer communication channels so customer feedback can be taken note of and complaints handled efficiently. Customer complaints are thoroughly investigated and root causes are identified and acted upon.



Anti-Corruption

The Group has established a strong internal control framework and stringent policies to institute a vigorous enforcement regime against corruption and fraud.

In particular, the Board of Directors sets a tone of zero-tolerance on corruption and fraud. This is reflected in our policy on the subject, as well as many of our operational procedures, where emphasis on our values of integrity, fairness, transparency and accountability is evident.

In addition, our Group's strong stance against corruption and fraud is communicated to all our employees, and requisite provisions are incorporated into our contracts with third party suppliers to ensure that they are fully aware of our position. These measures are further bolstered by independent audits conducted by the Group's internal audit function.

Furthermore, incidents or suspected incidents of corruption and fraud are immediately investigated by the business units concerned, and will be reported to the Audit Committee and executive management and scrutinised by the Group's internal audit function as and when appropriate. On top of this, the whistle blower channels that our Group has established allow anonymous reporting of improprieties, of which seven cases of suspected or actual irregularities or misdeeds have been reported to us via this route in 2015. We cooperate fully with any investigation conducted by law enforcement agencies.

Our Group is keenly cognizant of the ever-changing landscape of corruption and fraud, and relentlessly searches for more effective measures to combat them. Trends and transaction analyses are carried out and incidents are dissected to ascertain the cause, course and remedies of the underlying issues, and periodic sessions are held within the Group to share knowledge, skills and experience.

A strong anti-corruption and anti-fraud culture is a vital part of the overall governance framework of the Group. We are committed to mobilise resources to safeguard the assets and interests of our shareholders.

Community Involvement

CK Hutchison takes pride in contributing to the community. As a part of the community that we cherish, it is our responsibility to see to its well-being and prosperity. Throughout 2015, the Group's companies and employees worked hand-in-hand with their local communities in a variety of initiatives that range from job creation to educating the next generation.

Community

Our employees across the Group serve their communities in a number of ways. Some of these initiatives are highlighted below:

- CK Hutchison Volunteer Team, organised by CK Hutchison Head Office, arranged a range of activities for the community in conjunction with various social and charitable organisations such as Hong Kong Family Welfare Society, Hong Kong Physically Handicapped and Able-Bodied Association, Hong Kong Special Olympics, Po Leung Kuk, Tung Wah Group of Hospitals, Pok Oi Hospital and Yan Oi Tong.
- ASW launched the "Project LOL Philanthropy Programme" to celebrate its 175th anniversary in 2016 by helping people in need. The programme aims to bring "Lots of Laugh, Lots of Love" to the local communities. There are close to 100 activities under the umbrella of Project LOL.



1. Wales & West Utilities colleagues renovate a school garden.
2. CKHH volunteer team reaches out to their fellow citizens in Hong Kong, working closely with local teenagers and members of the disabled community to provide services to their communities.
3. Over 2,100 ASW employees, together with their family members and friends, joins the "New Territories Walk for Millions" in Hong Kong to raise funds and support family and child welfare services.

Environmental, Social and Governance Report

- HTHKH ran a donation-matching programme that raised funds for seven charitable organisations. These charities are involved in education, alleviation of poverty, medical and rehabilitation services, and environmental protection.
- The PARKnSHOP Hong Kong volunteer team co-organised “Free Food Coupon - Elderly Shopping Day” with Hong Kong Young Women’s Christian Association, making a fun-filled day for the elderly and helping them redeem food and other daily necessities with free coupons.
- HK Electric’s programme to promote lifelong learning amongst retirees, U3A, celebrated its 10th anniversary. U3A leaders provided over 300 courses and more than 6,000 learning opportunities for senior residents of Hong Kong. Also, in support of the elderly, HK Electric launched the “CAREnJOY” elderly care programme where single elderlies are visited by HK Electric volunteers, ambassadors and district councillors twice a month.
- 3 Sweden provides free music packages to elderly homes across the country for the elderly to enjoy fun and music.

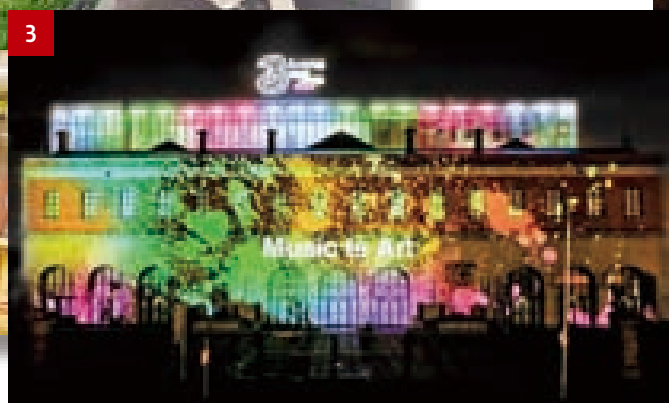
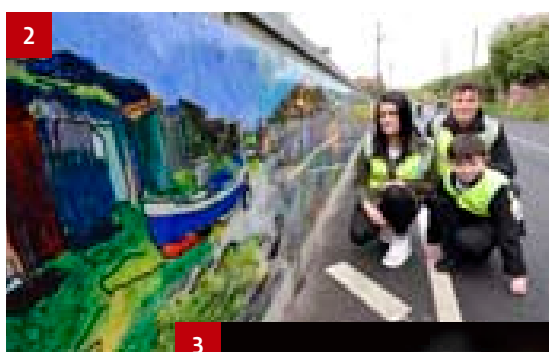
Education

- Since 2002, the Hutchison Chevening Scholarships has provided opportunities for young postgraduates from Hong Kong and the Mainland to pursue their studies in the UK universities. Since the launch of the programme, the Group has donated over £7.1 million, benefiting over 700 students.
- HPH Dock School Programme takes schools from around the world under their wings, meeting their individual needs such as musical instruments, school visits and classroom facilities improvements. For more information on the Dock School Programme, please visit www.hph.com. In Hong Kong, Hongkong International Terminals partners with Hong Kong University’s SPACE Community College on a programme designed for students pursuing a higher diploma in Logistics and Transport Operations and Engineering.
- In Ireland, 3 Ireland holds interview skills workshops for students as part of the Schools Business Partnership programme.
- 3 UK launched an innovative training programme “Reimagined Learning” where staff and university students delivered interactive workshops for teenagers.
- In China, Shanghai Hutchison Pharmaceuticals delivered books, sports equipment and school supplies to rural schools in outlying provinces.
- HK Electric launched a “Green Energy Dreams Come True” where local secondary school students submit proposals on promoting renewable energy and energy efficiency on campus or in the community.

Medical and Healthcare

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

- In the UAE, Hutchison Ajman International Terminals provided employees and Ajman Port and Customs staff free medical and dental checks.



- **3** Sweden is collaborating with Tilia, a non-profit group working with youths with mental health issues. Tilia provides a support channel that is available every day for young people to share their experiences and support one another.

Arts and Culture

In 2015, the Group participated in a number of charitable activities in the arts and cultural arena, as highlighted by the following initiatives:

- In Hong Kong, CK Hutchison is a partner of Le French May, a cultural event that showcased a range of art forms from heritage and contemporary arts, paintings and designs, to classical music and hip-hop dance and cinema. In addition, CK Hutchison, with the Li Ka Shing Foundation, committed HK\$10 million to sponsor the establishment of the HK News Expo, which will showcase Hong Kong's Media History and its relationship with the development of Hong Kong. It will be the first news museum in Asia when it opens.
- **3** Ireland is a sponsor of 3Arena, Ireland's largest indoor arena for live concerts, festivals and other entertainment events.

Sports

A healthy lifestyle is important to our employees and the well-being of those in our communities. Around the Group, some of our group companies have participated in sporting events or encouraged local communities to improve their overall health and quality of life. Some examples of our involvements are listed below:

- ASW celebrated its 10th anniversary of the A S Watson Group Hong Kong Student Sports Awards in 2015 with 85% of the primary, secondary and special schools in Hong Kong participating. This year, 941 student athletes were recognised.
- HTHKH formed teams to participate in the Standard Chartered Hong Kong Marathon and Oxfam Trailwalker, raising funds for the Hong Kong Paralympic Committee and Sports Association for the Physically Disabled and Oxfam Hong Kong.
- **3** Ireland is the proud sponsor of the Irish national football and rugby teams.

Disaster Relief

The impact of natural disasters and accidents are not only confined to its victims but also to their communities. As active participants in the well-being of their local communities, CK Hutchison group companies are quick to respond to such disasters and the needs of the victims. For example, in April, a magnitude 7.8 earthquake rocked Nepal, killing thousands and rendering hundreds of thousands homeless. Whilst the Group does not have operations in Nepal, many Group businesses took it upon themselves to help the victims there. Kruidvat Netherlands organised a local campaign where shoppers donate their loyalty points which were exchanged for money for the victims whilst many **3** Italy's employees donated the pay of an hour of their working day.



1. Reimagined Learning is **3** UK's innovative training programme that sees staff and selected university students collaborate to design interactive workshops for 14-16 year olds.
2. Northern Gas Networks' community artist and local children in Skinningrove, North Yorkshire create a mural to illustrate partnership in action to restore gas service after a devastating flood.
3. **3** Ireland announces the new name for the country's most exciting entertainment venue: 3Arena. The 13,500-capacity venue hosts over 100 events per year.
4. To benefit more elders, PARKnSHOP Hong Kong volunteer team co-organises again the "Free Food Coupon - Elderly Shopping Day" with Hong Kong Young Women's Christian Association.
5. HTHKH runs a donation-matching programme, raising more than HK\$320,000 for seven charitable organisations.

Environmental, Social and Governance Report

Stakeholder Engagement

Shareholders

CK Hutchison has on-going dialogues with the financial community including analysts, fund managers and investors. To increase transparency and accountability, over the past several years, the Group has expanded its financial reporting presentation with detailed sector analysis in the Company's annual and interim results. The Group also encourages shareholders to participate in shareholders' meetings in-person or appoint proxies to attend and vote at the meetings.

The Shareholder Communication Policy is available on the corporate website: www.ckh.com.hk.



The Cheung Kong Group reorganisation has unlocked value for shareholders.

Customers

Customer feedback is an important element to building a sustainable business. In the highly competitive retail market sector, our businesses have developed a range of channels to engage customers such as customer service centres, focus groups, and where appropriate, social networking pages and smartphone apps. For example, 3 Hong Kong customers can chat online with a customer service representative through a webcam. In Indonesia, H3I launched the "Voice of Customer" initiative where management at all levels will meet with customers on the field and in our stores. With millions of customers around the world shopping in its stores, ASW is committed to "bring more to its customers" by providing services that exceed their expectations. This includes listening to their needs and feedback, as well as striving to tailor-make offers to every individual customer through loyalty programmes. This dedication to customers is recognised by numerous accolades from independent parties such as "Best In-Store Customer Experience" for 3UK, "Service Retailer of the Year" for HK Electric, and No. 1 Choice in Ukraine's Health and Beauty for Watsons Ukraine.

The Group implemented a series of policies to safeguard customer rights including data privacy. Mass consumer facing businesses also have more detailed policies and guidelines tailor-made for their specific industries and customer needs.

Suppliers and Creditors

Upholding international and local laws and regulations is a top priority for CK Hutchison. CK Hutchison Head Office has implemented a policy requiring its vendors and suppliers to abide by requirements stated in the United Nations Global Compact, including non-discriminatory hiring and employment practices, a safe and healthy workplace, compliance with environmental laws and prohibition of child labour.

ASW subsidiaries have integrated the latest (2014) Business Social Compliance Initiative (BSCI) Code of Conduct into their local trading contracts.

Government / Laws and Regulations

The Group's portfolio includes ports, retail, infrastructure, energy, and telecommunications. Many of these industries are regulated by local and international bodies.

The Group is committed to ensuring its businesses are operated in compliance with local and international laws, rules and regulations. Whilst the operating company will take into account relevant local laws and customs in their daily operations, the CK Hutchison Head Office takes the lead in reviewing and monitoring the compliance programme of laws and regulations which may have global implications on the Group. Over the past several years, the Group have conducted tailor-made workshops, reviewed practices and guidelines, created and implemented policies in areas including data privacy law, anti-bribery and anti-corruption law, as well as anti-trust and competition law, to strengthen the internal controls and compliance regime of the Group. These measures are subject to regular review and update to ensure their effectiveness.

On the listed companies level, the Group is subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Codes on Takeovers and Mergers and Share Buy-backs, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Group adheres to and ensure that they are vigilant with the legal requirements under the statutes.

CK Hutchison Family

Many exciting ESG activities and initiatives are organised throughout the CK Hutchison Group. In addition to the CSR and ESG teams as well as internal reporting processes, the Group also has numerous avenues to share these exciting developments amongst the businesses. One such dissemination is the in-house magazine, *Sphere*, which periodically shares stories, trends and experiences amongst group companies and staff. The latest issue of the magazine can be viewed on the CK Hutchison website at <http://www.ckh.com.hk/en/about/journal.php>. The Group also reaches out to the businesses and employees through emails, the intranet and other communication channels.

Li Ka Shing Foundation – Establishing Oneself and Pursuing Selflessness

Mr. Li Ka-shing, the Chairman of the Group, recognises the importance of education and healthcare to societal development. He established the Li Ka Shing Foundation (LKSF) in 1980 with his personal funding to: 1) foster change, 2) empower people, 3) develop a better society, and 4) inspire societal improvement. To date, over HK\$20 billion has been put to work to support all its initiatives across 27 countries and regions. 87% of LKSF's donations benefit projects in the Greater China region.



New development projects in Shantou University: Sports Park

Major or special projects of the Foundation in 2015 are as follows:

Love Ideas, Love HK

Love HK Your Way! funded eight programmes with contributions of over HK\$320 million. The 763 innovative projects supported by "Love Ideas, Love HK" as well as the 90 community care projects supported by "The March of Social Engineers" were completed in 2015.

Below are a few ongoing programmes under Love HK Your Way!

Below are a few ongoing programmes:

- **"Heart of Gold"** Hong Kong Hospice Service Programme and Hospice Home Website

The Heart of Gold Hong Kong Hospice Service Programme was launched in 2007 in collaboration with the Hospital Authority (HA). Hospice centres in ten public hospitals have been established to offer one-stop services for terminally ill cancer patients and their family members. Owing to the success of the programme, the HA received Government support in October 2015 to integrate the hospice centres into their standard development under recurrent expenses. The Foundation now funds innovative new services: developing cross-hospital and cross-discipline collaborations, extending hospice services to elderly homes and working with community organisations to provide patients with required services. The Programme has provided 320,000 service sessions, benefiting 38,000 terminally ill cancer patients. The Hospice Home website has been visited 560,000 times. Aggregate funding provided by the Foundation amounts to HK\$126 million.

Environmental, Social and Governance Report

- 333 Learning Companion Leadership Programme

This Programme provides free learning resources, learning space and professional support for grassroots students to build confidence and cultivate leadership ability and a spirit of service. Since its inception in 2010, the Programme has provided free tutoring and value-added courses for approximately 3,700 students in 95 primary schools in North District, Kwun Tong, Sham Shui Po and Tin Shui Wai. As a major sponsor of the Programme, the Foundation has made contributions of over HK\$41 million.

- TrueBeam System

The Foundation has donated TrueBeam Systems to The Chinese University of Hong Kong, Shantou University and Stanford University. TrueBeam is an advanced linear accelerator and innovative radiotherapy technology that makes it possible to deliver treatments 4-8 times more quickly while monitoring and compensating for tumor motion. This allows for new possibilities in the treatment of lung, liver, breast, prostate, head and neck, spine as well as other cancers. Up to 2015, the Systems have benefited over 4,000 patients, providing over 80,000 treatments.

Listening Angels

The Caritas Family Crisis Hotline and Education Centre handles over 42,000 cases annually. In addition to offering free 24-hour counseling to persons experiencing emotional distress and families in crisis, the Centre runs crisis prevention and other educational programs. As of 2015, contributions of approximately HK\$34 million have been made to support the Centre's works.

Paradigm Shift in Human Capital Development and Leadership

Shantou University

Founded in 1981, Shantou University (STU) is a key comprehensive university in Guangdong Province and the only privately funded public university on the Mainland. Under the guiding philosophy of "governance for academic freedom", STU has been engineering reforms in the country's higher education sector for over 30 years. The Foundation considers STU to be a long-term keystone project, and has earmarked HK\$8 billion to support the university's development.

In 2015, Shantou University continued to build on its record of outstanding performance: graduates' initial employment rate at 96.36%; the only Mainland university built after 1980 to rank in the top 800 in Times Higher Education World University Rankings; Shantou University emphasizes on learning and cultivating services, social responsibility and international perspective, with students and faculty members receiving numerous awards in domestic and international competitions. To support the University's education development, a new medical college building, a new Sports Park, a conference centre, and residential colleges were completed in 2015, which will expand the campus built area to 500,000 sq. m.



Cheung Kong Graduate School of Business

Be an inspiration to others. Since 2002, Cheung Kong Graduate School of Business has established itself as China's first globalized business school, cultivating 8,000 industry leaders.

Guangdong Technion-Israel Institute of Technology – GTIIT

In order to support the higher education development of Guangdong province and to improve Shantou University's medical research, the Foundation had in April 2015 donated US\$130 million to support the establishment of Guangdong Technion-Israel Institute of Technology – GTIIT, a joint venture between Technion Israel Institute of Technology and Shantou University, which aims to build new models and knowledge. A cornerstone laying ceremony was held in December 2015 following approval from the Ministry of Education to prepare for its establishment.

Shantou University Medical College

Shantou University Medical College (SUMC) emphasizes service learning in its modern medical curriculum supported by the latest science and simulation technology for immersive and collaborative learning. Enrolment rate with SUMC as the first choice has remained at 100% for 18 consecutive years. The overall passing rate of SUMC graduates in the National Medical Licensing Examination has ranked in the top 8 amongst all Chinese medical faculties for 10 consecutive years. SUMC students who took the United States Licensing Examination (USMLE Step-1) have a passing rate of 95.7%, similar to the national average of that of American and Canadian students. The first-time employment rate of SUMC graduates reached 97.06%, tops in Guangdong Province for 15 years.

Empowering Women Programme

"Love Ideas - Women's Project Guangdong" established jointly with the Guangdong Provincial Government with a donation of RMB 12 million, has funded 206 innovative projects benefiting over a million people as of 2015. Project Define, launched in partnership with the Ministry of Civil Affairs with funding of RMB 20 million, enabled 4,500 Chinese women cadets and civil affairs officers to realize their power to serve the community through the use of technology in boosting their knowledge base with the intending effect of creating a rippling effect to gain more support from the government and other social resources. In the Chaozhou/Shantou region, donations were made to support innovative models for serving women and vocational education for girls living in rural areas.



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1. New development projects in Shantou University: Medical College
2. A young teacher helps a primary school student through the 333 Learning Companion Leadership Programme.
3. The Li Ka Shing Foundation donates a TrueBeam System as a gift to The Chinese University of Hong Kong Faculty of Medicine.

Environmental, Social and Governance Report

Medical/Healthcare Services: Hope and Dignity

Projects in the Mainland

As of end of 2015, the Foundation had made contributions of over RMB 1 billion to support free healthcare services in the Mainland on a long-term basis. Projects include "Heart of Gold" Nationwide Hospice Service Programme, Cheung Kong New Milestone Programme Phases 1-3 in collaboration with the China Disabled Persons' Federation to install prosthetics and rehabilitation support services, Nationwide Medical Aid for the Poor, Paediatric Hernia Rehabilitation Programme, which together have benefited over 17 million patients. Another RMB 13 million was donated to support the Kumbum Tibetan Medical Hospital Aid programme to provide free medical services for ethnic minorities. More than 150,000 cases have been served.

In July 2015, a contribution of RMB 8 million was made to the China Organ Transplantation Development Foundation to instigate reforms and support voluntary civilian organ donation as the only legitimate source for organ transplants.

International Medical Education and Research

The Foundation's contributions to overseas projects in 2015 exceeded HK\$130 million. Among the key projects is the Li Ka Shing Centre for Health Information and Discovery at Oxford University which was granted a total of GBP20 million. Phase one, the Target Discovery Institute (5,613 sq. m.) was completed in 2013. Phase two which will be a Big Data Institute will be completed by the end of 2016. Other major projects include Oxford University Rhodes Scholarships for Chinese scholars; St. Michael's Hospital and Shantou University Big Data research; and the Third Big Data Conference hosted by Stanford University to explore how information technology can advance biomedical research and improve human health.



The Li Ka Shing Foundation supports advanced research at elite overseas medical and education institutions that can change the world for the better.

Global Unity Through Introspection and Awakening

Planet, Peace, Harmony

In 2015, the Foundation organized and sponsored a series of "Projecting Change" at the Empire State Building in New York, the UNESCO headquarters in Paris and the Vatican. The shows used various lighting and illuminated images to tell a story about the interdependence between people and nature.

Guan Yin: Bodhisattava of Compassion and Wisdom

Tsz Shan Monastery has been opened to the public since April 2015 and has received over 210,000 visitors seeking inner peace from spiritual contemplation. In addition to offering workshops for educators and healthcare professionals, Tsz Shan Monastery has also teamed up with the University of Hong Kong to establish a Buddhist Counseling Centre, which integrates Buddhist wisdom with contemporary counseling practices to assist clients in transforming their problematic experiences into a new perspective with spiritual wisdom.

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

Information on Directors

Biographical Details of Directors

LI Ka-shing

GBM, KBE, Commandeur de la Légion d'Honneur, Grand Officer of the Order Vasco Nunez de Balboa, Commandeur de l'Ordre de Léopold, aged 87, is the founder of the Cheung Kong Group. He has been the Chairman and an Executive Director of the Company since 9 January 2015 and a member of the Remuneration Committee of the Company since 18 March 2015. Mr Li is also the Chairman and Executive Director of Cheung Kong Property Holdings Limited ("Cheung Kong Property") and a member of its Remuneration Committee. He was the Chairman of Cheung Kong (Holdings) Limited ("Cheung Kong") from 1971 to 2015 and Managing Director from 1971 to 1998. The listing status of Cheung Kong on The Stock Exchange of Hong Kong Limited (the "SEHK") was replaced by the Company on 18 March 2015 and he was re-designated as Director of Cheung Kong on 3 June 2015. Mr Li has also been the Chairman of Hutchison Whampoa Limited ("HWL") since 1981 and was re-designated as Director on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. He is the Chairman of Li Ka Shing Foundation Limited ("LKSF"), Li Ka Shing (Overseas) Foundation and Li Ka Shing (Canada) Foundation. Mr Li has been engaged in many major commercial developments in Hong Kong for more than 60 years. He served as a member of the Hong Kong Special Administrative Region's Basic Law Drafting Committee, Hong Kong Affairs Adviser and the Preparatory Committee for the Hong Kong Special Administrative Region. He is also an Honorary Citizen of a number of cities on the Mainland and overseas. Mr Li is a keen supporter of community service organisations, and has served as honorary chairman of many such groups over the years. Mr Li has received Honorary Doctorates from Peking University, the University of Hong Kong, The Hong Kong University of Science and Technology, The Chinese University of Hong Kong, City University of Hong Kong, The Open University of Hong Kong, University of Calgary in Canada and Cambridge University in the United Kingdom. Mr Li has been awarded Entrepreneur of the Millennium, the Carnegie Medal of Philanthropy and The Berkeley Medal. He is the recipient of many other major honors and awards from renowned institutions on the Mainland and abroad. Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor, the Group Co-Managing Director and Deputy Chairman of the Company, and the brother-in-law of Mr Kam Hing Lam, Deputy Managing Director of the Company. Mr Li also holds directorships in certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

LI Tzar Kuoi, Victor

aged 51, has been a Director of the Company since 11 December 2014. Mr Victor Li was designated as Executive Director, Managing Director and Deputy Chairman of the Company on 9 January 2015 and re-designated as Executive Director, Group Co-Managing Director and Deputy Chairman of the Company on 3 June 2015. He joined Cheung Kong in 1985 and acted as Deputy Managing Director from 1993 to 1998. He has been Deputy Chairman of Cheung Kong since 1994, Managing Director since 1999 and Chairman of the Executive Committee since 2013. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015 and he was re-designated as Director of Cheung Kong and ceased to act as Chairman of the Executive Committee of Cheung Kong on 3 June 2015. He is Managing Director, Deputy Chairman and Executive Director of Cheung Kong Property as well as Chairman of its Executive Committee. He has been an Executive Director of HWL since 1995 and Deputy Chairman since 1999 and was re-designated as Director on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. Mr Victor Li is the Chairman of Cheung Kong Infrastructure Holdings Limited ("CKI") and CK Life Sciences Int'l. (Holdings) Inc. ("CKLS"), a Non-executive Director of Power Assets Holdings Limited ("Power Assets") and HK Electric Investments Manager Limited ("HKEIML") as the trustee-manager of HK Electric Investments ("HKEI"), a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited ("HKEIL") and Co-Chairman of Husky Energy Inc. ("Husky Energy"). Save and except Cheung Kong Property, the aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Victor Li acts as Chairman, Co-Chairman, Deputy Chairman or Director for the purpose of overseeing the management of such businesses. Mr Victor Li is also the Deputy Chairman of LKSF, 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 ("CPPCC") of the People's Republic of China. He is also a member of the Commission on Strategic Development of 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 Civil Engineering and an honorary degree, Doctor of Laws, honoris causa (LL.D.). Mr Victor Li is a son of Mr Li Ka-shing, the Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the SFO, and a nephew of Mr Kam Hing Lam, Deputy Managing Director of the Company. Mr Victor Li is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

Information on Directors

FOK Kin Ning, Canning

aged 64, has been a Non-executive Director of the Company since 9 January 2015 and was re-designated as an Executive Director and Group Co-Managing Director of the Company on 3 June 2015. Mr Fok has been a Director of Cheung Kong since 1985 and became a Non-executive Director in 1993. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015 and he was re-designated as Director of Cheung Kong on 3 June 2015. Mr Fok has been an Executive Director of HWL since 1984, Group Managing Director since 1993 and was re-designated as Director on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. He is also the Chairman of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL"), Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"), Power Assets, HKEIML as the trustee-manager of HKEI, and HKEIL, Co-Chairman of Husky Energy, Deputy Chairman of CKI and an Alternate Director to a Director of HTHKH. The aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Fok acts as Chairman, Co-Chairman, Deputy Chairman or Director for the purpose of overseeing the management of such businesses. Mr Fok is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of Chartered Accountants Australia and New Zealand.

CHOW WOO Mo Fong, Susan

aged 62, has been an Executive Director and Group Deputy Managing Director of the Company since 3 June 2015. Mrs Chow has been an Executive Director of HWL since 1993, Deputy Group Managing Director since 1998 and was re-designated as Director on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. Mrs Chow is also an Executive Director of CKI, a Non-executive Director of HTHKH and a Director of HTAL. She is also an Alternate Director to Directors of each of CKI, HTAL, HKEIML as the trustee-manager of HKEI, HKEIL and TOM Group Limited ("TOM"). The aforementioned companies are either subsidiaries or associated companies of the Group in which Mrs Chow acts as Director for the purpose of overseeing the management of such businesses. She is a qualified solicitor and holds a Bachelor's degree in Business Administration.

Frank John SIXT

aged 64, has been a Non-executive Director of the Company since 9 January 2015 and was re-designated as an Executive Director, Group Finance Director and Deputy Managing Director of the Company on 3 June 2015. Mr Sixt has been an Executive Director of Cheung Kong since 1991 and became a Non-executive Director in 1998. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015 and he was re-designated as Director of Cheung Kong on 3 June 2015. He has been an Executive Director of HWL since 1991, Group Finance Director since 1998 and was re-designated as Director on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. He is also the Non-executive Chairman of TOM, an Executive Director of CKI, a Non-executive Director of HTHKH, HPHM as the trustee-manager of HPH Trust and Power Assets, a Director of HTAL and Husky Energy, and an Alternate Director to Directors of HTAL, HKEIML as the trustee-manager of HKEI, and HKEIL. The aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Sixt acts as Chairman or Director for the purpose of overseeing the management of such businesses. Mr Sixt is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company. Mr Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada.

IP Tak Chuen, Edmond

aged 63, has been a Director of the Company since 11 December 2014 and was designated as an Executive Director and Deputy Managing Director of the Company on 9 January 2015. He is an Executive Director and a Deputy Managing Director of Cheung Kong Property and a member of its Executive Committee. He has been an Executive Director of Cheung Kong since 1993 and Deputy Managing Director since 2005. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015 and he was re-designated as Director of Cheung Kong on 3 June 2015. Mr Ip is also an Executive Director and Deputy Chairman of CKI, the Senior Vice President and Chief Investment Officer of CKLS, and a Non-executive Director of ARA Asset Management Limited, TOM, Real Nutriceutical Group Limited, Shougang Concord International Enterprises Company Limited and Hui Xian Asset Management Limited ("HXAML") as the manager of Hui Xian Real Estate Investment Trust ("Hui Xian REIT"). He was previously a Non-executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune Real Estate Investments Trust, and AVIC International Holding (HK) Limited. Save and except Cheung Kong Property and its associated companies, the aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Ip acts as Director and senior executive for the purpose of overseeing the management of such businesses. Mr Ip is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

KAM Hing Lam

aged 69, has been an Executive Director and Deputy Managing Director of the Company since 9 January 2015. He is also an Executive Director and a Deputy Managing Director of Cheung Kong Property and a member of its Executive Committee. Mr Kam has been Deputy Managing Director of Cheung Kong since 1993. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015 and he was re-designated as Director of Cheung Kong on 3 June 2015. He is also the Group Managing Director of CKI and the President and Chief Executive Officer of CKLS. Mr Kam has been an Executive Director of HWL since 1993 and was re-designated as Director on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. He is also Chairman of HXAML as the manager of Hui Xian REIT. Save and except Cheung Kong Property and its associated companies, the aforementioned companies are either subsidiaries or associated companies of the Group in which Mr Kam acts as Director and senior executive for the purpose of overseeing the management of such businesses. Mr Kam is an Advisor of the 12th Beijing Municipal Committee of the CPPCC of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr Kam is the brother-in-law of Mr Li Ka-shing, Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the SFO, and an uncle of Mr Li Tzar Kuoi, Victor, the Group Co-Managing Director and Deputy Chairman of the Company.

LAI Kai Ming, Dominic

aged 62, has been an Executive Director and Deputy Managing Director of the Company since 3 June 2015. Mr Lai has been an Executive Director of HWL since 2000 and was re-designated as Director on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. He is a Non-executive Director of HTHKH and a Director of HTAL. He is also an Alternate Director to Directors of each of HTHKH and HTAL. The aforementioned companies are subsidiaries of the Group in which Mr Lai acts as Director for the purpose of overseeing the management of such businesses. Mr Lai has over 30 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

CHOW Kun Chee, Roland

aged 78, has been a Non-executive Director of the Company since 9 January 2015. He has been a Director of Cheung Kong since 1993 until his resignation on 3 June 2015. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015. He was an Independent Non-executive Director of Cheung Kong prior to his re-designation as a Non-executive Director of Cheung Kong in September 2004. Mr Chow is a solicitor of the High Court of the Hong Kong Special Administrative Region and is a consultant of Messrs. Herbert Tsoi and Partners, Solicitors. He holds a Master of Laws degree from the University of London. Mr Chow is a cousin of Mr Leung Siu Hon, a Non-executive Director of the Company. Mr Chow is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

Information on Directors

LEE Yeh Kwong, Charles

GBM, GBS, OBE, JP, aged 79, has been a Non-executive Director of the Company since 9 January 2015. Mr Charles Lee has been a Non-executive Director of Cheung Kong since 2013 until his resignation on 3 June 2015. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015. He was a Director of Cheung Kong during the period from August 1972 to March 1997. Mr Charles Lee has also been a Non-executive Director of HWL since 2013 until his resignation on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. He is 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. Mr Charles Lee is also a qualified accountant and a chartered secretary.

LEUNG Siu Hon

aged 84, has been a Non-executive Director of the Company since 9 January 2015. He has been a Director of Cheung Kong since 1984 until his resignation on 3 June 2015. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015. He was an Independent Non-executive Director of Cheung Kong prior to his re-designation as a Non-executive Director of Cheung Kong in September 2004. Mr Leung holds a B.A. Law (Honours) (Southampton) degree, and has been awarded the Honorary degree of Doctor of Laws by the University of Southampton in July 2001 and appointed by the Northwest University of Politics & Law, China to the post of Adjunct Professor in May 2014. Mr Leung is a solicitor of the High Court of the Hong Kong Special Administrative Region and an attesting officer appointed by the People's Republic of China. He is presently a consultant of Messrs. S.H. Leung and Co., Solicitors. Mr Leung is a cousin of Mr Chow Kun Chee, Roland, a Non-executive Director of the Company.

George Colin MAGNUS

OBE, BBS, aged 80, has been a Non-executive Director of the Company since 9 January 2015. He acted as an Executive Director of Cheung Kong since 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015. He has been a Non-executive Director of Cheung Kong since November 2005 until his resignation on 3 June 2015. Mr Magnus has been an Executive Director of HWL since 1980 and was re-designated as a Non-executive Director since November 2005 until his resignation on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. He served as Deputy Chairman of HWL from 1984 to 1993. He is also a Non-executive Director of CKI, an Independent Non-executive Director of HKEIML as the trustee-manager of HKEI, and HKEIL, and a Director (independent) of Husky Energy. Mr Magnus holds a Master's degree in Economics.

KWOK Tun-li, Stanley

aged 89, has been an Independent Non-executive Director of the Company since 9 January 2015 and a member of the Audit Committee of the Company since 18 March 2015. He was a member of the Remuneration Committee of the Company from 18 March 2015 to 2 June 2015. He has been a Director of Cheung Kong since 1989 until his resignation on 3 June 2015. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015. Mr Kwok holds a Bachelor's degree in Science (Architecture) from St. John's University, Shanghai, China, and an A.A. Diploma from the Architectural Association School of Architecture, London, England. Mr Kwok is a Director (independent) of Husky Energy. He is also presently a Director of Amara Holdings Inc., CTBC Bank Corp. (Canada) (formerly known as CTC Bank of Canada), Element Lifestyle Retirement Inc. and Stanley Kwok Consultants Inc.

CHENG Hoi Chuen, Vincent

GBS, OBE, JP, aged 67, has been an Independent Non-executive Director and a member of both the Audit Committee and the Remuneration Committee of the Company since 3 June 2015. He has been an Independent Non-executive Director of HWL since 2014 until his resignation on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. He is an Independent Non-executive Director of MTR Corporation Limited, Great Eagle Holdings Limited, CLP Holdings Limited, HXAML as manager of Hui Xian REIT, China Minsheng Banking Corp., Ltd., Shanghai Industrial Holdings Limited and Wing Tai Properties Limited. Mr Cheng joined The Hongkong and Shanghai Banking Corporation Limited in 1978 of which he became Chief Financial Officer in 1994, General Manager and an Executive Director in 1995 and Chairman from 2005 to 2010. He was also the Chairman of HSBC Bank (China) Limited from 2007 to 2011, an Executive Director of HSBC Holdings plc from 2008 to 2011 and an adviser to the Group Chief Executive of HSBC Holdings plc from 2011 to 2012. In 2008, Mr Cheng was appointed as a member of the 11th National Committee of the CPPCC of the People's Republic of China and a senior adviser to the 11th Beijing Municipal Committee of the CPPCC of the People's Republic of China. Mr Cheng's previous government advisory roles include being a member of the Executive Council (the Hong Kong government's highest policy-making body) from 1995 to 1997, Hong Kong Affairs Adviser to the People's Republic of China from 1994 to 1997 as well as a member of the Legislative Council of the Hong Kong Government from 1991 to 1995. He is a member of the University Council of The Chinese University of Hong Kong. In 2005, Honorary Doctorates of Social Science and of Business Administration were conferred on Mr Cheng by The Chinese University of Hong Kong and The Open University of Hong Kong respectively. Mr Cheng holds a Bachelor of Social Science degree in Economics and a Master of Philosophy degree in Economics.

The Hon Sir Michael David KADOORIE

GBS, Commandeur de la Légion d'Honneur, Commandeur de l'Ordre des Arts et des Lettres, Commandeur de l'Ordre de la Couronne, Commandeur de l'Ordre de Leopold II, aged 74, has been an Independent Non-executive Director of the Company since 3 June 2015. He has been a Director of HWL since 1995 until his resignation on 24 July 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. He is the Chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels, Limited, as well as Heliservices (Hong Kong) Limited. He is also an Alternate Director to a Director of Hong Kong Aircraft Engineering Company Limited.

LEE Wai Mun, Rose

JP, aged 63, has been an Independent Non-executive Director of the Company since 3 June 2015. She has been an Independent Non-executive Director of HWL since 2012 until her resignation on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. She is also an Executive Director, Vice-chairman and Chief Executive of Hang Seng Bank Limited, and Chairman and a member of its Executive Committee and Nomination Committee respectively. Ms Lee is also the Chairman of Hang Seng Bank (China) Limited. Ms Lee is Group General Manager of HSBC Holdings plc, a Director of The Hongkong and Shanghai Banking Corporation Limited, an Independent Non-executive Director and a member of Remuneration Committee of Swire Pacific Limited, Chairman of the Board of Governors of Hang Seng Management College, Chairman of the Board of Directors of Hang Seng School of Commerce, Second Vice President and Board Member of The Community Chest of Hong Kong as well as Chairman of its Campaign Committee and a member of its Executive Committee and Nominating Committee, Executive Vice-chairman of the Finance Professional Committee of Guangdong's Association for Promotion of Cooperation between Guangdong, Hongkong & Macao, Vice President of The Hong Kong Institute of Bankers, Vice-chairman of the Inaugural Financial Consulting Committee for Authority of Qianhai Shenzhen - Hong Kong Modern Service Industry Cooperation Zone of Shenzhen, a member of the Consulting Committee of Qianhai & Shekou Area of Shenzhen, China (Guangdong) Pilot Free Trade Zone, and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen, a member of the Advisory Committee of the New College of Jockey Club Student Village III of the University of Hong Kong, a member of the Court of The Hong Kong University of Science and Technology, a member of the Board of Trustees of Ho Leung Ho Lee Foundation and a member of the Financial Services Advisory Committee of Hong Kong Trade Development Council. Ms Lee holds a Bachelor's degree in Business Administration.

Information on Directors

William Elkin MOCATTA

aged 63, has been an Alternate Director to The Hon Sir Michael David Kadoorie, an Independent Non-executive Director of the Company, since 3 June 2015. He has been an Alternate Director to The Hon Sir Michael David Kadoorie, former Independent Non-executive Director of HWL, since 1997 until he ceased to be an Alternate Director on 24 July 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. He is the Chairman of CLP Power Hong Kong Limited, CLP Properties Limited and Castle Peak Power Company Limited. He is also the Vice Chairman of CLP Holdings Limited and a Director of The Hongkong and Shanghai Hotels, Limited. He is a Fellow of The Institute of Chartered Accountants in England and Wales.

William SHURNIAK

SOM, aged 84, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since 3 June 2015. He has been a Director of HWL since 1984 until his resignation on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. In addition, Mr Shurniak is a Director (independent) and Deputy Chairman of Husky Energy. He has broad banking experience and he holds Honorary Doctor of Laws degrees from the University of Saskatchewan, The University of Western Ontario and the University of Regina in Canada. He was awarded the Saskatchewan Order of Merit by the Government of Saskatchewan in 2009 and the Queen Elizabeth II Diamond Jubilee Medal by the Lieutenant Governor of Saskatchewan in 2012.

WONG Chung Hin

CBE, JP, aged 82, has been an Independent Non-executive Director, Chairman of the Audit Committee and a member of the Remuneration Committee of the Company since 3 June 2015. He has been a Director of HWL since 1984 until his resignation on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015. Mr Wong is an Independent Non-executive Director of The Bank of East Asia, Limited and Power Assets. He is a solicitor.

WONG Yick-ming, Rosanna

DBE, JP, aged 63, has been an Independent Non-executive Director of the Company since 9 January 2015 and the Chairman of the Remuneration Committee of the Company since 18 March 2015. She has been an Independent Non-executive Director of Cheung Kong since 2001 until her resignation on 3 June 2015. The listing status of Cheung Kong on the SEHK was replaced by the Company on 18 March 2015. She was previously an Alternate Director of the Company and Cheung Kong. 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 CPPCC of the People's Republic of China. She is also a member of The Hong Kong University of Science and Technology Business School Advisory Council and serves as a Global Advisor to Mars, Incorporated. She is an Executive Director of The Hong Kong Federation of Youth Groups, the Non-executive Chairman of The Hongkong Bank Foundation's Advisory Committee and an Independent Non-executive Director of HTHKH, The Hongkong and Shanghai Banking Corporation Limited and The Hongkong and Shanghai Hotels, Limited.

Changes in Information of Directors

Pursuant to Rule 13.51(B) of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"), the changes in information of Directors of the Company subsequent to the date of the 2015 Interim Report of the Company are set out below:

Directors	Details of Changes
Fok Kin Ning, Canning	Became a Fellow of Chartered Accountants Australia and New Zealand in 2015
Lee Yeh Kwong, Charles	Ceased to act as Chairperson of Hong Kong - Taiwan Economic and Cultural Co-operation and Promotion Council on 30 November 2015
Kwok Tun-li, Stanley	Appointed as a Director of Element Lifestyle Retirement Inc. ⁽¹⁾ on 6 August 2015
Cheng Hoi Chuen, Vincent	Ceased to act as Chairman of the University Council of The Chinese University of Hong Kong in October 2015
Lee Wai Mun, Rose	Appointed as: - a member of Nomination Committee of The Community Chest of Hong Kong on 6 October 2014 - a member of the Consulting Committee of Qianhai & Shekou Area of Shenzhen, China (Guangdong) Pilot Free Trade Zone, and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen on 9 November 2015 - Executive Vice Chairman of the Finance Professional Committee of Guangdong's Association for Promotion of Cooperation between Guangdong, Hongkong & Macao in October 2015
Wong Yick-ming, Rosanna	Ceased to be an Elected Member of the Council and Ex-officio Member of the Court of the University of Hong Kong on 11 December 2015

Note:

(1) A company whose shares are listed on TSX Venture Exchange in Toronto, Canada.

In respect of the change in emoluments of Directors, please refer to note 8 to the financial statements on pages 209 to 213.

Information on Directors

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

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "CKHH Securities Code") were as follows:

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

Long positions in the shares of the Company

Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding
Li Ka-shing	Founder of discretionary trusts	Other interest	1,094,244,254 ⁽¹⁾)		
			)		
	Interest of controlled corporations	Corporate interest	66,659,256 ⁽²⁾⁽³⁾)	1,160,903,510	30.0777%
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	1,094,244,254 ⁽¹⁾)		
			)		
	Beneficial owner	Personal interest	220,000)		
			)		
	Interest of controlled corporations	Corporate interest	2,572,350 ⁽²⁾⁽⁴⁾)		
			)		
	Interest of spouse	Family interest	200,000)		
			)		
	Interest of child	Family interest	205,200 ⁽⁵⁾)	1,097,441,804	28.4335%
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	4,111,438 ⁽⁶⁾)	4,111,438	0.1065%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	129,960	129,960	0.0033%
Frank John Sixt	Beneficial owner	Personal interest	136,800	136,800	0.0035%
Kam Hing Lam	Beneficial owner	Personal interest	51,040)		
			)		
	Interest of child	Family interest	57,360)	108,400	0.0028%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	34,200	34,200	0.0008%
Chow Kun Chee, Roland	Beneficial owner	Personal interest	99,752	99,752	0.0025%
Lee Yeh Kwong, Charles	Beneficial owner	Personal interest	762,124)		
			)		
	Interest of spouse	Family interest	37,620)		
			)		
	Interest of a controlled corporation	Corporate interest	6,840 ⁽⁷⁾)	806,584	0.0208%
Leung Siu Hon	Beneficial owner	Personal interest	663,968)		
			)		
	Interest of spouse	Family interest	84,062)	748,030	0.0193%

Directors	Capacity	Nature of Interests	Number of Shares Held	Approximate % of	
				Total	Shareholding
George Colin Magnus	Founder and/or beneficiary of a discretionary trust	Other interest	833,868 ⁽⁸⁾	933,999	0.0241%
			)		
			)		
			)		
	Beneficial owner	Personal interest	83,360		
			)		
			)		
	Interest of spouse	Family interest	16,771		
Cheng Hoi Chuen, Vincent	Beneficial owner	Personal interest	10,000	10,000	0.0002%
Michael David Kadoorie	Founder, a beneficiary and/or a discretionary object of discretionary trust(s)	Other interest	11,752,120 ⁽⁹⁾	11,752,120	0.3044%
William Shurniak	Beneficial owner	Personal interest	265,000	265,000	0.0068%

Notes:

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

- (a) 1,001,953,744 shares held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1") and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

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

- (b) 7,863,264 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"). Mr Li Ka-shing is the settlor of each of two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT3, TDT3 and TDT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

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

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

Information on Directors

- (2) Among those shares, 300,000 shares are held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
- (3) Among those shares, 66,359,256 shares are held by certain companies of which Mr Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- (4) Among those shares, 2,272,350 shares are held by certain companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- (5) Such shares are held by a company in which a child of Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of voting power at its general meetings.
- (6) Such shares are held by a company which is equally controlled by Mr Fok Kin Ning, Canning and his spouse.
- (7) Such shares are held by a company of which Mr Lee Yeh Kwong, Charles is interested in the entire issued share capital.
- (8) 184,000 shares are held by a company controlled by a trust of which Mr George Colin Magnus is a discretionary beneficiary and 649,868 shares are indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and/or a discretionary beneficiary.
- (9) Such shares are ultimately held by discretionary trust(s) of which The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.

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

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

As at 31 December 2015, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, as Directors of the Company, were deemed to be interested in the following by virtue of, inter alia, their interests as described in Note (1) above:

- (i) 5,428,000 ordinary shares, representing approximately 0.21% of the then issued voting shares, in CKI held by TUT1 as trustee of UT1;
- (ii) 153,280 ordinary shares representing approximately 0.003% of the then issued voting shares, in HTHKH held by TUT3 as trustee of UT3;
- (iii) 288,512,005 common shares, representing approximately 29.31% of the then issued voting shares, in Husky Energy held by a company controlled by TDT3 as trustee of DT3; and
- (iv) 15,000,000 ordinary shares, representing approximately 15% of the then issued voting shares, in Beutiland Company Limited held by a wholly owned subsidiary of TUT1 as trustee of UT1.

Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor were deemed to be interested in (i) 7,870,000 share stapled units, representing approximately 0.08% of the then issued voting share stapled units, in HKEI and HKEIL of which 5,170,000 share stapled units are held by LKSF and 2,700,000 share stapled units are held by a wholly owned subsidiary of Li Ka Shing (Overseas) Foundation ("LKSOFF"); and (ii) 2,835,759,715 ordinary shares, representing approximately 29.50% of the then issued voting shares, in CKLS held by wholly owned subsidiaries of LKSF. By virtue of the terms of the constituent documents of LKSF and LKSOFF, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF and LKSOFF.

In addition, Mr Li Ka-shing had, as at 31 December 2015, corporate interests in (i) a nominal amount of US\$9,100,000 in the 6.625% Guaranteed Perpetual Capital Securities issued by PHBS Limited; and (ii) 403,979,499 ordinary shares, representing approximately 8.38% of the then issued voting shares, in HTHKH, which are held by companies of which Mr Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

Mr Li Tzar Kuoi, Victor had, as at 31 December 2015, the following interests:

- (i) personal interests in 2,250,000 ordinary shares, representing approximately 0.02% of the then issued voting shares, in CKLS held in his capacity as a beneficial owner;
- (ii) family interests in (a) 151,000 ordinary shares, representing approximately 0.007% of the then issued voting shares, in Power Assets held by his spouse; and (b) 192,000 ordinary shares, representing approximately 0.003% of the then issued voting shares, in HTHKH held by a company in which his child is entitled to exercise or control the exercise of one-third or more of voting power at its general meetings; and
- (iii) corporate interests in (a) a nominal amount of US\$45,792,000 in the 7.625% Notes due 2019 issued by Hutchison Whampoa International (09) Limited; (b) 2,519,250 ordinary shares, representing approximately 0.05% of the then issued voting shares, in HTHKH; and (c) a nominal amount of US\$16,800,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by Hutchison Whampoa International (12) Limited, which are held by companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

Mr Fok Kin Ning, Canning had, as at 31 December 2015, the following interests:

- (i) corporate interests in (a) a nominal amount of US\$4,000,000 in the 5.75% Notes due 2019 issued by Hutchison Whampoa International (09/19) Limited; and (b) a nominal amount of US\$2,000,000 in the 7.25% Notes due 2019 issued by Husky Energy;
- (ii) 5,100,000 ordinary shares, representing approximately 0.03% of the then issued voting shares, in HTAL comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (iii) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the then issued voting shares, in HTHKH;
- (iv) corporate interests in 250,000 common shares, representing approximately 0.02% of the then issued voting shares, in Husky Energy;
- (v) corporate interests in 2,000,000 share stapled units, representing approximately 0.02% of the then issued voting share stapled units, in HKEI and HKEIL; and
- (vi) corporate interests in 1,500,000 ordinary shares, representing approximately 0.01% of the then issued voting shares, in CKLS.

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

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2015, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the then issued voting shares, in HTHKH.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 31 December 2015, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.007% of the then issued voting shares, in HTAL; (ii) 17,000 American depositary shares (each representing 15 ordinary shares), representing approximately 0.005% of the then issued voting shares, in HTHKH; (iii) 39,345 common shares, representing approximately 0.003% of the then issued voting shares, in Husky Energy; (iv) 900,000 ordinary shares, representing approximately 0.009% of the then issued voting shares, in CKLS; and (v) 492,000 ordinary shares, representing approximately 0.01% of the then issued voting shares, in TOM.

Information on Directors

Mr Ip Tak Chuen, Edmond in his capacity as a beneficial owner had, as at 31 December 2015, personal interests in (i) 500,000 share stapled units, representing approximately 0.005% of the then issued voting share stapled units, in HKEI and HKEIL; (ii) 257,319 common shares, representing approximately 0.02% of the then issued voting shares, in Husky Energy; and (iii) 2,250,000 ordinary shares, representing approximately 0.02% of the then issued voting shares, in CKLS.

Mr Kam Hing Lam had, as at 31 December 2015, the following interests:

- (i) personal interests in 100,000 ordinary shares, representing approximately 0.003% of the then issued voting shares, in CKI held in his capacity as a beneficial owner; and
- (ii) family interests in (a) 100,000 ordinary shares, representing approximately 0.004% of the then issued voting shares, in Power Assets; (b) 1,025,000 share stapled units, representing approximately 0.01% of the then issued voting share stapled units, in HKEI and HKEIL; and (c) 6,225,000 ordinary shares, representing approximately 0.06% of the then issued voting shares, in CKLS, which are held by his child.

Mr Chow Kun Chee, Roland in his capacity as a beneficial owner had, as at 31 December 2015, personal interests in (i) 10,000 ordinary shares, representing approximately 0.0003% of the then issued voting shares, in CKI; (ii) 903,936 ordinary shares, representing approximately 0.009% of the then issued voting shares, in CKLS; (iii) 134,918 ordinary shares, representing approximately 0.006% of the then issued voting shares, in Power Assets; (iv) 582,000 ordinary shares, representing approximately 0.01% of the then issued voting shares, in TOM; and (v) 33,730 share stapled units, representing approximately 0.0003% of the then issued voting share stapled units, in HKEI and HKEIL.

Mr Lee Yeh Kwong, Charles had, as at 31 December 2015, the following interests:

- (i) 247,000 ordinary shares, representing approximately 0.01% of the then issued voting shares, in Power Assets comprising corporate interests in 100,000 ordinary shares held through a company of which Mr Lee is interested in the entire issued share capital and family interests in 147,000 ordinary shares held by his spouse;
- (ii) family interests in 1,500 common shares, representing approximately 0.0001% of the then issued voting shares, in Husky Energy held by his spouse; and
- (iii) corporate interests in 25,000 share stapled units, representing approximately 0.0002% of the then issued voting share stapled units, in HKEI and HKEIL held through a company of which Mr Lee is interested in the entire issued share capital.

Mr Leung Siu Hon had, as at 31 December 2015, the following interests:

- (i) 2,106,000 share stapled units, representing approximately 0.02% of the then issued voting share stapled units, in HKEI and HKEIL comprising personal interests in 1,200,000 share stapled units held in his capacity as a beneficial owner and family interests in 906,000 share stapled units held by his spouse;
- (ii) personal interests in 100,000 ordinary shares, representing approximately 0.002% of the then issued voting shares, in TOM held in his capacity as a beneficial owner; and
- (iii) 1,693,100 ordinary shares, representing approximately 0.01% of the then issued voting shares, in CKLS comprising (a) personal interests in 1,688,130 ordinary shares held in his capacity as a beneficial owner; (b) family interests in 2,000 ordinary shares held by his spouse; and (c) corporate interests in 2,970 ordinary shares held by a company which is wholly owned by Mr Leung and his spouse.

Mr George Colin Magnus had, as at 31 December 2015, the following interests:

- (i) 13,333 ordinary shares, representing approximately 0.0002% of the then issued voting shares, in HTHKH comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse;
- (ii) personal interests in 34,239 common shares and 29,698 unlisted and physically settled Deferred Share Units (each representing one common share), in aggregate representing approximately 0.006% of the then issued voting shares, in Husky Energy held in his capacity as a beneficial owner; and
- (iii) 765,000 ordinary shares, representing approximately 0.007% of the then issued voting shares, in CKLS comprising (a) personal interests in 753,360 ordinary shares held in his capacity as a beneficial owner; (b) family interests in 600 ordinary shares held by his spouse; and (c) other interests in 11,040 ordinary shares held by a company controlled by a trust of which Mr George Colin Magnus is a discretionary beneficiary.

Mr Kwok Tun-li, Stanley had, as at 31 December 2015, the following interests:

- (i) 76,134 common shares, representing approximately 0.007% of the then issued voting shares, in Husky Energy comprising (a) personal interests in 20,173 common shares held in his capacity as a beneficial owner; (b) family interests in 10,000 common shares held by his spouse; and (c) family interests in 45,961 unlisted and physically settled Deferred Share Units (each representing one common share) held by his spouse; and
- (ii) family interests in 200,000 ordinary shares, representing approximately 0.002% of the then issued voting shares, in CKLS held by his spouse.

Ms Lee Wai Mun, Rose had, as at 31 December 2015, the following interests:

- (i) personal interests in 2,200 ordinary shares, representing approximately 0.0001% of the then issued voting shares, in Power Assets held in her capacity as a beneficial owner; and
- (ii) 42,902 common shares, representing approximately 0.004% of the then issued voting shares, in Husky Energy comprising corporate interests in 10,268 common shares held through a company of which Ms Lee is interested in the entire issued share capital and other interests in 32,634 common shares held jointly with another person.

Mr William Shurniak in his capacity as a beneficial owner had, as at 31 December 2015, personal interests in (i) 28,812 common shares, representing approximately 0.002% of the then issued voting shares, in Husky Energy; and (ii) 225,000 ordinary shares, representing approximately 0.002% of the then issued voting shares, in CKLS.

Information on Directors

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the CKHH Securities Code.

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

Directors' Interests in Competing Business

During the year ended 31 December 2015, the following Directors of the Company or Cheung Kong (as appropriate) had interests in the following businesses (apart from the businesses of the Company or Cheung Kong or their subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or Cheung Kong or their subsidiaries conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

I. For the period from 1 January 2015 to 2 June 2015

Core Business Activities of the Company or Cheung Kong and their subsidiaries

- (1) Property development and investment
- (2) Hotel and serviced suite operation
- (3) Property and project management
- (4) Investment in infrastructure businesses
- (5) Investment in securities
- (6) Ownership and leasing of movable assets
- (7) Information technology, e-commerce and new technology

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Li Ka-shing	HWL ^(a)	Chairman ^(b)	(1), (2), (3), (4), (5) & (7)
Li Tzar Kuo ⁱ , Victor	HWL ^(a)	Deputy Chairman ^(b)	(1), (2), (3), (4), (5) & (7)
	CKI	Chairman	(4) & (5)
	Power Assets	Non-executive Director	(4), (5) & (7)
	CKLS	Chairman	(5) & (7)
	HKEIML as trustee-manager of HKEI, and HKEIL	Deputy Chairman of HKEIL and Non-executive Director of both HKEIML and HKEIL	(4)
Fok Kin Ning, Canning	HWL ^(a)	Group Managing Director ^(b)	(1), (2), (3), (4), (5) & (7)
	CKI	Deputy Chairman	(4) & (5)
	HKEIML as trustee-manager of HKEI, and HKEIL	Chairman	(4)
	HTHKH	Chairman and Alternate Director	(7)
	Power Assets	Chairman	(4), (5) & (7)

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Frank John Sixt	HWL ^(a)	Group Finance Director ^(b)	(1), (2), (3), (4), (5) & (7)
	CKI	Executive Director	(4) & (5)
	HTHKH	Non-executive Director	(7)
	Power Assets	Non-executive Director	(4), (5) & (7)
	TOM	Non-executive Chairman	(5) & (7)
Ip Tak Chuen, Edmond	CKI	Executive Director and Deputy Chairman	(4) & (5)
	CKLS	Senior Vice President and Chief Investment Officer	(5) & (7)
	TOM	Non-executive Director	(5) & (7)
	ARA Asset Management Limited	Non-executive Director	(3) & (5)
	ARA Asset Management (Fortune) Limited as manager of Fortune Real Estate Investments Trust	Non-executive Director ^(c)	(3)
	HXAML as manager of Hui Xian REIT	Non-executive Director	(1), (2) & (3)
	AVIC International Holding (HK) Limited	Non-executive Director ^(d)	(1), (5) & (6)
	Shougang Concord International Enterprises Company Limited	Non-executive Director	(5)
Kam Hing Lam	HWL ^(a)	Executive Director ^(b)	(1), (2), (3), (4), (5) & (7)
	CKI	Group Managing Director	(4) & (5)
	CKLS	President and Chief Executive Officer	(5) & (7)
	HXAML as manager of Hui Xian REIT	Chairman	(1), (2) & (3)
Chiu Kwok Hung, Justin ^(e)	ARA Asset Management Limited	Chairman	(3) & (5)
	ARA Asset Management (Fortune) Limited as manager of Fortune Real Estate Investments Trust	Chairman	(3)
	ARA Asia Dragon Limited	Director	(1) & (3)
	ARA Asset Management (Prosperity) Limited as manager of Prosperity Real Estate Investments Trust	Chairman	(3)
Lee Yeh Kwong, Charles	HWL ^(a)	Non-executive Director ^(f)	(1), (2), (3), (4), (5) & (7)

Information on Directors

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Leung Siu Hon	Rich Surplus Limited	Director and Substantial Shareholder	(1) & (2)
	Rich More Enterprises Limited	Director and Substantial Shareholder	(1)
George Colin Magnus	HWL ^(a)	Non-executive Director ^(f)	(1), (2), (3), (4), (5) & (7)
	CKI	Non-executive Director	(4) & (5)

II. For the period from 3 June 2015 (date of completion of group reorganisation) to 31 December 2015

Core Business Activities of the Company and its subsidiaries

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

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Li Tzar Kuoi, Victor	CKI	Chairman	(3)
	CKLS	Chairman	(2)
	HKEIML as trustee-manager of HKEI, and HKEIL	Deputy Chairman of HKEIL and Non-executive Director of both HKEIML and HKEIL	(3)
	Husky Energy	Co-Chairman	(4)
	Power Assets	Non-executive Director	(3) & (4)
Fok Kin Ning, Canning	CKI	Deputy Chairman	(3)
	HKEIML as trustee-manager of HKEI, and HKEIL	Chairman	(3)
	HPHM as trustee-manager of HPH Trust	Chairman	(1)
	HTAL	Chairman	(5)
	Husky Energy	Co-Chairman	(4)
	Power Assets	Chairman	(3) & (4)
Chow Woo Mo Fong, Susan	CKI	Executive Director and Alternate Director	(3)
	HKEIML as trustee-manager of HKEI, and HKEIL	Alternate Director	(3)
	HTAL	Director and Alternate Director	(5)
	TOM	Alternate Director	(5)

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Frank John Sixt	CKI	Executive Director	(3)
	HKEIML as trustee-manager of HKEI, and HKEIL	Alternate Director ^(g)	(3)
	HPHM as trustee-manager of HPH Trust	Non-executive Director	(1)
	HTAL	Director and Alternate Director	(5)
	Husky Energy	Director	(4)
	Power Assets	Non-executive Director	(3) & (4)
	TOM	Non-executive Chairman	(5)
Ip Tak Chuen, Edmond	CKI	Deputy Chairman	(3)
	CKLS	Senior Vice President and Chief Investment Officer	(2)
	TOM	Non-executive Director	(5)
Kam Hing Lam	CKI	Group Managing Director	(3)
	CKLS	President and Chief Executive Officer	(2)
Lai Kai Ming, Dominic	HTAL	Director and Alternate Director	(5)
Lee Yeh Kwong, Charles	Team Investment Limited	Director and Shareholder	(4)
George Colin Magnus	CKI	Non-executive Director	(3)

Notes:

- (a) Privatised by way of a scheme of arrangement on 3 June 2015 and became a wholly owned subsidiary of the Company.
- (b) Re-designated as a Director on 8 June 2015.
- (c) Resigned as a Non-executive Director on 1 June 2015.
- (d) Resigned as a Non-executive Director on 23 June 2015.
- (e) Resigned as an Executive Director on 3 June 2015.
- (f) Resigned as a Non-executive Director on 8 June 2015.
- (g) Appointed as an Alternate Director on 9 June 2015.

Information on Directors

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

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

Upon completion of the group reorganisation on 3 June 2015, the Company became the ultimate holding company of HTHKH.

During the period from 3 June 2015 up to the date of this report, Mr Fok Kin Ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt and Mr Lai Kai Ming, Dominic have been executive directors of the Company and directors of certain of its subsidiaries which are engaged in telecommunications businesses.

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

The exclusive territories of the HTHKH Group comprised Hong Kong and Macau whereas the exclusive territories of the HWL Group (which in substance including those of the HTIL Group following the privatisation of HTIL in 2010) comprised all the remaining countries of the world.

As a result of the completion of the group reorganisation on 3 June 2015, a deed of novation and amendment was entered into between HTHKH and the Company on 28 December 2015, pursuant to which the rights and obligations of HWL under the HWL Non-Competition Agreement were transferred by novation to the Company with effect from 28 December 2015.

Information on Senior Management

Biographical Details of Senior Management

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

CHEUNG Kwan Hoi

aged 51, has been Group Deputy Chief Financial Officer of the Company since 3 June 2015 and was previously the Group Deputy Chief Financial Officer since 2011 of Hutchison Whampoa Limited ("HWL"), which was privatised by way of a scheme of arrangement on 3 June 2015 and is currently a wholly owned subsidiary of the Company. He has been with the HWL Group for over 18 years in various finance and accounting roles and has over 27 years of experience in accounting and finance. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Management Science. He is a member of both the Institute of Chartered Accountants in England & Wales and the Hong Kong Institute of Certified Public Accountants.

IP Sing Chi

aged 62, has been Group Managing Director of Hutchison Port Holdings Limited, the Company's ports division, since 2014 and has been with the HWL Group since 1993. HWL was privatised by way of a scheme of arrangement on 3 June 2015 and is currently a wholly owned subsidiary of the Company. He is an Executive Director of Hutchison Port Holdings Management Pte. Limited as trustee-manager of Hutchison Port Holdings Trust. He is also an external Director of Hyundai Merchant Marine Co., Ltd., a Non-independent Non-executive Director of Westports Holdings Berhad and an Independent Non-executive Director of COSCO Pacific Limited and China Shipping Development Company Limited. In addition, Mr Ip was a member of the Hong Kong Port Development Council from 2009 until the end of December 2014 and was the founding Chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited. He has over 35 years of experience in the maritime industry. He holds a Bachelor of Arts degree.

KAM Hing Lam

aged 69, has been an Executive Director and Deputy Managing Director of the Company since 9 January 2015. He is also an Executive Director and a Deputy Managing Director of Cheung Kong Property Holdings Limited ("Cheung Kong Property") and a member of its Executive Committee. He is the founding Group Managing Director of Cheung Kong Infrastructure Holdings Limited, the infrastructure arm of the Company, and the founding President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc., the agriculture-related/nutraceutical/pharmaceutical business of the Company. Mr Kam has been Deputy Managing Director of Cheung Kong (Holdings) Limited ("Cheung Kong") since 1993. The listing status of Cheung Kong on The Stock Exchange of Hong Kong Limited was replaced by the Company on 18 March 2015 and he was re-designated as Director of Cheung Kong on 3 June 2015. He has also been an Executive Director of HWL since 1993 and was re-designated as Director on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015 and became a wholly owned subsidiary of the Company. He is also the Chairman and a Non-executive Director of Hui Xian Asset Management Limited as manager of Hui Xian Real Estate Investment Trust. Save and except Cheung Kong Property and its associated companies, the aforementioned companies are either subsidiaries or associated companies of the CK Hutchison Holdings Limited ("CKHH") Group in which Mr Kam acts as Director and senior executive for the purpose of overseeing the management of such businesses. Prior to joining the HWL Group, Mr Kam had more than 20 years of experience in senior and regional capacities at major US multinational companies, including Johnson and Johnson, American Express and Levi Strauss. Mr Kam holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. He is the brother-in-law of Mr Li Ka-shing, Chairman of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the uncle of Mr Li Tzar Kuoi, Victor, the Group Co-Managing Director and Deputy Chairman of the Company.

Information on Senior Management

LAI Kai Ming, Dominic

aged 62, has been an Executive Director and Deputy Managing Director of the Company since 3 June 2015. He has been an Executive Director of HWL since 2000 and was re-designated as Director on 8 June 2015 when HWL was privatised by way of a scheme of arrangement on 3 June 2015 and became a wholly owned subsidiary of the Company. He is Group Managing Director of the A.S. Watson Group, the retail arm of the Company, and has been with the HWL Group for over 20 years. He is also a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") and a Director of Hutchison Telecommunications (Australia) Limited ("HTAL") as well as Alternate Director to directors of each of HTHKH and HTAL. The aforementioned companies are subsidiaries of the CKHH Group in which Mr Lai acts as Director for the purpose of overseeing the management of such businesses. He has over 30 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

LUI Dennis Pok Man

aged 65, has been Deputy Chairman and a Non-executive Director of HTHKH since 2009. He is also currently responsible for the telecommunications operations of the Company in Indonesia, Sri Lanka and Vietnam; and assists in overseeing those in Austria, Denmark, Ireland, Sweden and the United Kingdom. He has been with the telecommunications arm of the Company for over 29 years in various positions in a number of countries. He has over 30 years of experience in the telecommunications industry. He holds a Bachelor of Science degree.

John Lyon MULCAHY

aged 60, has been Group Treasurer of the Company since 3 June 2015 and was previously the Group Treasurer since January 2015 of HWL, which was privatised by way of a scheme of arrangement on 3 June 2015 and is currently a wholly owned subsidiary of the Company. He has been with the HWL Group since 2000 as Deputy Group Treasurer and has over 36 years of experience in banking and finance. He holds a Bachelor of Science degree in International Politics and a Master's degree in Business Administration.

Edith SHIH

aged 64, has been Head Group General Counsel and Company Secretary of the Company since 3 June 2015 and was previously the Head Group General Counsel since 1993 and Company Secretary since 1997 of HWL, which was privatised by way of a scheme of arrangement on 3 June 2015 and is currently a wholly owned subsidiary of the Company. She is also a Non-executive Director of Hutchison China MediTech Limited, and Director and Company Secretary of various CKHH Group subsidiaries and associated companies. Ms Shih acts as Director of the aforementioned companies of the CKHH Group for the purpose of overseeing the management of such businesses. She has been with the CKHH Group for over 27 years and has over 33 years of experience in the legal, regulatory, compliance and corporate secretarial fields. She holds a Bachelor of Science degree in Education, a Master of Arts degree in Education, a Master of Arts degree in Teaching of English and a Master of Education degree in Applied Linguistics. She is a qualified solicitor in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

Report of the Directors

The Directors have pleasure in submitting to shareholders their report and the audited financial statements for the year ended 31 December 2015.

Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and joint ventures are shown on pages 276 to 279.

Business Review

A fair review of the business of the Group as required pursuant to Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), comprising analysis of the Group performance during the year, description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2015 as well as indication of likely future development in the business of the Group are set out in the sections "Chairman's Statement", "Operations Review", "Analyses of Core Business Segments by Geographical Location", "Analyses by Core Business Segments", "Key Financial Information", "Key Business Indicators" and "Business Highlights" on pages 4 to 79, "Risk Factors" on pages 86 to 90 and note 45 to the financial statements on page 272 contained in this annual report. Discussions on the environmental policies and performance, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with its stakeholders are contained in the "Environmental, Social and Governance Report" on pages 91 to 102 of this annual report.

Group Profit

The Consolidated Income Statement is set out on page 170 and shows the Group profit for the year ended 31 December 2015.

Dividends

An interim dividend of HK\$0.7 per share was paid to shareholders on 6 October 2015.

The Directors recommend the declaration of a final dividend of HK\$1.85 per share payable on Wednesday, 1 June 2016 to all persons registered as holders of shares on the register of members of the Company on Thursday, 19 May 2016, being the record date for determining the entitlement of shareholders to the proposed final dividend.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in note 48 to the financial statements on pages 274 to 275 and the Consolidated Statement of Changes in Equity on pages 174 to 176 respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK\$43,000,000 (2014 – approximately HK\$29,000,000). In addition, donations amounted to approximately HK\$21,000,000 were made by Hutchison Whampoa Limited ("HWL") and its subsidiaries (the "HWL Group") during the first five months of 2015 prior to the HWL Group being part of the Group.

Fixed Assets

Particulars of the movements of fixed assets are set out in note 15 to the financial statements.

Report of the Directors

Shares / Debentures Issued

On 18 March 2015, being the effective date of the scheme of arrangement pursuant to Division 2 of Part 13 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) between Cheung Kong (Holdings) Limited ("Cheung Kong") and its shareholders, 2,316,164,337 ordinary shares of the Company were issued to the shareholders of Cheung Kong on the basis of one ordinary share of the Company for every one ordinary share of Cheung Kong.

On 3 June 2015, 84,427,246 ordinary shares of the Company, credited as fully paid, were issued at an issue price of HK\$129.06 per share to a company indirectly controlled by a controlling shareholder of the Company (the "Husky Sale Shares Vendor") in consideration for the sale by the Husky Sale Shares Vendor of 61,357,010 common shares of Husky Energy Inc. ("Husky Energy", a company incorporated in Alberta, Canada with limited liability, the shares of which are listed on the Toronto Stock Exchange) to an indirect wholly owned subsidiary of HWL (the "Husky Sale Shares Purchaser") at a share exchange ratio of 1.376 shares of the Company for every one share in Husky Energy acquired.

On the same date, 1,459,086,916 ordinary shares of the Company were issued to the scheme shareholders of HWL under a scheme of arrangement pursuant to Division 2 of Part 13 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) between HWL and holders of scheme shares at the exchange ratio of 0.684 of the shares of the Company for every one share in HWL.

Details of the shares movement issued during the year are also set out in note 35 to the financial statements.

Directors

As at 31 December 2015 and up to the date of this report, the board of Directors of the Company (the "Board") comprised Mr Li Ka-shing, Mr Li Tzar Kuoi, Victor, Mr Fok Kin Ning, Canning, Mrs Chow Woo Mo Fong, Susan, Mr Frank John Sixt, Mr Ip Tak Chuen, Edmond, Mr Kam Hing Lam, Mr Lai Kai Ming, Dominic, Mr Chow Kun Chee, Roland, Mr Lee Yeh Kwong, Charles, Mr Leung Siu Hon, Mr George Colin Magnus, Mr Kwok Tun-li, Stanley, Mr Cheng Hoi Chuen, Vincent, The Hon Sir Michael David Kadoorie, Ms Lee Wai Mun, Rose, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr William Shurniak, Mr Wong Chung Hin and Dr Wong Yick-ming, Rosanna.

During the year, the following changes to the Board composition were effected:

- (i) On 9 January 2015,
 - (a) Mr Li Ka-shing was appointed as Chairman and Executive Director;
 - (b) Mr Li Tzar Kuoi, Victor was designated as Executive Director, Managing Director and Deputy Chairman; and Mr Ip Tak Chuen, Edmond was designated as Executive Director and Deputy Managing Director;
 - (c) Mr Kam Hing Lam was appointed as Executive Director and Deputy Managing Director;
 - (d) Mr Chung Sun Keung, Davy, Ms Pau Yee Wan, Ezra, Ms Woo Chia Ching, Grace and Mr Chiu Kwok Hung, Justin were appointed as Executive Directors;
 - (e) Mr Fok Kin Ning, Canning, Mr Frank John Sixt, Mr Chow Kun Chee, Roland, Mr Lee Yeh Kwong, Charles, Mr Leung Siu Hon and Mr George Colin Magnus were appointed as Non-executive Directors;
 - (f) Mr Kwok Tun-li, Stanley, Mr Yeh Yuan Chang, Anthony, Mr Chow Nin Mow, Albert, Mr Simon Murray, Ms Hung Siu-lin, Katherine, Dr Wong Yick-ming, Rosanna and Mr Cheong Ying Chew, Henry were appointed as Independent Non-executive Directors; and
 - (g) Dr Rosanna Wong was appointed as Alternate Director to Mr Simon Murray.

(II) On 3 June 2015,

- (a) Mr Li Tzar Kuoi, Victor was re-designated from Executive Director, Managing Director and Deputy Chairman to Executive Director, Group Co-Managing Director and Deputy Chairman; Mr Fok Kin Ning, Canning was re-designated from Non-executive Director to Executive Director and Group Co-Managing Director; and Mr Frank John Sixt was re-designated from Non-executive Director to Executive Director, Group Finance Director and Deputy Managing Director;
- (b) Mr Chung Sun Keung, Davy, Ms Pau Yee Wan, Ezra, Ms Woo Chia Ching, Grace and Mr Chiu Kwok Hung, Justin resigned as Executive Directors; and Mr Yeh Yuan Chang, Anthony, Mr Chow Nin Mow, Albert, Mr Simon Murray, Ms Hung Siu-lin, Katherine and Mr Cheong Ying Chew, Henry resigned as Independent Non-executive Directors;
- (c) Dr Wong Yick-ming, Rosanna ceased to be Alternate Director to Mr Simon Murray;
- (d) Mrs Chow Woo Mo Fong, Susan was appointed as Executive Director and Group Deputy Managing Director; and Mr Lai Kai Ming, Dominic was appointed as Executive Director and Deputy Managing Director; and
- (e) Mr Cheng Hoi Chuen, Vincent, The Hon Sir Michael David Kadoorie, Ms Lee Wai Mun, Rose, Mr William Shurniak and Mr Wong Chung Hin were appointed as Independent Non-executive Directors and Mr William Elkin Mocatta was appointed as Alternate Director to The Hon Sir Michael David Kadoorie.

The Directors who resigned as mentioned above have no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

The Board would like to record its appreciation for the services of Messrs Chung Sun Keung, Davy, Pau Yee Wan, Ezra, Woo Chia Ching, Grace, Chiu Kwok Hung, Justin, Yeh Yuan Chang, Anthony, Chow Nin Mow, Albert, Simon Murray, Hung Siu-lin, Katherine and Cheong Ying Chew, Henry to the Group and is pleased to welcome Messrs Chow Woo Mo Fong, Susan, Lai Kai Ming, Dominic, Cheng Hoi Chuen, Vincent, The Hon Sir Michael David Kadoorie, Lee Wai Mun, Rose, William Shurniak and Wong Chung Hin to the Board.

Messrs Li Tzar Kuoi, Victor, Fok Kin Ning, Canning, Frank John Sixt, Lee Yeh Kwong, Charles, George Colin Magnus, The Hon Sir Michael David Kadoorie and Dr Wong Yick-ming, Rosanna will retire by rotation under the provision of Article 111 of the Articles of Association of the Company at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the annual general meeting.

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

The Directors' biographical details are set out on pages 103 to 108.

Directors' Material Interests in Transactions, Arrangements or Contracts

A letter of undertaking dated 9 January 2015 was given by the Company to the Husky Sale Shares Purchaser that on completion of the acquisition by the Husky Sale Shares Purchaser of 61,357,010 common shares in Husky Energy from the Husky Sale Shares Vendor (a company indirectly wholly owned by the trust of which Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, both Directors of the Company, are settlor and discretionary beneficiary respectively) pursuant to an agreement dated 9 January 2015 between the Husky Sale Shares Purchaser and the Husky Sale Shares Vendor, the Company would allot and issue 84,427,246 shares of the Company to the Husky Sale Shares Vendor as a consideration (the "Husky Share Exchange"). Two guarantee agreements dated 9 January 2015 were also entered into between HWL and the Husky Sale Shares Vendor and between the trustees of the trust and Husky Sale Shares Purchaser respectively in connection with the Husky Share Exchange.

Save for the above transaction, no transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a subsidiary was a party in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Report of the Directors

Connected Transactions

During the year ended 31 December 2015 and up to the date of this report, the Group conducted the following transactions which constituted and/or would constitute connected transactions for the Company or Cheung Kong under the Listing Rules:

(1) The Husky Share Exchange and the Hutchison Proposal

On 9 January 2015, Cheung Kong (whose listing status on The Stock Exchange of Hong Kong Limited (the “SEHK”) was replaced by the Company on 18 March 2015 and is currently a wholly owned subsidiary of the Company) and HWL (which was privatised by way of a scheme of arrangement on 3 June 2015 and is currently a wholly owned subsidiary of the Company) jointly announced the following proposals related to the reorganisation and combination of the businesses of Cheung Kong and its subsidiaries (the “Cheung Kong Group”) and the HWL Group to create two new leading Hong Kong listed companies such that the Company will take over all the non-property businesses of both groups, and Cheung Kong Property Holdings Limited (“Cheung Kong Property”) will combine the property businesses of both groups:

- (a) the Cheung Kong Reorganisation Proposal;
- (b) the merger proposal whereby it is proposed that, after completion of the Cheung Kong Reorganisation Proposal, the Husky Share Exchange and the Hutchison Proposal will be implemented subject to the fulfilment (or, where relevant, waiver) of their respective conditions precedent; and
- (c) the Spin-off Proposal.

The Husky Share Exchange

Pursuant to the agreement dated 9 January 2015, the Husky Sale Shares Purchaser agreed to acquire from the Husky Sale Shares Vendor 61,357,010 common shares (“Husky Shares”, representing approximately 6.24% of common shares then issue) of Husky Energy, in exchange for the issue of 84,427,246 new shares of the Company credited as fully paid, representing a share exchange ratio of 1.376 new shares of the Company for every one Husky Share acquired.

The Husky Share Exchange was completed in the early morning on 3 June 2015 immediately prior to completion of the Hutchison Proposal.

The Trust, directly and indirectly through companies controlled by it, held approximately 40.43% of the issued shares of the Company upon completion of the Cheung Kong Reorganisation Proposal whereupon the relevant entities under the Trust and the Husky Sale Shares Vendor are connected persons of the Company. Accordingly, the issue of the shares of the Company to the Husky Sale Shares Vendor under the Husky Share Exchange constituted a connected transaction for the Company under the Listing Rules.

The Hutchison Proposal

As part of the Hutchison Proposal, the issue of the shares of the Company to the following connected persons of the Company who held or were interested in certain Hutchison Scheme Shares pursuant to the Hutchison Scheme constituted a connected transaction of the Company under the Listing Rules.

Names	Relationship with the Company as at the Hutchison Scheme record date on 2 June 2015	Number of Hutchison Scheme Shares in which the connected person was interested as at the Hutchison Scheme record date on 2 June 2015
The Trust	The relevant trustee (as trustee of the Trust) hold approximately 40.43% of the issued shares of the Company	11,496,000
Mr Li Ka-shing	Chairman and Executive Director	94,534,000
Mr Li Tzar Kuoi, Victor	Managing Director, Deputy Chairman and Executive Director	1,386,770
Mr Kam Hing Lam	Deputy Managing Director and Executive Director	100,000
Mr Leung Siu Hon	Non-executive Director	55,600
Mr Fok Kin Ning, Canning	Non-executive Director	6,010,875
Mr Frank John Sixt	Non-executive Director	200,000
Mr Chow Kun Chee, Roland	Non-executive Director	49,931
Mr George Colin Magnus	Non-executive Director	1,000,000
Mr Lee Yeh Kwong, Charles	Non-executive Director	1,135,358
Mr Yeh Yuan Chang, Anthony	Independent Non-executive Director	130,000
Mr Chow Nin Mow, Albert	Independent Non-executive Director	97
Ms Hung Siu-lin, Katherine	Independent Non-executive Director	34,000
Mr Li Tzar Kai, Richard	Son of Mr Li Ka-shing and brother of Mr Li Tzar Kuoi, Victor	110,000
	Total:	<u>116,242,631</u>

To the best of the knowledge, information and belief of the Directors, save for the above connected persons of the Company, the Hutchison Scheme Shareholders are third parties independent of the Company and its connected persons.

So far as the Directors are able to ascertain after making reasonable enquiries, the total original purchase cost of the above Hutchison Scheme Shares in which the above connected persons are interested was approximately HK\$6,900 million.

"Cheung Kong Reorganisation Proposal" means the proposal whereby the holding company of the Cheung Kong Group would be changed from Cheung Kong to the Company by way of a scheme of arrangement pursuant to Division 2 of Part 13 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

"DT1" means The Li Ka-Shing Unity Discretionary Trust, of which Mr Li Ka-shing is the settlor and, among others, Mr Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is Li Ka-Shing Unity Trustee Corporation Limited.

Report of the Directors

"DT2" means a discretionary trust of which Mr Li Ka-shing is the settlor and, among others, Mr Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is Li Ka-Shing Unity Trustcorp Limited.

"DT3" means a discretionary trust of which Mr Li Ka-shing is the settlor and, among others, Mr Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is Li Ka-Shing Castle Trustee Corporation Limited.

"DT4" means a discretionary trust of which Mr Li Ka-shing is the settlor and, among others, Mr Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is Li Ka-Shing Castle Trustcorp Limited.

"Husky Sale Shares Purchaser" means Hutchison Whampoa Europe Investments S.à r.l., an indirect wholly owned subsidiary of HWL.

"Husky Sale Shares Vendor" means L.F. Investments S.à r.l., an indirect wholly owned subsidiary of the Trust.

"Hutchison Proposal" means a conditional share exchange offer proposed by CK Global Investments Limited (now known as CK Hutchison Global Investments Limited, a wholly owned subsidiary of the Company) to the shareholders of HWL, other than those held by the Cheung Kong Group at the relevant record time (the "Hutchison Scheme Shareholders"), for the cancellation of all the shares of HWL other than those held by the wholly owned subsidiaries of Cheung Kong (the "Hutchison Scheme Shares"), in exchange for the newly issued shares of the Company by way of a scheme of arrangement, in the exchange ratio of one Hutchison Scheme Share for 0.684 share of the Company.

"Hutchison Scheme" means the proposed scheme of arrangement pursuant to Division 2 of Part 13 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the implementation of the Hutchison Proposal.

"Spin-off Proposal" means the proposed spin-off and distribution of the group property businesses of the Cheung Kong Group and the HWL Group, to the shareholders of the Company by way of the distribution in specie, and separate listing of the shares of Cheung Kong Property on the Main Board of the SEHK by way of introduction.

"Trust" means DT1, DT2, DT3, DT4, The Li Ka-Shing Unity Trust and The Li Ka-Shing Castle Trust, and where the context requires, any of them.

(2) Acquisition of Aircraft

The wholly owned subsidiaries of Cheung Kong entered into sale and purchase agreements with, among others, (a) GE Capital Aviation Services Limited to purchase a total of 21 aircraft for a total consideration of approximately US\$816,000,000 on 25 August 2014, (b) BOC Aviation Pte. Ltd. to purchase up to 10 aircraft for a total base purchase price of US\$492,000,000 on 4 November 2014, and (c) Jackson Square Aviation, LLC to purchase up to 14 aircraft for a consideration of US\$584,200,000 on 4 November 2014.

Further, on 4 November 2014, Harrier Global Limited ("Harrier Global", an indirect wholly owned subsidiary of Cheung Kong) entered into a subscription agreement (the "Subscription Agreement") pursuant to which Harrier Global and MC Aviation Partners Inc. ("MCAP") agreed, on a 60:40 basis, to subscribe for the equity interest in JV Aviation (HK) Limited (the "JV Company", now known as Vermillion Aviation Holdings Limited) which will indirectly hold a portfolio of up to 15 aircraft at a consideration payable by the Cheung Kong Group of up to US\$132,000,000. The aggregate base purchase price of the 15 aircraft is expected to be approximately US\$733,500,000.

On 27 January 2015, Cheung Kong, Harrier Global, MCAP, the JV Company, Li Ka Shing (Overseas) Foundation ("LKSOF") and Vermilion Global Limited ("VGL", a wholly owned subsidiary of LKSOF) entered into a deed of amendment (the "Deed of Amendment") to amend the Subscription Agreement by the adoption of an amended subscription agreement (the "Amended Agreement"). Under the Amended Agreement, (i) the parties agreed to vary the shareholding structure of the JV Company, by including VGL as a shareholder, and (ii) Harrier Global, MCAP and VGL agreed to subscribe for 50%, 40% and 10% of the equity interest of the JV Company, respectively, for an aggregate maximum consideration of approximately US\$110 million, US\$88 million and US\$22 million, respectively.

Given that LKSOF may be regarded as an associate of each of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor, Directors of Cheung Kong, LKSOF is thus a connected person of Cheung Kong. Therefore, the entering into by Cheung Kong and/or Harrier Global of the transactions contemplated under the Deed of Amendment, the Amended Agreement and the shareholders agreement between Harrier Global, MCAP, VGL and the JV Company, constituted a connected transaction for Cheung Kong under the Listing Rules.

Continuing Connected Transactions

On 5 May 2015, the Company entered into an agreement (the "Master Leasing Agreement") with Cheung Kong Property in respect of the leasing and licensing by members of the Cheung Kong Property group to members of the Group of premises (including office space, car parks and building areas but excluding hotel premises) owned by the Cheung Kong Property group (the "Leasing Transactions") for the period from 3 June 2015 to 31 December 2017.

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

Whilst Cheung Kong Property does not fall within the scope of connected persons of the Company under the relevant provisions of the Listing Rules, Cheung Kong Property has been deemed by the SEHK to be a connected person of the Company under the Listing Rules following completion of the Spin-off Proposal. Accordingly, the Leasing Transactions would constitute continuing connected transactions of the Company under the Listing Rules (the "Continuing Connected Transactions").

The Company announced on 4 June 2015 that the maximum aggregate annual amount payable by the Group in respect of the Leasing Transactions for the year ended 31 December 2015, and for the two years ending 31 December 2016 and 31 December 2017 determined pursuant to Rule 14A.53 of the Listing Rules was not to exceed HK\$683 million, HK\$763 million and HK\$856 million respectively.

The aggregate amount paid by the Group in respect of the Leasing Transactions for the year ended 31 December 2015 which is subject to the annual review requirements under the Listing Rules are approximately HK\$370 million.

All the Independent Non-executive Directors of the Company have reviewed and confirmed that the Continuing Connected Transactions had been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better and (c) according to the respective relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Report of the Directors

Based on the work performed, the auditor of the Company has confirmed in a letter to the Board that nothing has come to its attention which causes it to believe that:

- (i) the Continuing Connected Transactions have not been approved by the Board;
- (ii) the Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iii) the total transaction value of the Continuing Connected Transactions has exceeded the maximum aggregate annual cap amounts in respect of the Continuing Connected Transactions as disclosed in the announcement of the Company dated 4 June 2015.

A summary of all related parties transactions entered into by the Group during the year ended 31 December 2015 is contained in note 43 to the consolidated financial statements. Save the transaction in relation to the acquisition of HWL pursuant to the Hutchison Proposal resulted in the consolidation of a traded debt securities issued by Husky Energy purchased by a subsidiary of HWL as described in note 43 falls under the definition of "connected transaction" under the Listing Rules and was disclosed previously by HWL pursuant to the Listing Rules, all other related parties transactions as described in note 43 do not fall under the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules.

The Company or Cheung Kong (as appropriate) has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2015.

Directors' Service Contract

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

Permitted Indemnity Provisions

The Articles of Association of the Company provides that every Director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, and against any loss in respect of his personal liability for the payment of any sum primarily due from the Company. Directors Liability Insurance is in place to protect the Directors of the Company or its subsidiaries against potential costs and liabilities arising from claims brought against the Directors.

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

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures are set out in the section "Information on Directors" on pages 110 to 116.

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

So far as is known to the Directors and chief executive of the Company, as at 31 December 2015, other than the interests of the Directors and chief executive of the Company as disclosed in the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under "Information on Directors", the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK:

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

Long positions in the shares of the Company

Names	Capacity	Number of shares Held	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee and beneficiary of a trust	1,001,953,744 ⁽¹⁾	25.96%
Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust	Trustee and beneficiary of a trust	1,001,953,744 ⁽¹⁾	25.96%
Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1")	Trustee	1,001,953,744 ⁽¹⁾	25.96%

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

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

Name	Capacity	Number of Shares/ Underlying Shares Held	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Beneficial owner	63,944,107)		
	Investment manager	56,831,708)		
	Trustee	26,651)		
	Custodian corporation/ approved lending agent	173,860,094)		
			294,662,560 ⁽²⁾	7.63%

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

Name	Capacity	Number of Shares/ Underlying Shares Held	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Beneficial owner	48,972,044	48,972,044 ⁽³⁾	1.26%

Report of the Directors

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

Name	Capacity	Number of Shares/ Underlying Shares Held	Total	Approximate % of Shareholding
JPMorgan Chase & Co.	Custodian corporation/ approved lending agent	173,860,094	173,860,094	4.50%

Notes:

- (1) The three references to 1,001,953,744 shares of the Company relate to the same block of shares of the Company. Of these 1,001,953,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 88,575,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TDT1, TDT2 and TUT1 is taken to have a duty of disclosure in relation to the said shares of the Company as described in Note (1)(a) under the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" in "Information on Directors" under the SFO.
- (2) Such long position includes derivative interests in 28,714,402 underlying shares of the Company of which 1,056,456 underlying shares are derived from listed and physically settled derivatives, 146,500 underlying shares are derived from listed and cash settled derivatives, 717,726 underlying shares are derived from unlisted and physically settled derivatives and 26,793,720 underlying shares are derived from unlisted and cash settled derivatives.
- (3) Such short position includes derivative interests in 48,823,044 underlying shares of the Company of which 1,058,336 underlying shares are derived from listed and physically settled derivatives, 1,358,165 underlying shares are derived from listed and cash settled derivatives, 620,823 underlying shares are derived from unlisted and physically settled derivatives and 45,785,720 underlying shares are derived from unlisted and cash settled derivatives.

Save as disclosed above, as at 31 December 2015, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

Equity-Linked Agreements

Save for the letter of undertaking dated 9 January 2015 given by the Company to the Husky Sale Shares Purchaser as set out in the paragraph "Directors' Material Interests in Transactions, Arrangements or Contracts" in this report, no equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the year.

Share Option Schemes

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

(I) Hutchison 3G UK Holdings Limited ("3 UK")

On 20 May 2004, 3 UK, which has been a subsidiary of the Company since 3 June 2015, adopted a share option scheme (the "3 UK Plan") for the grant of options to acquire ordinary shares in the share capital of 3 UK ("3 UK Shares"). The 3 UK Plan is valid and effective during the period commencing on 20 May 2004 and ending on 20 May 2014, being the tenth anniversary of the date on which the 3 UK Plan was adopted. Following 20 May 2014, no further share options can be granted under the 3 UK Plan but the provisions of the 3 UK Plan will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior to the end of the validity period, or otherwise to the extent as may be required in accordance with the provisions of the 3 UK Plan. A summary of the 3 UK Plan is as follows:

- (1) The purpose of the 3 UK Plan is to provide 3 UK with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to 3 UK Eligible Employees (as defined below).
- (2) Share options may be granted to the eligible employees of 3 UK (the "3 UK Eligible Employees"), being:
 - (a) any employee of 3 UK and any other company of which 3 UK has control from time to time (collectively the "3 UK Participating Company"); or
 - (b) any director of any 3 UK Participating Company who is required to devote to his duty substantially the whole of his working hours being not less than 25 hours per week.
- (3) Any grant of share options shall be by the remuneration committee of the board of directors of 3 UK (the "3 UK Remuneration Committee") subject always to any limits and restrictions specified in the rules of the 3 UK Plan as amended from time to time.
- (4) A 3 UK Eligible Employee is not required to pay for the grant of a share option under the 3 UK Plan.
- (5) Unless otherwise determined by the 3 UK Remuneration Committee and stated in the offer of the grant of share options to a 3 UK Eligible Employee, there is no minimum period required under the 3 UK Plan for the holding of a share option before it can be exercised.
- (6) The subscription price will be: (a) in the case of the one-time initial grants of share options recognising the long service and ongoing contribution of the founders and other 3 UK Eligible Employees, who were 3 UK Eligible Employees prior to 31 March 2001 and who at the date on which a share option is granted under the 3 UK Plan (the "3 UK Grant Date") remain so employed, and who the 3 UK Remuneration Committee determines should receive such an initial grant, the price as determined by the 3 UK Remuneration Committee (not being less than £1.00 per share); and (b) in any other case the market value of the 3 UK Shares at the 3 UK Grant Date as determined by the 3 UK Remuneration Committee but in any event not being less than the nominal value (if any) of such 3 UK Share at the 3 UK Grant Date.

Report of the Directors

- (7) In respect of any share option granted either: (i) after the Company has resolved to seek a separate listing of 3 UK and up to the date of the listing; or (ii) during the period commencing six months before the lodgement of Form A1 to the SEHK in relation to a listing on the Main Board of the SEHK (or an equivalent application in the case of a listing on the Growth Enterprise Market of the SEHK, London Stock Exchange plc or an overseas exchange) up to the date of listing, and where the subscription price notified to a share option holder is less than the issue price of the 3 UK Shares on listing, the subscription price shall be adjusted to the issue price of the 3 UK Shares on listing and no share option (to which the rules of the 3 UK Plan applies) shall be exercised at a subscription price below such issue price.
- (8) Subject always to paragraph (9) below, no share option shall be granted under the 3 UK Plan which would, at the 3 UK Grant Date, cause the number of 3 UK Shares which shall have been or may be issued under the 3 UK Plan and under any share option scheme of 3 UK (the "3 UK Option Plan Shares") to exceed 5% of the number of 3 UK Shares in the capital of 3 UK in issue as at 20 May 2004, being the date of passing of the relevant resolution approving the 3 UK Plan, unless approved by the shareholders of both 3 UK and the Company in general meetings in accordance with the requirements of the Listing Rules (as at the date of this report, the total number of 3 UK Shares available for issue under the 3 UK Plan (including the share options granted but yet to be exercised) is 162,750, which represented 0.004% of the total number of 3 UK Shares in issue as at that date).
- (9) No share option shall be granted under the 3 UK Plan which would, at the 3 UK Grant Date, cause the number of 3 UK Option Plan Shares to exceed 4% of the number of 3 UK Shares in issue at the date of approval of the 3 UK Plan without the prior written consent of the Board.
- (10) The total number of 3 UK Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 3 UK Plan and under any other share option scheme of 3 UK must not exceed 30% of the 3 UK Shares in issue from time to time.
- (11) The total number of 3 UK Shares issued and to be issued upon the exercise of the share options granted to each 3 UK Eligible Employee (including exercised, cancelled and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of 3 UK, unless approved by the shareholders of 3 UK and the Company in general meetings (with such 3 UK Eligible Employee and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

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

Particulars of share options outstanding under the 3 UK Plan at the beginning and at the end of the financial year ended 31 December 2015 and share options granted, exercised, cancelled or lapsed under the 3 UK Plan during the year were as follows:

Category of participant	Effective date of grant or date of share options ⁽¹⁾	Number of share options held as at 1 January 2015	Granted during 2015	Exercised during 2015	Lapsed/ cancelled during 2015	Number of share options held as at 31 December 2015	Exercise period of share options	Exercise price of share options £	Price of 3 UK Share on grant date of share options ⁽³⁾ £	Price of 3 UK Share on exercise date of share options £
Employees in aggregate	27.1.2005	90,000	–	–	(90,000)	–	From Listing ⁽²⁾ to 26.1.2015	1.35	1.00	N/A
	11.7.2005	130,000	–	–	(130,000)	–	From Listing to 10.7.2015	1.35	1.00	N/A
	7.9.2007	222,750	–	–	(60,000)	162,750	From Listing to 6.9.2017	1.35	1.00	N/A
Total:		442,750	–	–	(280,000)	162,750				

Notes:

- (1) The share options granted to certain founders of 3 UK shall vest as to 50% on the date of (and immediately following) a Listing, as to a further 25% on the date one calendar year after a Listing and as to the final 25% on the date two calendar years after a Listing. The share options granted to non-founders of 3 UK shall vest as to one-third on the date of (and immediately following) a Listing, as to a further one-third on the date one calendar year after a Listing and as to the final one-third on the date two calendar years after a Listing.
- (2) Listing refers to an application to be made to the Financial Services Authority for admission to the official list of the ordinary share capital of 3 UK or to have the 3 UK Shares admitted to trading on AIM, a market regulated by the London Stock Exchange, or in the United Kingdom or elsewhere.
- (3) Nominal value of 3 UK Shares on date of grant set out for reference only.

As at the date of this report, 3 UK had 162,750 share options outstanding under the 3 UK Plan, which represented approximately 0.004% of the 3 UK Shares in issue as at that date.

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

On 18 May 2006, Chi-Med, which has been a subsidiary of the Company since 3 June 2015, adopted a share option scheme (the "Chi-Med Plan") for the grant of options to acquire ordinary shares in the share capital of Chi-Med (the "Chi-Med Shares"). The Chi-Med Plan is valid and effective during the period commencing on 18 May 2006 and ending on 17 May 2016, being the date falling 10 years from the date on which the Chi-Med Plan was adopted. The Chi-Med Plan has a remaining term of approximately two months as at the date of this report. A summary of the Chi-Med Plan is as follows:

- (1) The purpose of the Chi-Med Plan is to provide Chi-Med with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Chi-Med Eligible Persons (as defined below).
- (2) Share options may be granted to a "Chi-Med Eligible Person", being any person who is (or will be on and following the date of offer of the relevant option) a director (other than an independent non-executive director) or an employee of Chi-Med, its listed parent company (which is currently the Company) and any of its subsidiaries, and any holding company, subsidiaries or affiliates of Chi-Med or other companies which the board of directors of Chi-Med (the "Chi-Med Board") determines will be subject to the Chi-Med Plan, who is notified by the Chi-Med Board that he or she is an eligible person. Actual participation is at the discretion of the Chi-Med Board.
- (3) Share option holders are not required to pay for the grant of any share option.
- (4) Unless otherwise determined by the Chi-Med Board and stated in the offer of the grant of share options to a Chi-Med Eligible Person, there is no minimum period required under the Chi-Med Plan for the holding of a share option before it can be exercised.
- (5) Subject to any adjustment according to the rules of the Chi-Med Plan, the subscription price shall be:
 - (a) in the case of the one-time initial grants of share options by Chi-Med under the Chi-Med Plan to founders and non-founders prior to the Chi-Med Listing (as defined below), the price determined by the Chi-Med Board and notified to the relevant share option holder; and
 - (b) in respect of any other share option, the Market Value (as defined below) of the Chi-Med Shares as at the offer date,

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

- (6) The maximum number of Chi-Med Shares which may be allotted and issued pursuant to the Chi-Med Plan is subject to the following:
- (a) the total number of Chi-Med Shares which may be issued upon the exercise of all options to be granted under all share option schemes of Chi-Med must not in aggregate exceed 5% of the Chi-Med Shares in issue on the date on which the Chi-Med Shares are listed to trading on a recognised stock exchange (including the AIM) (the "Chi-Med Listing");
 - (b) the Chi-Med Board may refresh and recalculate the limit in paragraph (6)(a) above by reference to the issued share capital of Chi-Med then prevailing with the approval of the shareholders of its listed parent company (which is currently the Company) if required under the Listing Rules in a general meeting, provided that the total number of Chi-Med Shares issued and issuable pursuant to the exercise of share options under all share option schemes of Chi-Med may not exceed 10% of the issued ordinary share capital on the date of the approval of the refreshed limit. Share options previously granted under the Chi-Med Plan and any other employee share schemes of Chi-Med (including those outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the limit as refreshed. As at the date of this report, the total number of Chi-Med Shares available for issue under the Chi-Med Plan (including the share options granted but yet to be exercised) is 454,013, which represented approximately 0.75% of the total number of Chi-Med Shares in issue as at that date;
 - (c) share options may be granted to any Chi-Med Eligible Person(s) specifically identified by the Chi-Med Board in excess of the limit, including the refreshed limit, under paragraphs (6)(a) and (6)(b) above, with the approval of the shareholders of Chi-Med in a general meeting and by the shareholders of the listed parent company, if required under the Listing Rules and subject to paragraphs (6)(d) and (6)(e) below, and restrictions on grant to key individuals under the Chi-Med Plan;
 - (d)
 - (i) no Chi-Med Eligible Person may be granted a share option if, as a result, the total number of Chi-Med Shares over which that Chi-Med Eligible Person holds share options granted in the previous 12 months, when added to the number of Chi-Med Shares, the subject of the proposed grant, would exceed 1% of the issued ordinary share capital of Chi-Med on that date; and
 - (ii) notwithstanding paragraph (6)(d)(i) above, share options may be granted to any Chi-Med Eligible Person(s) which would cause the limit under paragraph (6)(d)(i) above to be exceeded, but only with the approval of the shareholders of the listed parent in a general meeting (with such Chi-Med Eligible Person and his/her associates abstaining from voting) and subject to paragraph (6)(e) below; and
 - (e) the total number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Chi-Med Plan and under any other share option scheme of Chi-Med must not exceed 10% of the Chi-Med Shares in issue from time to time.

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

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Particulars of share options outstanding under the Chi-Med Plan at the beginning and at the end of the financial year ended 31 December 2015 and share options granted, exercised, cancelled or lapsed under the Chi-Med Plan during the year were as follows:

Name or category of participant	Effective date of grant or date of share options	Number of share options held as at 1 January 2015	Granted during 2015	Exercised during 2015	Lapsed/ cancelled during 2015	Number of share options held as at 31 December 2015	Exercise period of share options	Exercise price of share options £	Price of Chi-Med Share on grant date of share options £	Price of Chi-Med Share on exercise date of share options £
Director										
Cheng Chig Fung, Johnny	25.8.2008 ⁽¹⁾	64,038	–	(64,038)	–	–	25.8.2008 to 24.8.2018	1.26	1.26 ⁽⁴⁾	13.25 ⁽⁵⁾
Other employees in aggregate	11.9.2006 ⁽²⁾	26,808	–	–	–	26,808	11.9.2006 to 18.5.2016	1.715	1.715 ⁽⁴⁾	N/A
	18.5.2007 ⁽³⁾	40,857	–	(3,000)	–	37,857	18.5.2007 to 17.5.2017	1.535	1.535 ⁽⁴⁾	17.75 ⁽⁵⁾
	1.12.2010 ⁽¹⁾	100,000	–	(100,000)	–	–	1.12.2010 to 30.11.2020	4.967	4.85 ⁽⁴⁾	17.75 ⁽⁵⁾
	24.6.2011 ⁽¹⁾	150,000	–	(75,000)	–	75,000	24.6.2011 to 23.6.2021	4.405	4.4 ⁽⁴⁾	18.02 ⁽⁵⁾
	20.12.2013 ⁽¹⁾	302,700	–	–	–	302,700	20.12.2013 to 19.12.2023	6.1	6.1 ⁽⁴⁾	N/A
Total:		684,403	–	(242,038)	–	442,365				

Notes:

- (1) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.
- (2) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of 19 May 2007, 19 May 2008 and 19 May 2009.
- (3) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (4) The stated price was the closing price of the Chi-Med Shares quoted on AIM on the trading day immediately prior to the date of grant of share options.
- (5) The stated price was the weighted average closing price of the Chi-Med Shares quoted on AIM on the trading day immediately prior to the date on which the share options were exercised.

As at the date of this report, Chi-Med had 442,365 share options outstanding under the Chi-Med Plan, which represented approximately 0.73% of the Chi-Med Shares in issue as at that date.

No share option was granted under the Chi-Med Plan during the year ended 31 December 2015.

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

On 1 June 2007, HTAL, which has been a subsidiary of the Company since 3 June 2015, adopted a share option plan (the "HTAL Plan") for the grant of options to acquire ordinary shares in the share capital of HTAL (the "HTAL Shares"). The HTAL Plan is valid and effective during the period commencing on 1 June 2007 and ending on 31 May 2017, being the date falling 10 years from the date on which the HTAL Plan was adopted. The HTAL Plan has a remaining term of approximately one year as at the date of this report. A summary of the HTAL Plan is as follows:

- (1) The purpose of the HTAL Plan is to provide HTAL with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to HTAL Eligible Persons (as defined below).
- (2) Share options may be granted to any person who is a full time or part time employee (including a director employed in an executive capacity) or a non-executive director (including any independent non-executive director) of HTAL and any of its related body corporate (within the meaning given by section 50 of the Corporations Act 2001 (Cth) of the Commonwealth of Australia (the "Corporations Act")) (the "HTAL Eligible Person") and is declared by the board of directors of HTAL (the "HTAL Board") to be an eligible person for the purposes of the HTAL Plan. The HTAL Board may, at its discretion, grant a right to a HTAL Eligible Person to acquire (in the case of a share option that has an exercise price, by subscription or purchase) HTAL Shares (the "Right").
- (3) No payment is required for the grant of a Right unless the HTAL Board determines otherwise.
- (4) Unless otherwise determined by the HTAL Board and stated in the offer of the grant of share options to a HTAL Eligible Person, there is no minimum period required under the HTAL Plan for the holding of a share option before it can be exercised.
- (5) The exercise price (if any) for a Right, subject to any adjustment according to the rules of the HTAL Plan, will be determined by the HTAL Board or by the application of a method of calculating the exercise price that is prescribed by the HTAL Board provided that it shall not be less than the higher of:
 - (a) the closing price of the HTAL Shares as quoted by the Australian Securities Exchange ("ASX") on the grant date; and
 - (b) the average closing price of the HTAL Shares as quoted by the ASX for the five business days immediately preceding the grant date.

A HTAL Share does not have any nominal value.

Report of the Directors

- (6) The maximum number of HTAL Shares which may be allotted and issued pursuant to the HTAL Plan is as follows:
- (a) the maximum number of HTAL Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the HTAL Plan and any other share option scheme of HTAL or any of its subsidiaries ("Other HTAL Plan") must not in aggregate exceed 30% of the HTAL Shares in issue from time to time;
 - (b) the total number of HTAL Shares which may be allotted and issued upon the exercise of all Rights and share options (excluding, for this purpose, Rights and share options which have lapsed in accordance with the terms of the HTAL Plan and Other HTAL Plan) to be granted under the HTAL Plan and Other HTAL Plan must not in aggregate exceed 10% of the HTAL Shares in issue as at 1 June 2007 (the "Adoption Date"), being the date of passing the relevant resolution adopting the HTAL Plan (the "HTAL General Scheme Limit") provided that:
 - (i) subject to paragraph (6)(a) above and without prejudice to paragraph (6)(b)(ii) below, the HTAL Board may, with the approval of the shareholders of the Company in a general meeting if required to do so and in compliance with other applicable requirements under the Listing Rules, refresh the HTAL General Scheme Limit provided that the total number of HTAL Shares which may be allotted and issued upon the exercise of all Rights and share options under the HTAL Plan and Other HTAL Plan must not exceed 10% of the HTAL Shares in issue at the date on which shareholders of the Company approve such refreshed limit (where applicable) and for the purpose of calculating the limit, the Rights and share options (including those outstanding, cancelled, lapsed or exercised in accordance with the HTAL Plan and Other HTAL Plan) previously granted under the HTAL Plan and Other HTAL Plan will not be counted; and
 - (ii) subject to paragraph (6)(a) and without prejudice to paragraph (6)(b)(i) above, the HTAL Board may, with the approval of the Company's shareholders in a general meeting if required to do so and in compliance with the other applicable requirements under the Listing Rules, grant Rights beyond the HTAL General Scheme Limit or, if applicable, the extended limit referred to in paragraph (6)(b)(i) to the participants specifically identified by the HTAL Board before such approval is sought;
 - (c) the limits prescribed in this paragraph are subject to any issue limitation prescribed in the Australian Securities & Investments Commission Class Order 03/184 (or any such replacement or amendment). As at the Adoption Date, the Class Order prescribes a limit of that number of HTAL Shares to be issued on exercise of a Right when aggregated with:
 - (i) the number of HTAL Shares which would be issued were each outstanding Right to be exercised; and
 - (ii) the number of HTAL Shares issued during the previous five years pursuant to the HTAL Plan or any other employee share plan,

(but disregarding any Rights acquired or HTAL Shares issued by way of, or as a result of, an offer to a person situated at the time of receipt of the offer outside Australia, or an offer that was an excluded offer or invitation within the meaning of the Corporations Act, or an offer that did not require disclosure to investors or the giving of a product disclosure statement because of section 1012D of the Corporations Act, or an offer made under a disclosure document or product disclosure statement) shall not exceed 5% of the total number of HTAL Shares at the time of the grant date of such Right; and
 - (d) the total number of HTAL Shares issued and to be issued upon the exercise of the share options granted to each participant in the HTAL Plan or Other HTAL Plan (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of HTAL, unless approved by the shareholders of the Company in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

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

As at the date of this report, the total number of HTAL Shares available for issue under the HTAL Plan is 35,431,271 shares which represented approximately 0.26% of the HTAL Shares in issue as at that date.

There were no share options outstanding under the HTAL Plan during the financial year ended 31 December 2015 nor any share option was granted, exercised, cancelled or lapsed under the HTAL Plan during the year.

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

On 6 April 2009, HTHKH, which has been a subsidiary of the Company since 3 June 2015, conditionally adopted a share option scheme (the "HTHKH Plan") for the grant of options to acquire ordinary shares in the share capital of HTHKH (the "HTHKH Shares"). The HTHKH Plan is valid and effective during the period commencing on 21 May 2009 and ending on 20 May 2019, being the date falling 10 years from the date on which the HTHKH Plan became unconditional. The HTHKH Plan has a remaining term of approximately three years as at the date of this report. A summary of the HTHKH Plan is as follows:

- (1) The purpose of the HTHKH Plan is to enable HTHKH and its subsidiaries (the "HTHKH Group") to grant share options to selected participants as incentives or rewards for their contribution to the HTHKH Group, to continue and/or render improved service with the HTHKH Group and/or to establish a stronger business relationship between the HTHKH Group and such participants.
- (2) The directors of HTHKH (the "HTHKH Directors") (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for HTHKH Shares:
 - (a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any executive director but excluding any non-executive director) of HTHKH, any of its subsidiaries or any entity in which any member of the HTHKH Group holds any equity interest (the "HTHKH Invested Entity");
 - (b) any non-executive directors (including independent non-executive directors) of HTHKH, any of its subsidiaries or any HTHKH Invested Entity;
 - (c) any supplier of goods or services to any member of the HTHKH Group or any HTHKH Invested Entity;
 - (d) any customer of any member of the HTHKH Group or any HTHKH Invested Entity;
 - (e) any person or entity that provides research, development or other technological support to any member of the HTHKH Group or any HTHKH Invested Entity;
 - (f) any shareholders of any member of the HTHKH Group or any HTHKH Invested Entity or any holder of any securities issued by any member of the HTHKH Group or any HTHKH Invested Entity;
 - (g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the HTHKH Group; and

Report of the Directors

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

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

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

- (3) A nominal consideration of HK\$1 is payable on acceptance of the offer of the grant of a share option.
- (4) Unless otherwise determined by the HTHKH Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the HTHKH Plan for the holding of a share option before it can be exercised.
- (5) The subscription price for the HTHKH Shares under the HTHKH Plan shall be a price determined by the HTHKH Directors but shall not be less than the highest of (a) the closing price of HTHKH Shares as stated in the daily quotations sheet of the SEHK for trade in one or more board lots of the HTHKH Shares on the date of the offer of grant of the share options which must be a business day; (b) the average closing price of the HTHKH Shares as stated in the SEHK's daily quotations sheet for trade in one or more board lots of the HTHKH Shares for the five business days immediately preceding the date of the offer of grant of the share options which must be a business day; and (c) the nominal value of HTHKH Shares.
- (6) The maximum number of HTHKH Shares which may be allotted and issued pursuant to the HTHKH Plan is as follows:
 - (a) the maximum number of HTHKH Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the HTHKH Plan and any other share option scheme adopted by the HTHKH Group ("Other HTHKH Plan") must not in aggregate exceed 30% of the relevant class of securities of HTHKH (or its subsidiaries) in issue from time to time;
 - (b) the total number of HTHKH Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the HTHKH Plan and Other HTHKH Plan) to be granted under the HTHKH Plan and Other HTHKH Plan must not in aggregate exceed 10% of the relevant class of securities of HTHKH (or its subsidiaries) in issue, being 4,814,346,208 HTHKH Shares, as at 8 May 2009, the date on which the HTHKH Shares were first listed on the SEHK (the "HTHKH Listing Date") (the "HTHKH General Scheme Limit"). Based on the number of HTHKH Shares in issue on the HTHKH Listing Date, the HTHKH General Scheme Limit of the HTHKH Plan is 481,434,620 HTHKH Shares. As at the date of this report, the total number of HTHKH Shares available for issue under the HTHKH Plan (including the share options granted but yet to be exercised) is 476,884,620, representing approximately 9.90% of the total number of HTHKH Shares in issue as at that date;
 - (c) subject to paragraph (6)(a) above and without prejudice to paragraph (6)(d) below, HTHKH may seek approval of its shareholders (the "HTHKH Shareholders") in a general meeting to refresh the HTHKH General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the HTHKH Shareholders for that purpose) provided that the total number of HTHKH Shares which may be allotted and issued upon the exercise of all share options to be granted under the HTHKH Plan and Other HTHKH Plan must not exceed 10% of the relevant class of securities of HTHKH (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options including those outstanding, cancelled, lapsed or exercised in accordance with the HTHKH Plan and Other HTHKH Plan previously granted under the HTHKH Plan and Other HTHKH Plan will not be counted;

- (d) subject to paragraph (6)(a) above and without prejudice to paragraph (6)(c) above, HTHKH may seek separate approval of the HTHKH Shareholders in a general meeting to grant share options under the HTHKH Plan beyond the HTHKH General Scheme Limit (a circular containing the information required by the Listing Rule to be despatched to the HTHKH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph (6)(c) above to participants specifically identified by HTHKH before such approval is sought; and
- (e) the total number of HTHKH Shares issued and to be issued upon the exercise of the share options granted to each participant under the HTHKH Plan and Other HTHKH Plan (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the issued share capital of HTHKH, unless approved by the HTHKH Shareholders in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

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

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

Particulars of share options outstanding under the HTHKH Plan at the beginning and at the end of the financial year ended 31 December 2015 and share options granted, exercised, cancelled or lapsed under the HTHKH Plan during the year were as follows:

Category of participant	Date of grant of share options ⁽¹⁾	Number of share options held as at 1 January 2015	Granted during 2015	Exercised during 2015	Lapsed/ cancelled during 2015	Number of share options held as at 31 December 2015	Exercise period of share options	Exercise price of share options ⁽²⁾ HK\$	Price of HTHKH Share on grant date of share options ⁽³⁾ HK\$	Price of HTHKH Share on exercise date of share options HK\$
Employees in aggregate	1.6.2009	200,000	—	—	—	200,000	1.6.2009 to 31.5.2019	1.00	0.96	N/A
Total:		200,000	—	—	—	200,000				

Notes:

- (1) The share options were vested according to a schedule, namely, as to as close to one-third of the HTHKH Shares which are subject to the share options as possible on each of 1 June 2009, 23 November 2009 and 23 November 2010, and provided that for the vesting to occur the grantee has to remain an Eligible Participant (as defined in the HTHKH Plan) on such vesting date.
- (2) The exercise price of the share options is subject to adjustment in accordance with the provisions of the HTHKH Plan.
- (3) The stated price was the closing price of the HTHKH Shares on the SEHK on the trading day immediately prior to the date of grant of the share options.

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

No share option was granted under the HTHKH Plan during the year ended 31 December 2015.

(V) Hydros핀 Monitoring Solutions Ltd ("Hydros핀")

On 11 June 2015, Hydros핀, which has been a subsidiary of the Company since 3 June 2015, adopted the share option scheme (the "Hydros핀 Plan") for the grant of options to acquire ordinary shares in the share capital of Hydros핀 (the "Hydros핀 Shares"). The Hydros핀 Plan is valid and effective during the period commencing on 11 June 2015 and ending on 10 June 2025, being the date falling 10 years from the date on which the Hydros핀 Plan was adopted. The Hydros핀 Plan has a remaining term of approximately nine years as at the date of this report. A summary of the Hydros핀 Plan is as follows:

- (1) The purpose of the Hydros핀 Plan is to enable Hydros핀 to grant share options to selected participants as incentives or rewards for their contribution to Hydros핀 and its subsidiaries (the "Hydros핀 Group"), to continue and/or render improved service with the Hydros핀 Group, and/or to establish a stronger business relationship between the Hydros핀 Group and such participants.
- (2) The directors of Hydros핀 (the "Hydros핀 Directors") (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for the Hydros핀 Shares:
 - (a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any executive director but excluding any non-executive director) of Hydros핀, any of its subsidiaries or any entity in which any member of the Hydros핀 Group holds an equity interest (the "Hydros핀 Invested Entity");
 - (b) any non-executive directors (including independent non-executive directors) of Hydros핀, any of its subsidiaries or any Hydros핀 Invested Entity;
 - (c) any supplier of goods or services to any member of the Hydros핀 Group or any Hydros핀 Invested Entity;
 - (d) any customer of any member of the Hydros핀 Group or any Hydros핀 Invested Entity;
 - (e) any person or entity that provides research, development or other technological support to any member of the Hydros핀 Group or any Hydros핀 Invested Entity;
 - (f) any shareholder of any member of the Hydros핀 Group or any Hydros핀 Invested Entity or any holder of any securities issued by any member of the Hydros핀 Group or any Hydros핀 Invested Entity;
 - (g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the Hydros핀 Group; and
 - (h) any company wholly owned by any one or more persons belonging to any one or more of the above classes of participants.

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

- (3) Share option holders are not required to pay for the acceptance of a grant of share options.
- (4) Unless otherwise determined by the Hydros핀 Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Hydros핀 Plan for the holding of a share option before it can be exercised.

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

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

- (6) The maximum number of the Hydrospin Shares which may be allotted and issued pursuant to the Hydrospin Plan is as follows:
- (a) the maximum number of the Hydrospin Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the Hydrospin Plan and any other share option scheme adopted by the Hydrospin Group ("Other Hydrospin Plan") shall not exceed 30% of the relevant class of securities of Hydrospin (or its subsidiaries) in issue from time to time;
 - (b) the total number of the Hydrospin Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the Hydrospin Plan and Other Hydrospin Plan) to be granted under the Hydrospin Plan and Other Hydrospin Plan must not in aggregate exceed 10% of the relevant class of securities of Hydrospin (or its subsidiaries) in issue as at the date the Hydrospin Plan is approved and adopted by the Hydrospin Directors (the "Hydrospin General Scheme Limit"). Based on the number of the Hydrospin Shares in issue on the date the Hydrospin Plan is approved and adopted, the Hydrospin General Scheme Limit of the Hydrospin Plan is 122 Hydrospin Shares. As at the date of this report, the total number of Hydrospin Shares available for issue under the Hydrospin Plan is 122, representing approximately 10% of the total number of the Hydrospin Shares in issue as at that date;
 - (c) subject to paragraph 6(a) above and without prejudice to paragraph 6(d) below, the Company may seek approval of its shareholders (the "CKHH Shareholders") in a general meeting to refresh the Hydrospin General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) provided that the total number of the Hydrospin Shares which may be allotted and issued upon the exercise of all share options to be granted under the Hydrospin Plan and Other Hydrospin Plan must not exceed 10% of the relevant class of securities of Hydrospin (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options (including those outstanding, cancelled, lapsed or exercised in accordance with the Hydrospin Plan and Other Hydrospin Plan) previously granted under the Hydrospin Plan and Other Hydrospin Plan will not be counted;
 - (d) subject to paragraph 6(a) above and without prejudice to paragraph 6(c) above, the Company may seek separate approval of the CKHH Shareholders in a general meeting to grant share options under the Hydrospin Plan beyond the Hydrospin General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph 6(c) above to participants specifically identified by Hydrospin before such approval is sought; and

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

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

No share options were granted under the Hydros핀 Plan during the year ended 31 December 2015 and up to the date of this report.

(VI) Aquarius Spectrum Ltd (“Aquarius”)

On 8 July 2015, Aquarius, which has been a subsidiary of the Company since 3 June 2015, adopted the share option scheme (the “Aquarius Plan”) for the grant of options to acquire ordinary shares in the share capital of Aquarius (the “Aquarius Shares”). The Aquarius Plan is valid and effective during the period commencing on 8 July 2015 and ending on 7 July 2025, being the date falling 10 years from the date on which the Aquarius Plan was adopted. The Aquarius Plan has a remaining term of approximately nine years as at the date of this report. A summary of the Aquarius Plan is as follows:

- (1) The purpose of the Aquarius Plan is to enable Aquarius to grant share options to selected participants as incentives or rewards for their contribution to Aquarius and its subsidiaries (the “Aquarius Group”), to continue and/or render improved service with the Aquarius Group and/or to establish a stronger business relationship between the Aquarius Group and such participants.
- (2) The directors of Aquarius (the “Aquarius Directors”) (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for the Aquarius Shares:
 - (a) any employee or consultant (as to functional areas of finance, business or personnel administration or information technology) (whether full time or part time, including any executive director but excluding any non-executive director) of Aquarius, any of its subsidiaries or any entity in which any member of the Aquarius Group holds an equity interest (the “Aquarius Invested Entity”);
 - (b) any non-executive directors (including independent non-executive directors) of Aquarius, any of its subsidiaries or any Aquarius Invested Entity;
 - (c) any supplier of goods or services to any member of the Aquarius Group or any Aquarius Invested Entity;
 - (d) any customer of any member of the Aquarius Group or any Aquarius Invested Entity;
 - (e) any person or entity that provides research, development or other technological support to any member of the Aquarius Group or any Aquarius Invested Entity;
 - (f) any shareholder of any member of the Aquarius Group or any Aquarius Invested Entity or any holder of any securities issued by any member of the Aquarius Group or any Aquarius Invested Entity;
 - (g) any other group or classes of participants contributing by way of joint venture, business alliance or other business arrangement to the development and growth of the Aquarius Group; and

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

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

- (3) Share option holders are not required to pay for the acceptance of a grant of share options.
- (4) Unless otherwise determined by the Aquarius Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Aquarius Plan for the holding of a share option before it can be exercised.
- (5) The subscription price for the Aquarius Shares under the Aquarius Plan shall be a price determined by the Aquarius Directors but shall, if the Aquarius Shares are traded on a Stock Exchange, not be less than the highest of (a) the closing price of the Aquarius Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Aquarius Shares on the date of the offer of grant of the share options which must be an Israel Business Day; (b) the average closing price of the Aquarius Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Aquarius Shares for the five Israel Business Days immediately preceding the date of the offer of grant of the share options which must be an Israel Business Day; and (c) the nominal value of a Aquarius Share.

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

- (6) The maximum number of the Aquarius Shares which may be allotted and issued pursuant to the Aquarius Plan is as follows:
 - (a) the maximum number of the Aquarius Shares which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the Aquarius Plan and any other share option scheme adopted by the Aquarius Group ("Other Aquarius Plan") shall not exceed 30% of the relevant class of securities of Aquarius (or its subsidiaries) in issue from time to time;
 - (b) the total number of the Aquarius Shares which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the Aquarius Plan and Other Aquarius Plan) to be granted under the Aquarius Plan and Other Aquarius Plan must not in aggregate exceed 10% of the relevant class of securities of Aquarius (or its subsidiaries) in issue as at the date the Aquarius Plan is approved and adopted by the Aquarius Directors (the "Aquarius General Scheme Limit"). Based on the number of the Aquarius Shares in issue on the date the Aquarius Plan is approved and adopted, the Aquarius General Scheme Limit of the Aquarius Plan is 2,645 Aquarius Shares. As at the date of this report, the total number of Aquarius Shares available for issue under the Aquarius Plan is 2,645, representing approximately 4.79% of the total number of the Aquarius Shares in issue as at that date;
 - (c) subject to paragraph 6(a) above and without prejudice to paragraph 6(d) below, the Company may seek approval of the CKHH Shareholders in a general meeting to refresh the Aquarius General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) provided that the total number of the Aquarius Shares which may be allotted and issued upon the exercise of all share options to be granted under the Aquarius Plan and Other Aquarius Plan must not exceed 10% of the relevant class of securities of Aquarius (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options (including those outstanding, cancelled, lapsed or exercised in accordance with the Aquarius Plan and Other Aquarius Plan) previously granted under the Aquarius Plan and Other Aquarius Plan will not be counted;

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- (d) subject to paragraph 6(a) above and without prejudice to paragraph 6(c) above, the Company may seek separate approval of the CKHH Shareholders in a general meeting to grant share options under the Aquarius Plan beyond the Aquarius General Scheme Limit (a circular containing the information required by the Listing Rules to be despatched to the CKHH Shareholders for that purpose) or, if applicable, the extended limit referred to in paragraph 6(c) above to participants specifically identified by Aquarius before such approval is sought; and
- (e) the total number of the Aquarius Shares issued, and which may fall to be issued, upon the exercise of the share options granted under the Aquarius Plan and Other Aquarius Plan (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the relevant class of securities of Aquarius for the time being unless approved by the CKHH Shareholders in a general meeting (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.

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

No share options were granted under the Aquarius Plan during the year ended 31 December 2015 and up to the date of this report.

Save as disclosed above, at no time during the year was the Company or a subsidiary a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into or existed during the year.

Purchase, Sale or Redemption of Listed Shares

During the year, neither the Company or Cheung Kong (as appropriate) nor any of their subsidiaries has purchased or sold any of the listed shares of the Company or Cheung Kong (as appropriate). In addition, the Company or Cheung Kong (as appropriate) has not redeemed any of its listed shares during the year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Major Customers and Suppliers

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

Sufficiency of Public Float

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors of the Company, approximately 69% of the issued shares of the Company was held by the public.

Auditor

The financial statements have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the 2016 annual general meeting.

By order of the Board

Edith Shih

Company Secretary

Hong Kong, 17 March 2016

Corporate Governance Report

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

The Company has replaced the listing status of Cheung Kong (Holdings) Limited ("Cheung Kong") and become the holding company of Cheung Kong and its subsidiaries since 18 March 2015. The Company or Cheung Kong (as appropriate) has complied throughout the year ended 31 December 2015 with all code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), other than those in respect of the nomination committee. The reasons for deviation are explained below in this report.

The Board

Corporate Strategy

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

Role of the Board

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

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

Board Composition

The Company was incorporated with two Directors on 11 December 2014. On 9 January 2015, additional board members were appointed with the Board comprising 21 Directors, including the Chairman, Managing Director and Deputy Chairman, two Deputy Managing Directors, four Executive Directors, six Non-executive Directors and seven Independent Non-executive Directors. For details, please refer to page 124.

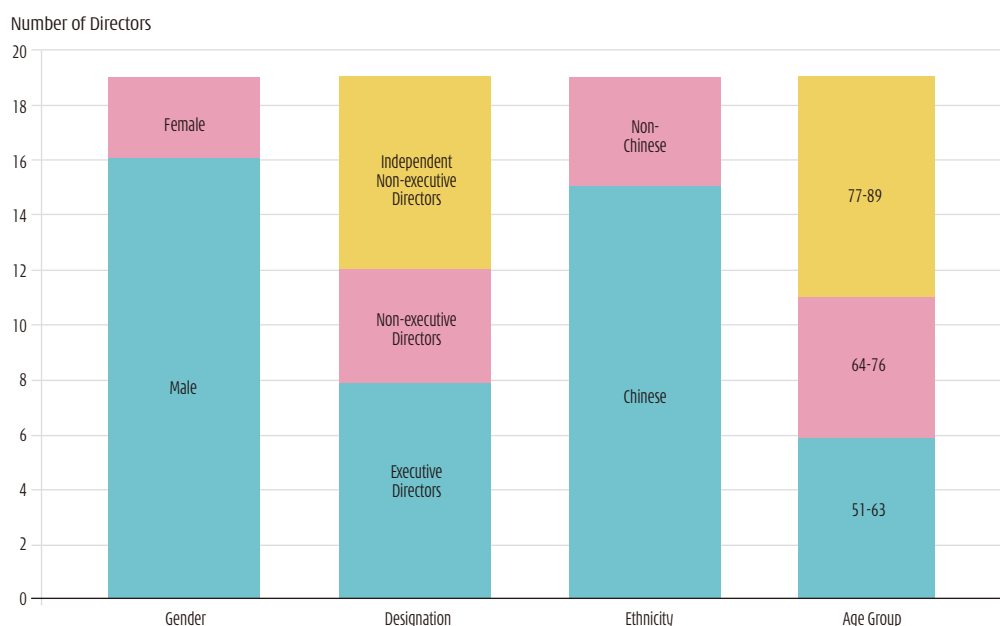
On 3 June 2015 upon completion of the spin-off and separate listing of the shares of Cheung Kong Property Holdings Limited, the Board composition was changed, with 19 Directors, including the Chairman, Group Co-Managing Director and Deputy Chairman, Group Co-Managing Director, Group Deputy Managing Director, Group Finance Director and Deputy Managing Director ("GFD/DMD"), three Deputy Managing Directors, four Non-executive Directors and seven Independent Non-executive Directors. For details, please refer to page 125.

The Board has adopted a policy which recognises the benefits of a Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company.

Board appointment has been, and will continue to be, made based on attributes that complement and expand the skill set, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diverse Board.

The Board diversity policy adopted by the Board in February 2015 is available on the website of the Group (www.ckh.com.hk). The Board reviews and monitors from time to time the implementation of the policy to ensure its effectiveness and application.

The following chart shows the diversity profile of the Board as at 31 December 2015:



Biographical details of the Directors are set out in the section "Information on Directors" on pages 103 to 108 and on the website of the Group. A list setting out the names of the Directors and their roles and functions is posted on the websites of the Group and Hong Kong Exchanges and Clearing Limited ("HKEX") (www.hkexnews.hk).

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

Chairman and Executive Directors

The role of the Chairman is separate from that of the Group Co-Managing Directors. Such division of responsibilities reinforces the independence and accountability of these Directors.

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

Corporate Governance Report

The Group Co-Managing Directors, assisted by the Group Deputy Managing Director and the four Deputy Managing Directors, are responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal managers of the Group's businesses, the Group Co-Managing Directors attend to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and are directly responsible for maintaining the operational performance of the Group. Working with the Group Deputy Managing Director, the GFD/DMD, the other three Deputy Managing Directors and the executive management team of each core business division, the Group Co-Managing Directors present annual budgets to the Board for consideration and approval, and ensure that the Board is fully apprised of the funding requirements of the businesses of the Group. With the assistance of the GFD/DMD, the Group Co-Managing Directors see to it that the funding requirements of the businesses are met and closely monitor the operating and financial results of the businesses against plans and budgets, taking remedial action if necessary. The Group Co-Managing Directors maintain an ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business development and issues. They are also responsible for building and maintaining an effective executive team to support them in their roles.

Board Processes

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

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Articles of Association of the Company and the Listing Rules, a Director would abstain from voting on resolutions approving any contract, transaction, arrangement in which he or any of his close associates is materially interested in and such Director is not counted for quorum determination purposes.

In 2015, Cheung Kong held two Board meetings and the Company held five Board meetings with an average of approximately 96% attendance. With respect to the three shareholders' meetings held, due to other business commitments, (i) one out of 13 Non-executive Directors of Cheung Kong was not in a position to attend the general meeting of Cheung Kong on 25 February 2015 (the "GM"); (ii) two out of 13 Non-executive Directors of the Company were not in a position to attend the extraordinary general meeting of the Company on 20 April 2015 (the "EGM"); and (iii) one out of 11 Non-executive Directors of the Company was not in a position to attend the 2015 annual general meeting of the Company on 23 June 2015 (the "2015 AGM"). The attendance records of Directors are as follows:

Directors	Board Meetings Attended/ Eligible to Attend	GM held on 25 February 2015 Attended	EGM held on 20 April 2015 Attended	2015 AGM held on 23 June 2015 Attended
Chairman				
Li Ka-shing ⁽¹⁾⁽³⁾	7/7	✓	✓	✓
Executive Directors				
Li Tzar Kuoi, Victor ⁽¹⁾ (Group Co-Managing Director and Deputy Chairman)	7/7	✓	✓	✓
Fok Kin Ning, Canning ⁽²⁾ (Group Co-Managing Director)	7/7	✓	✓	✓
Chow Woo Mo Fong, Susan ⁽⁴⁾ (Group Deputy Managing Director)	3/3	N/A	N/A	✓
Frank John Sixt ⁽²⁾ (Group Finance Director and Deputy Managing Director)	7/7	✓	✓	✓
Ip Tak Chuen, Edmond (Deputy Managing Director)	7/7	✓	✓	✓
Kam Hing Lam ⁽¹⁾⁽³⁾ (Deputy Managing Director)	7/7	✓	✓	✓
Lai Kai Ming, Dominic ⁽⁴⁾ (Deputy Managing Director)	3/3	N/A	N/A	✓
Chung Sun Keung, Davy ⁽³⁾⁽⁵⁾	4/4	✓	✓	N/A
Pau Yee Wan, Ezra ⁽³⁾⁽⁵⁾	4/4	✓	✓	N/A
Woo Chia Ching, Grace ⁽³⁾⁽⁵⁾	4/4	✓	✓	N/A
Chiu Kwok Hung, Justin ⁽³⁾⁽⁵⁾	4/4	✓	✓	N/A
Non-executive Directors				
Chow Kun Chee, Roland ⁽³⁾	7/7	✓	✓	✓
Lee Yeh Kwong, Charles ⁽³⁾	7/7	✓	✓	✓
Leung Siu Hon ⁽³⁾	7/7	✓	✓	✓
George Colin Magnus ⁽³⁾	7/7	✓	✓	✓
Independent Non-executive Directors				
Kwok Tun-li, Stanley ⁽³⁾	7/7	✓	✓	✓
Cheng Hoi Chuen, Vincent ⁽⁴⁾	3/3	N/A	N/A	✓
Michael David Kadoorie ⁽⁴⁾	1/3 ⁽⁶⁾	N/A	N/A	⁽⁶⁾
	2/3 (by alternate)			✓ (by alternate)
Lee Wai Mun, Rose ⁽⁴⁾	3/3	N/A	N/A	✓
William Shurniak ⁽⁴⁾	3/3	N/A	N/A	✓
Wong Chung Hin ⁽⁴⁾	2/3	N/A	N/A	✓
Wong Yick-ming, Rosanna ⁽³⁾⁽⁷⁾	7/7	✓	0	✓
Yeh Yuan Chang, Anthony ⁽³⁾⁽⁵⁾	4/4	✓	✓	N/A
Simon Murray ⁽³⁾⁽⁵⁾	2/4	0	0	N/A
Chow Nin Mow, Albert ⁽³⁾⁽⁵⁾	4/4	✓	✓	N/A
Hung Siu-lin, Katherine ⁽³⁾⁽⁵⁾	4/4	✓	✓	N/A
Cheong Ying Chew, Henry ⁽³⁾⁽⁵⁾	4/4	✓	✓	N/A

Notes:

- (1) Mr Li Ka-shing is the father of Mr Li Tzar Kuoi, Victor and brother-in-law of Mr Kam Hing Lam.
- (2) Appointed as Non-executive Director on 9 January 2015 and re-designated as Executive Director on 3 June 2015.
- (3) Appointed on 9 January 2015.
- (4) Appointed on 3 June 2015.
- (5) Resigned on 3 June 2015.
- (6) Due to commitment overseas, The Hon Sir Michael David Kadoorie arranged for his alternate, Mr William Elkin Mocatta, to attend the Board Meeting held in June and August 2015 and the 2015 AGM. However, the attendance of the alternate is not counted in his attendance record.
- (7) Ceased to be Alternate Director to Mr Simon Murray upon his resignation as Independent Non-executive Director of the Company on 3 June 2015.

Corporate Governance Report

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

All Non-executive Directors are engaged on service contracts for a term ended on 31 December 2015 which are automatically renewed for successive 12-month periods. All Directors are subject to re-election by shareholders at annual general meetings/extraordinary general meetings at least about once every three years on a rotation basis, in accordance with the Articles of Association of the Company. A retiring Director is eligible for re-election, and re-election of retiring Directors at general meetings is dealt with by separate individual resolutions. No Director has a service contract with the Company which is not terminable by the Company within one year and without payment of compensation (other than statutory compensation).

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

Training and Commitment

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

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

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

Directors	Areas		
	Legal and Regulatory	Corporate Governance	Group's Business/Directors' Duties
Chairman			
Li Ka-shing ⁽¹⁾	✓	✓	✓
Executive Directors			
Li Tzar Kuoi, Victor <i>(Group Co-Managing Director and Deputy Chairman)</i>	✓	✓	✓
Fok Kin Ning, Canning ⁽²⁾ <i>(Group Co-Managing Director)</i>	✓	✓	✓
Chow Woo Mo Fong, Susan ⁽³⁾ <i>(Group Deputy Managing Director)</i>	✓	✓	✓
Frank John Sixt ⁽²⁾ <i>(Group Finance Director and Deputy Managing Director)</i>	✓	✓	✓
Ip Tak Chuen, Edmond <i>(Deputy Managing Director)</i>	✓	✓	✓
Kam Hing Lam ⁽¹⁾ <i>(Deputy Managing Director)</i>	✓	✓	✓
Lai Kai Ming, Dominic ⁽³⁾ <i>(Deputy Managing Director)</i>	✓	✓	✓
Chung Sun Keung, Davy ⁽¹⁾⁽⁴⁾	✓	✓	✓
Pau Yee Wan, Ezra ⁽¹⁾⁽⁴⁾	✓	✓	✓
Woo Chia Ching, Grace ⁽¹⁾⁽⁴⁾	✓	✓	✓
Chiu Kwok Hung, Justin ⁽¹⁾⁽⁴⁾	✓	✓	✓
Non-executive Directors			
Chow Kun Chee, Roland ⁽¹⁾	✓	✓	✓
Lee Yeh Kwong, Charles ⁽¹⁾	✓	✓	✓
Leung Siu Hon ⁽¹⁾	✓	✓	✓
George Colin Magnus ⁽¹⁾	✓	✓	✓
Independent Non-executive Directors			
Kwok Tun-li, Stanley ⁽¹⁾	✓	✓	✓
Cheng Hoi Chuen, Vincent ⁽³⁾	✓	✓	✓
Michael David Kadoorie ⁽³⁾	✓	✓	✓
Lee Wai Mun, Rose ⁽³⁾	✓	✓	✓
William Shumiak ⁽³⁾	✓	✓	✓
Wong Chung Hin ⁽³⁾	✓	✓	✓
Wong Yick-ming, Rosanna ⁽¹⁾⁽⁵⁾	✓	✓	✓
Yeh Yuan Chang, Anthony ⁽¹⁾⁽⁴⁾	✓	✓	✓
Simon Murray ⁽¹⁾⁽⁴⁾	✓	✓	✓
Chow Nin Mow, Albert ⁽¹⁾⁽⁴⁾	✓	✓	✓
Hung Siu-lin, Katherine ⁽¹⁾⁽⁴⁾	✓	✓	✓
Cheong Ying Chew, Henry ⁽¹⁾⁽⁴⁾	✓	✓	✓
Alternate Director			
William Elkin Mocatta ⁽³⁾ <i>(Alternate Director to Michael David Kadoorie)</i>	✓	✓	✓

Notes:

(1) Appointed on 9 January 2015.

(2) Appointed as Non-executive Director on 9 January 2015 and re-designated as Executive Director on 3 June 2015.

(3) Appointed on 3 June 2015.

(4) Resigned on 3 June 2015.

(5) Ceased to be Alternate Director to Mr Simon Murray upon his resignation as Independent Non-executive Director of the Company on 3 June 2015.

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

Corporate Governance Report

Securities Transactions

The Board of the Company or Cheung Kong (as appropriate) has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company or Cheung Kong. In response to specific enquiries made, all Directors have confirmed that they have complied with such code in their securities transactions throughout their tenure during the year.

Board Committees

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

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

Company Secretary

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

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

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

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

The appointment and removal of the Company Secretary is subject to Board approval. Whilst the Company Secretary reports to the Chairman and the Group Co-Managing Directors, all members of the Board have access to the advice and service of the Company Secretary. Ms Edith Shih was appointed as the Company Secretary of the Company on 3 June 2015 to replace Ms Eirene Yeung and both of them have day-to-day knowledge of the Group's affairs. The relevant Company Secretary confirmed that they have complied with all the required qualifications, experience and training requirements of the Listing Rules during their period of tenure.

Accountability and Audit

Financial Reporting

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

The responsibility of Directors in relation to the financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 169 which acknowledges the reporting responsibility of the Group's Auditor.

Annual Report and Financial Statements

The Directors acknowledge their responsibility for the preparation of the annual report and financial statements of the Company, ensuring that the financial statements give a true and fair presentation in accordance with the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the applicable accounting standards.

Accounting Policies

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

Accounting Records

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

Safeguarding Assets

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

Going Concern

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

Audit Committee

The Audit Committee comprises four Independent Non-executive Directors who possess the relevant business and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of the Company. It is chaired by Mr Wong Chung Hin (appointed on 3 June 2015) with Messrs Kwok Tun-li, Stanley (appointed on 18 March 2015), Cheng Hoi Chuen, Vincent (appointed on 3 June 2015) and William Shurniak (appointed on 3 June 2015) as members. Mr Cheong Ying Chew, Henry and Ms Hung Siu-lin, Katherine ceased to be Chairman and member of the Audit Committee respectively on 3 June 2015.

Corporate Governance Report

The Audit Committee of the Company and Cheung Kong held three meetings in 2015 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Chung Hin ⁽¹⁾ (<i>Chairman</i>)	2/2
Kwok Tun-li, Stanley ⁽²⁾	3/3
Cheng Hoi Chuen, Vincent ⁽¹⁾	2/2
William Shurniak ⁽¹⁾	2/2
Cheong Ying Chew, Henry ⁽²⁾⁽³⁾	1/1
Hung Siu-lin, Katherine ⁽²⁾⁽³⁾	1/1

Notes:

- (1) Appointed on 3 June 2015.
- (2) Appointed on 18 March 2015.
- (3) Resigned on 3 June 2015.

Throughout 2015, the Audit Committee discharged the duties and responsibilities under its terms of reference and other duties of the CG Code. In view of the implementation of the HKEx consultation conclusions on "Risk Management and Internal Control" for accounting periods beginning on or after 1 January 2016, the terms of reference of the Audit Committee effective from 1 January 2016 were revised and adopted by the Board on 17 December 2015.

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

The Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters has been adopted and updated by the Board and is posted on the website of the Group.

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

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

External Auditor

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

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

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by external auditor.
- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, for example, audits of the Group's pension plans, accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that it must, or is best placed to, undertake in its capacity as auditor.
- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group uses the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.
- Other services – include, for example, financial due diligence, review of actuarial reports and calculations, risk management diagnostics and assessments, and non-financial systems consultations. The external auditor is also permitted to assist Management and the Group's internal auditor with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.
- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

An analysis of the fees of PwC and other external auditors is shown in note 47 to the financial statements. In the year ended 31 December 2015, the PwC fees, amounting to HK\$159 million were primarily for audit services and those for non-audit services amounted to HK\$56 million, approximately 26% of the total fees.

Audit Report on the Annual Financial Statements

The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2015 have been audited by PwC in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unqualified auditor's report is set out on page 169. The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2015 have also been reviewed by the Audit Committee.

Assurance Report on Pro Forma Results

The unaudited pro forma financial results of the Group for the year ended 31 December 2015 set out in the sections headed "Analyses of Core Business Segments by Geographical Location" on page 4, "Analyses by Core Business Segments" on page 5, "Financial Performance Summary" on page 19 and "Reconciliation from CKHH Statutory Results to CKHH Pro Forma Results" on page 282, prepared for illustrative purposes as if the reorganisation was effective on 1 January 2015, have been reported on by PwC in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by HKICPA. The independent assurance report of PwC is set out on pages 280 to 281. The unaudited pro forma financial results of the Group for the year ended 31 December 2015 have also been reviewed by the Audit Committee.

A waiver from compliance with the requirements under rule 4.29 of the Listing Rules in relation to the unaudited pro forma financial results included in this annual report has been granted by the SEHK, as it would be unduly onerous upon the Company if that rule is required to be fully complied with in the present situation.

Corporate Governance Report

Pro Forma Results

The unaudited pro forma financial results of the Group for the year ended 31 December 2015 included in this annual report assume the reorganisation was effective on 1 January 2015 and also include a number of assumptions and estimates and have been prepared for additional information and illustrative purposes only. Due to their hypothetical nature, they may not reflect the actual financial results of the Group had the reorganisation become effective on 1 January 2015. The pro forma financial results are no guarantee of the future results of the Group.

The unaudited pro forma financial results should be read in conjunction with other financial information included elsewhere in this annual report.

Internal Controls, Legal & Regulatory Control and Group Risk Management

Role of the Board

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

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

On behalf of the Board, the Audit Committee regularly reviews the corporate governance structure and practices within the Group and monitors compliance fulfillment on an ongoing basis. To assist the Audit Committee in fulfilling its responsibilities, a governance working group chaired by the Group Deputy Managing Director, comprising representatives from key departments of the Company, continuously provides updates, identifies emerging matters of compliance, and structures appropriate compliance policies and procedures for group-wide adoption. During the year, the Company reviewed the key risk areas within the Group in light of the current antitrust and competition law regime. Practical trainings, internal control measures, guidelines and policies tailor-made for key business units were put in place to strengthen the Group's compliance programme in these areas. The Audit Committee is satisfied that the Company has complied throughout the year with all code provisions of the CG Code, other than those in respect of the nomination committee.

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

Internal Control Environment and Systems

Executive Directors are appointed to the boards of all material operating subsidiaries and associates for monitoring those companies, including attendance at board meetings, review and approval of budgets and plans, and business strategies with associated risks identified and setting of key business performance targets. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies and similarly management of each business is accountable for its conduct and performance. The Group Co-Managing Directors monitor the performance and review the risk profiles of the Group companies on an on-going basis.

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

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

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

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

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

Legal and Regulatory

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

Group Risk Management

The Executive Directors and the General Manager of the Group Risk Management Department have the responsibility of developing and implementing risk mitigation strategies and programmes relating to the deployment of insurance instruments to transfer or minimise the financial impact of risks to the business. The Group Risk Management Department, working with business operations worldwide, is responsible for arranging appropriate insurance coverage and organising Group-wide risk reporting. Directors and Officers Liability Insurance is also in place to protect Directors and officers of the Group against potential personal legal liabilities.

Code of Conduct and Handling of Inside Information

The Group places utmost importance on the ethical, personal and professional standards of the Directors and employees of the Group. In addition to the various policies adopted and implemented by the Group imposing requirements on Directors and employees to conduct themselves in compliance with applicable laws, rules and regulations, every employee is required to undertake to adhere to the Group's Code of Conduct, and is expected to achieve the highest standards of behaviour including avoiding conflict of interest, discrimination or harassment and bribery and corruption. Employees are required to report any non-compliance with the Code of Conduct to Management.

With a view to identifying, handling and disseminating inside information in compliance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), procedures including pre-clearance on dealing in Group's securities by designated members of Management, notification of regular blackout period and securities dealing restrictions to relevant Directors and employees, identification of project by code name and dissemination of information to stated purpose and on a need-to-know basis have been implemented by the Group to guard against possible mishandling of inside information within the Group.

Audits

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

Corporate Governance Report

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

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

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 December 2015 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate. In addition, it has also reviewed and is satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

Remuneration of Directors and Senior Management

Remuneration Committee

The Remuneration Committee comprises four members with expertise in human resources and personnel emoluments. The Committee is chaired by Dr Wong Yick-ming, Rosanna (appointed on 18 March 2015), an Independent Non-executive Director, with the Chairman Mr Li (appointed on 18 March 2015), Independent Non-executive Directors Mr Cheng (appointed on 3 June 2015) and Mr Wong (appointed on 3 June 2015), as members. Mr Kwok ceased to be a member on 3 June 2015. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. The Committee meets towards the end of each year to determine the remuneration package of Directors and senior management of the Group. Remuneration matters are also considered and approved by way of written resolutions and additional meetings where warranted.

The Remuneration Committee of the Company and Cheung Kong held three meetings in 2015 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Yick-ming, Rosanna ⁽¹⁾ (<i>Chairman</i>)	3/3
Li Ka-shing ⁽¹⁾	3/3
Cheng Hoi Chuen, Vincent ⁽²⁾	2/2
Wong Chung Hin ⁽²⁾	2/2
Kwok Tun-li, Stanley ⁽¹⁾⁽³⁾	1/1

Notes:

(1) Appointed on 18 March 2015

(2) Appointed on 3 June 2015.

(3) Resigned on 3 June 2015.

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

During the year, the Remuneration Committee of Cheung Kong reviewed its remuneration policy for 2014/2015, overall policy on 2014 salary and bonus as well as the remuneration packages of its Executive Directors and management. It also reviewed and approved the remuneration of its Non-executive Directors. The Remuneration Committee of the Company reviewed background information on market data (including economic indicators, statistics and the Remuneration Bulletin), the Group's business activities and human resources issues, and headcount and staff costs. It also reviewed and approved the proposed 2016 directors' fees for Executive Directors and made recommendation to the Board on the directors' fees for Non-executive Directors. Prior to the end of the year, the Committee reviewed and approved the year end bonus and 2016 remuneration package of Executive Directors, subsidiaries' managing directors and senior executives of the Group. Executive Directors do not participate in the determination of their own remuneration.

Remuneration Policy

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

2015 Remuneration

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments exclude amounts received from the Company's listed subsidiaries and paid to the Company.

(a) Directors' emoluments expenses recognised in the Group's income statement:

Directors	Director's Fees HK\$ millions	Basic Salaries, Allowances and Benefits-in-Kind HK\$ millions	Discretionary Bonuses HK\$ millions	Provident Fund Contributions HK\$ millions	Inducement or Compensation Fees HK\$ millions	Total Emoluments HK\$ millions
Li Ka-shing ⁽¹⁾⁽⁶⁾⁽¹¹⁾	0.01	-	-	-	-	0.01
Li Tzar Kuoi, Victor ⁽²⁾						
<i>Paid by the Company</i>	0.22	21.30	55.39	1.85	-	78.76
<i>Paid by Cheung Kong Infrastructure Holdings Limited ("CKI")</i>	0.08	-	28.15	-	-	28.23
	0.30	21.30	83.54	1.85	-	106.99
Fok Kin Ning, Canning ⁽³⁾⁽⁶⁾	0.22	6.41	202.51	1.33	-	210.47
Chow Woo Mo Fong, Susan ⁽³⁾⁽⁸⁾	0.13	4.69	45.22	0.96	-	51.00
Frank John Sixt ⁽³⁾⁽⁶⁾	0.22	4.69	43.77	0.42	-	49.10
Ip Tak Chuen, Edmond ⁽⁴⁾						
<i>Paid by the Company</i>	0.22	7.43	9.86	0.74	-	18.25
<i>Paid by CKI</i>	0.08	1.05	10.60	-	-	11.73
	0.30	8.48	20.46	0.74	-	29.98
Kam Hing Lam ⁽⁵⁾⁽⁶⁾						
<i>Paid by the Company</i>	0.22	10.42	9.59	0.91	-	21.14
<i>Paid by CKI</i>	0.08	2.45	10.60	-	-	13.13
	0.30	12.87	20.19	0.91	-	34.27
Lai Kai Ming, Dominic ⁽³⁾⁽⁸⁾	0.13	3.12	43.19	0.61	-	47.05
Chow Kun Chee, Roland ⁽⁶⁾⁽⁷⁾	0.22	-	-	-	-	0.22
Lee Yeh Kwong, Charles ⁽⁶⁾⁽⁷⁾	0.22	-	-	-	-	0.22
Leung Siu Hon ⁽⁶⁾⁽⁷⁾	0.22	-	-	-	-	0.22
George Colin Magnus ⁽⁶⁾⁽⁷⁾						
<i>Paid by the Company</i>	0.22	-	-	-	-	0.22
<i>Paid by CKI</i>	0.08	-	-	-	-	0.08
	0.30	-	-	-	-	0.30
Kwok Tun-li, Stanley ⁽⁶⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾⁽¹⁴⁾	0.38	-	-	-	-	0.38
Cheng Hoi Chuen, Vincent ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	0.24	-	-	-	-	0.24
Michael David Kadoorie ⁽⁸⁾⁽⁹⁾	0.13	-	-	-	-	0.13
Lee Wai Mun, Rose ⁽⁸⁾⁽⁹⁾	0.13	-	-	-	-	0.13
William Shurniak ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	0.20	-	-	-	-	0.20
Wong Chung Hin ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	0.23	-	-	-	-	0.23
Wong Yick-ming, Rosanna ⁽⁶⁾⁽⁹⁾⁽¹¹⁾	0.28	-	-	-	-	0.28
Chung Sun Keung, Davy ⁽⁶⁾⁽¹²⁾	0.09	4.61	-	0.46	-	5.16
Pau Yee Wan, Ezra ⁽⁶⁾⁽¹²⁾	0.09	5.23	-	0.52	-	5.84
Woo Chia Ching, Grace ⁽⁶⁾⁽¹²⁾	0.09	5.23	-	0.52	-	5.84
Chiu Kwok Hung, Justin ⁽⁶⁾⁽¹²⁾	0.09	4.69	-	0.47	-	5.25
Yeh Yuan Chang, Anthony ⁽⁶⁾⁽⁹⁾⁽¹²⁾	0.09	-	-	-	-	0.09
Simon Murray ⁽⁶⁾⁽⁹⁾⁽¹²⁾	0.09	-	-	-	-	0.09
Chow Nin Mow, Albert ⁽⁶⁾⁽⁹⁾⁽¹²⁾	0.09	-	-	-	-	0.09
Hung Siu-lin, Katherine ⁽⁶⁾⁽⁹⁾⁽¹⁰⁾⁽¹²⁾⁽¹³⁾	0.14	-	-	-	-	0.14
Cheong Ying Chew, Henry ⁽⁶⁾⁽⁹⁾⁽¹⁰⁾⁽¹²⁾⁽¹³⁾						
<i>Paid by the Company</i>	0.14	-	-	-	-	0.14
<i>Paid by CKI</i>	0.18	-	-	-	-	0.18
	0.32	-	-	-	-	0.32
Total:	5.25	81.32	458.88	8.79	-	554.24

Notes:

- (1) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK\$5,000. The amount of director's fee shown above is a result of rounding. The director's fee of HK\$20,958 received by Mr Li Ka-shing from Hutchison Whampoa Limited ("HWL") was paid to the Company. This amount was received during the period when HWL was an associated company and therefore is not reflected in the amounts above.
- (2) Part of the directors' emoluments in the sum of HK\$1,699,719 received by Mr Li Tzar Kuoi, Victor from HWL was paid to the Company. This amount was received during the period HWL was an associated company and therefore is not reflected in the amounts above.
- (3) Directors' fees received by these Directors from the Company's listed subsidiaries during the period they served as directors that have been paid to the Company are not included in the amounts above.
- (4) Part of the directors' emoluments in the sum of HK\$750,000 received by Mr Ip Tak Chuen, Edmond from CKI was paid to the Company. This amount was received during the period HWL (the parent company of CKI) was an associated company and therefore is not reflected in the amounts above.
- (5) Part of the directors' emoluments in the sum of HK\$736,219 received by Mr Kam Hing Lam from HWL was paid to the Company. This amount was received during the period HWL was an associated company and therefore is not reflected in the amounts above.
- (6) Appointed on 9 January 2015.
- (7) Non-executive Director.
- (8) Appointed on 3 June 2015.
- (9) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK\$2.32 million.
- (10) Member of the Audit Committee.
- (11) Member of the Remuneration Committee.
- (12) Resigned on 3 June 2015.
- (13) Resigned on 3 June 2015 as Member of the Audit Committee.
- (14) Resigned on 3 June 2015 as Member of the Remuneration Committee.

As additional information, payments by the HWL Group in 2015 to Directors, who were directors of HWL up to the completion of the Merger Proposal, amounted to HK\$488.34 million, of which HK\$467.43 million were included in the amount disclosed above and represented the amounts paid by the HWL Group during the period HWL is a subsidiary of the Group, and further details of these payments are set out below:

(b) Directors' emoluments payments made by the HWL Group:

HWL Directors	Director's Fees HK\$ millions	Basic Salaries, Allowances and Benefits-in-Kind HK\$ millions	Discretionary Bonuses HK\$ millions	Provident Fund Contributions HK\$ millions	Inducement or Compensation Fees HK\$ millions	Total Emoluments HK\$ millions
Li Ka-shing ⁽¹⁵⁾⁽²²⁾⁽²⁶⁾	0.02	-	-	-	-	0.02
Li Tzar Kuoi, Victor ⁽¹⁶⁾						
<i>Paid by HWL</i>	0.09	4.70	55.39	-	-	60.18
<i>Paid by CKI</i>	0.08	-	28.15	-	-	28.23
	0.17	4.70	83.54	-	-	88.41
Fok Kin Ning, Canning ⁽¹⁷⁾	0.09	11.10	202.51	2.28	-	215.98
Chow Woo Mo Fong, Susan ⁽¹⁷⁾	0.09	8.17	45.22	1.64	-	55.12
Frank John Sixt ⁽¹⁷⁾	0.09	8.19	43.77	0.71	-	52.76
Lai Kai Ming, Dominic ⁽¹⁷⁾	0.09	5.64	43.19	1.04	-	49.96
Kam Hing Lam ⁽¹⁸⁾						
<i>Paid by HWL</i>	0.09	2.35	9.59	-	-	12.03
<i>Paid by CKI</i>	0.08	4.20	10.60	-	-	14.88
<i>Paid to HWL</i>	-	(1.75)	-	-	-	(1.75)
	0.17	4.80	20.19	-	-	25.16
Lee Yeh Kwong, Charles ⁽¹⁹⁾⁽²³⁾	0.09	-	-	-	-	0.09
George Colin Magnus ⁽¹⁹⁾⁽²³⁾						
<i>Paid by HWL</i>	0.09	-	-	-	-	0.09
<i>Paid by CKI</i>	0.08	-	-	-	-	0.08
	0.17	-	-	-	-	0.17
Cheng Hoi Chuen, Vincent ⁽²⁰⁾⁽²¹⁾⁽²²⁾⁽²³⁾⁽²⁵⁾⁽²⁶⁾	0.17	-	-	-	-	0.17
Michael David Kadoorie ⁽²⁰⁾⁽²⁴⁾	0.09	-	-	-	-	0.09
Lee Wai Mun, Rose ⁽²⁰⁾⁽²³⁾	0.09	-	-	-	-	0.09
William Shurniak ⁽²⁰⁾⁽²¹⁾⁽²³⁾⁽²⁵⁾	0.15	-	-	-	-	0.15
Wong Chung Hin ⁽²⁰⁾⁽²¹⁾⁽²²⁾⁽²³⁾⁽²⁵⁾⁽²⁶⁾	0.17	-	-	-	-	0.17
Total:	1.65	42.60	438.42	5.67	-	488.34

Notes:

(15) No remuneration was paid to Mr Li Ka-shing by HWL during the year other than a director's fee of HK\$20,958 which he paid to the Company.

(16) Part of the directors' emoluments in the sum of HK\$1,699,719 received by Mr Li Tzar Kuoi, Victor from HWL was paid to the Company.

(17) Directors' fees received by these directors from HWL's listed subsidiaries during the period they served as directors that have been paid to HWL are not included in the amounts above.

(18) Part of the directors' emoluments in the sum of HK\$736,219 received by Mr Kam Hing Lam from HWL was paid to the Company.

(19) Non-executive director.

(20) Independent non-executive director. The total emoluments of the independent non-executive directors of HWL are HK\$0.67 million

(21) Member of the Audit Committee of HWL.

(22) Member of the Remuneration Committee of HWL.

(23) Resigned on 8 June 2015.

(24) Resigned on 24 July 2015.

Corporate Governance Report

(25) Ceased as Member of the Audit Committee of HWL on 8 June 2015.

(26) Ceased as Member of the Remuneration Committee of HWL on 8 June 2015.

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

Remuneration Bands*	Number of Individuals
HK\$10 million to HK\$14 million	2
HK\$15 million to HK\$19 million	2
HK\$20 million to HK\$24 million	1
HK\$35 million to HK\$39 million	1
HK\$50 million to HK\$54 million	1

* rounding to the nearest million.

Relationship with Shareholders and Other Stakeholders

The Group actively promotes investor relations and communication with the investment community throughout the year. Through its Executive Directors, the Group Corporate Affairs Department, Group Investor Relations Department and the Corporate Secretarial Department, the Group responds to requests for information and queries from the investment community including shareholders, analysts and the media through regular briefing meetings, announcements, conference calls and presentations. The policy on shareholders' communication, which is available on the Group's website, was adopted and is subject to regular review by the Board to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

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

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to Article 73 of the Articles of Association of the Company, any two or more shareholders (or one shareholder which is a recognised clearing house, or its nominee(s)) holding not less than one-tenth of the paid up share capital of the Company, carrying the right of voting at general meetings of the Company, has statutory rights to call for general meetings and to put forward agenda items for consideration by shareholders, by depositing at the principal office of the Company in Hong Kong a written request for such general meetings, signed by the shareholders concerned together with the objects of the meeting. The Board would within 21 days from the date of deposit of requisition convene the meeting to be held within a further 21 days.

All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Group's Hong Kong Share Registrar. The results of the poll are published on the websites of the Group and HKEx. In addition, regular updated financial, business and other information on the Group is made available on the Group's website for shareholders and stakeholders.

Cheung Kong held a general meeting on 25 February 2015 at Harbour Grand Kowloon which was attended by the majority of the Directors, including the Chairmen of the Board, the Audit Committee and the Remuneration Committee with attendance rate of approximately 95%. The Company held two shareholders' meetings in 2015, being an EGM on 20 April 2015 at Harbour Grand Kowloon and the 2015 AGM on 23 June 2015 at Harbour Grand Kowloon. The EGM was attended by the majority of the Directors, including the Chairmen of the Board and the Audit Committee with attendance rate of approximately 90%. The 2015 AGM was attended by PwC and the majority of the Directors, including the Chairmen of the Board, the Audit Committee and the Remuneration Committee with attendance rate of approximately 95%. Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from so doing.

One resolution was proposed at the GM and the percentage of votes cast in favour of such resolution as disclosed in the announcement of Cheung Kong dated 25 February 2015 is set out below:

Resolution proposed at the GM	Percentage of Votes
Approval of the scheme of arrangement dated 6 February 2015 (the "Scheme") between Cheung Kong and the holders of the Scheme Shares (as defined in the Scheme) and the implementation of the Scheme, including the related reduction of the issued share capital of Cheung Kong, the increase in the share capital of Cheung Kong, and the issue of the new shares in Cheung Kong	99.76%

One resolution was proposed at the EGM and the percentage of votes cast in favour of such resolution as disclosed in the announcement of the Company dated 20 April 2015 is set out below:

Resolution proposed at the EGM	Percentage of Votes
Approval of:	99.99%
(a) the Hutchison Proposal and the issue of new shares of the Company to the Hutchison Scheme Shareholders pursuant to the Hutchison Scheme; and	
(b) the issue of new shares of the Company to the Husky Sale Shares Vendor (or as it may direct) under the Husky Share Exchange.	

Separate resolutions were proposed at the 2015 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 23 June 2015 are set out below:

Resolutions proposed at the 2015 AGM	Percentage of Votes
1 Adoption of the Audited Financial Statements, Report of the Directors and Report of the Independent Auditor for the period from 11 December 2014 (date of incorporation) to 31 December 2014	99.97%
2(a) Re-election of Mr Li Ka-shing as a Director	90.15%
2(b) Re-election of Mr Fok Kin Ning, Canning as a Director	92.56%
2(c) Re-election of Mrs Chow Woo Mo Fong, Susan as a Director	71.24%
2(d) Re-election of Mr Frank John Sixt as a Director	69.66%
2(e) Re-election of Mr Ip Tak Chuen, Edmond as a Director	69.63%
2(f) Re-election of Mr Kam Hing Lam as a Director	71.78%
2(g) Re-election of Mr Lai Kai Ming, Dominic as a Director	72.40%
2(h) Re-election of Mr Chow Kun Chee, Roland as a Director	71.62%
2(i) Re-election of Mr Lee Yeh Kwong, Charles as a Director	68.15%
2(j) Re-election of Mr Leung Siu Hon as a Director	69.15%
2(k) Re-election of Mr George Colin Magnus as a Director	69.15%
2(l) Re-election of Mr Cheng Hoi Chuen, Vincent as a Director	75.04%
2(m) Re-election of The Hon Sir Michael David Kadoorie as a Director	99.63%
2(n) Re-election of Mr Kwok Tun-ii, Stanley as a Director	96.26%
2(o) Re-election of Ms Lee Wai Mun, Rose as a Director	72.50%
2(p) Re-election of Mr William Shurniak as a Director	98.62%
2(q) Re-election of Mr Wong Chung Hin as a Director	98.30%
2(r) Re-election of Dr Wong Yick-ming, Rosanna as a Director	98.82%
3 Appointment of Auditor and authorisation of Directors to fix the Auditor's remuneration	99.97%
4 Approval of the remuneration of the Directors	99.99%
5(1) Granting of a general mandate to Directors to issue additional shares of the Company	59.66%
5(2) Approval of the repurchase by the Company of its own shares	99.99%
5(3) Extension of the general mandate regarding issue of additional shares of the Company	60.88%

Corporate Governance Report

Accordingly, all resolutions put to shareholders at the GM, EGM and the 2015 AGM were passed. The results of the voting by poll were published on the websites of the Group and HKEx.

Other corporate information relating to the Company is set out in the "Information for Shareholders" section of this annual report. This includes, among others, dates for key corporate events for 2016 and public float capitalisation as at 31 December 2015.

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

Environmental, Social and Governance Responsibility

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business. It has adopted a proactive approach to environmental, social and governance ("ESG") responsibility and has established a committee, chaired by the Group Deputy Managing Director comprising representatives from key departments of the Company to spearhead the ESG activities of the Group. The committee focuses on initiatives related to stakeholders, employees, the environment, operating practices and the community. Details of the initiatives of the committee are set out on pages 91 to 102.

By order of the Board

Edith Shih

Company Secretary

Hong Kong, 17 March 2016

Independent Auditor's Report

To the Shareholders of CK Hutchison Holdings Limited

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 170 to 279, which comprise the consolidated and Company statements of financial position as at 31 December 2015, 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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, 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 financial position of the Company and of the Group as at 31 December 2015, 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 disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 17 March 2016

Consolidated Income Statement

for the year ended 31 December 2015

2015		Note	2015	
US\$ millions			HK\$ millions	As reclassified Note 2 2014 HK\$ millions
	Continuing operations			
21,380	Revenue	5, 6	166,760	1,562
(8,749)	Cost of inventories sold		(68,243)	—
(2,587)	Staff costs		(20,178)	(990)
(1,585)	Telecommunications customer acquisition costs		(12,364)	—
(1,233)	Depreciation and amortisation	6	(9,618)	(107)
(4,061)	Other operating income (expenses)		(31,675)	535
1,745	Profits on disposal of investments and others	7	13,613	—
	Share of profits less losses of:			
954	Associated companies before profits on disposal of investments and others		7,445	11,934
793	Joint ventures		6,187	1,831
(25)	Associated companies' profits on disposal of investments and others	7	(196)	5,020
6,632			51,731	19,785
(573)	Interest expenses and other finance costs	9	(4,470)	(655)
6,059	Profit before tax		47,261	19,130
(337)	Current tax credit (charge)	10	(2,629)	312
(34)	Deferred tax	10	(266)	(7)
5,688	Profit after tax from continuing operations		44,366	19,435
	Discontinued operations			
10,322	Profit after tax from discontinued operations	11	80,514	35,173
16,010	Profit after tax		124,880	54,608
	Profit attributable to non-controlling interests and holders of perpetual capital securities arises from:			
(792)	Continuing operations		(6,177)	(491)
(17)	Discontinued operations	11	(133)	(248)
(809)			(6,310)	(739)
	Profit attributable to ordinary shareholders arises from:			
4,896	Continuing operations	6	38,189	18,944
10,305	Discontinued operations	11	80,381	34,925
15,201			118,570	53,869
	Earnings per share for profit attributable to ordinary shareholders arises from:			
US\$ 1.52	Continuing operations	12	HK\$ 11.89	HK\$ 8.18
US\$ 3.21	Discontinued operations	12	HK\$ 25.02	HK\$ 15.08
US\$ 4.73			HK\$ 36.91	HK\$ 23.26

Details of distribution paid to the holders of perpetual capital securities, interim dividend paid, proposed final dividend payable and Distribution In Specie to the ordinary shareholders during the year, and the one-off non-cash gain arising from the Distribution In Specie are set out in note 13(a), (b) and (c), respectively.

for the year ended 31 December 2015

As reclassified
Note 2
2014
HK\$ millions

Consolidated Statement of Financial Position

at 31 December 2015

31 December 2015			31 December 2015	As reclassified Note 2 31 December 2014	As reclassified Note 2 1 January 2014
US\$ millions		Note	HK\$ millions	HK\$ millions	HK\$ millions
	ASSETS				
	Non-current assets				
23,058	Fixed assets	15	179,855	17,454	9,977
43	Investment properties	16	334	33,285	28,777
925	Leasehold land	17	7,215	—	—
4,181	Telecommunications licences	18	32,608	—	—
10,543	Brand names and other rights	19	82,233	—	—
33,519	Goodwill	20	261,449	—	—
19,022	Associated companies	21	148,372	216,841	196,812
11,849	Interests in joint ventures	22	92,425	68,754	65,659
2,691	Deferred tax assets	23	20,986	—	—
543	Other non-current assets	24	4,238	1,272	1,564
1,315	Liquid funds and other listed investments	25	10,255	10,210	8,843
107,689			839,970	347,816	311,632
	Current assets				
15,535	Cash and cash equivalents	26	121,171	33,179	33,197
—	Liquid funds and other listed investments	25	—	918	1,360
6,672	Trade and other receivables	27	52,042	2,829	2,864
2,533	Inventories	28	19,761	73,199	79,784
24,740			192,974	110,125	117,205
	Current liabilities				
12,160	Trade and other payables	29	94,849	11,642	11,866
4,233	Bank and other debts	31	33,016	18,352	2,438
313	Current tax liabilities		2,438	1,356	1,162
16,706			130,303	31,350	15,466
8,034	Net current assets		62,671	78,775	101,739
115,723	Total assets less current liabilities		902,641	426,591	413,371
	Non-current liabilities				
34,684	Bank and other debts	31	270,536	19,522	39,452
619	Interest bearing loans from non-controlling shareholders	32	4,827	—	—
3,341	Deferred tax liabilities	23	26,062	1,022	986
521	Pension obligations	33	4,066	—	—
6,159	Other non-current liabilities	34	48,039	—	112
45,324			353,530	20,544	40,550
70,399	Net assets		549,111	406,047	372,821

31 December 2015			31 December 2015	As reclassified Note 2 31 December 2014	As reclassified Note 2 1 January 2014
US\$ millions		Note	HK\$ millions	HK\$ millions	HK\$ millions
	CAPITAL AND RESERVES				
495	Share capital	35 (a)	3,860	10,489	1,158
31,370	Share premium	35 (a)	244,691	—	9,331
4,507	Perpetual capital securities	35 (b)	35,153	9,045	9,048
18,575	Reserves		144,884	383,656	350,192
54,947	Total ordinary shareholders' funds and perpetual capital securities		428,588	403,190	369,729
15,452	Non-controlling interests		120,523	2,857	3,092
70,399	Total equity		549,111	406,047	372,821

Fok Kin Ning, Canning

Director

Frank John Sixt

Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Attributable to							
	Ordinary shareholders				Holders of perpetual capital securities	Total ordinary shareholders' funds and perpetual capital securities	Non- controlling interests	Total equity
	Share capital and share premium ^(c)	Other reserves ^(d)	Retained profit	Sub-total				
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
At 1 January 2015	10,489	11,791	371,865	394,145	9,045	403,190	2,857	406,047
Profit for the year	–	–	118,570	118,570	1,363	119,933	4,947	124,880
Other comprehensive income (losses)								
Available-for-sale investments								
Valuation losses recognised directly in reserves	–	(697)	–	(697)	–	(697)	(100)	(797)
Valuation gains previously in reserves recognised in income statement	–	(1,039)	–	(1,039)	–	(1,039)	18	(1,021)
Remeasurement of defined benefit obligations recognised directly in reserves	–	–	(66)	(66)	–	(66)	(67)	(133)
Gains on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised directly in reserves	–	692	–	692	–	692	9	701
Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	–	1,783	–	1,783	–	1,783	277	2,060
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(5,044)	–	(5,044)	–	(5,044)	(1,339)	(6,383)
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	–	13,729	–	13,729	–	13,729	(804)	12,925
Share of other comprehensive income (losses) of associated companies	–	(13,202)	(34)	(13,236)	–	(13,236)	(162)	(13,398)
Share of other comprehensive income (losses) of joint ventures	–	(2,366)	473	(1,893)	–	(1,893)	(487)	(2,380)
Tax relating to components of other comprehensive income (losses)	–	(6)	(40)	(46)	–	(46)	(6)	(52)
Other comprehensive income (losses)	–	(6,150)	333	(5,817)	–	(5,817)	(2,661)	(8,478)
Total comprehensive income (losses)	–	(6,150)	118,903	112,753	1,363	114,116	2,286	116,402
Cancellation of Cheung Kong shares ^(e)	(10,489)	(341,336)	–	(351,825)	–	(351,825)	–	(351,825)
Issue of new CK Hutchison shares pursuant to the Reorganisation Proposal ^(e)	351,825	–	–	351,825	–	351,825	–	351,825
Merger Proposal ^(f)	260,237	–	–	260,237	–	260,237	–	260,237
Relating to acquisition of subsidiary companies	–	–	–	–	39,116	39,116	120,187	159,303
Redemption of perpetual capital securities	–	–	–	–	(13,299)	(13,299)	–	(13,299)
Dividends paid relating to 2014	–	–	(6,985)	(6,985)	–	(6,985)	–	(6,985)
Dividends paid relating to 2015	–	–	(2,702)	(2,702)	–	(2,702)	–	(2,702)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(2,203)	(2,203)
Distribution paid on perpetual capital securities	–	–	–	–	(1,072)	(1,072)	–	(1,072)
Distribution In Specie (see notes 35(a) and 37(e))	(363,511)	–	–	(363,511)	–	(363,511)	(2,707)	(366,218)
Equity contribution from non-controlling interests	–	–	–	–	–	–	3	3
Equity redemption to non-controlling interests	–	–	–	–	–	–	(148)	(148)
Share option schemes and long term incentive plans of subsidiary companies	–	(11)	–	(11)	–	(11)	(6)	(17)
Unclaimed dividends write back	–	–	5	5	–	5	–	5
Relating to deemed disposal of associated companies ^(h)	–	(19,823)	19,823	–	–	–	–	–
Relating to purchase of non-controlling interests	–	(14)	–	(14)	–	(14)	(190)	(204)
Relating to partial disposal of subsidiary companies	–	(482)	–	(482)	–	(482)	444	(38)
	238,062	(361,666)	10,141	(113,463)	24,745	(88,718)	115,380	26,662
At 31 December 2015	248,551	(356,025)	500,909	393,435	35,153	428,588	120,523	549,111

	Attributable to							
	Ordinary shareholders				Holders of perpetual capital securities	Total ordinary shareholders' funds and perpetual capital securities	Non- controlling interests	Total equity
	Share capital and share premium ^(c)	Other reserves ^(d)	Retained profit	Sub-total				
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
At 1 January 2014 ^(a)	10,489	7,476	342,716	360,681	9,048	369,729	3,092	372,821
Profit for the year	–	–	53,869	53,869	457	54,326	282	54,608
Other comprehensive income (losses)								
Available-for-sale investments								
Valuation gains recognised directly in reserves	–	462	–	462	–	462	–	462
Valuation gains previously in reserves recognised in income statement	–	(313)	–	(313)	–	(313)	–	(313)
Impairment charged to income statement	–	44	–	44	–	44	–	44
Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	–	1,475	–	1,475	–	1,475	–	1,475
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(737)	–	(737)	–	(737)	(1)	(738)
Share of other comprehensive income (losses) of associated companies	–	(13,078)	(91)	(13,169)	–	(13,169)	–	(13,169)
Share of other comprehensive income (losses) of joint ventures	–	(3,035)	(221)	(3,256)	–	(3,256)	–	(3,256)
Other comprehensive income (losses)	–	(15,182)	(312)	(15,494)	–	(15,494)	(1)	(15,495)
Total comprehensive income (losses)	–	(15,182)	53,557	38,375	457	38,832	281	39,113
Dividends paid relating to 2013	–	–	(6,717)	(6,717)	–	(6,717)	–	(6,717)
Dividends paid relating to 2014	–	–	(1,478)	(1,478)	–	(1,478)	–	(1,478)
Special dividends paid	–	–	(16,213)	(16,213)	–	(16,213)	–	(16,213)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(309)	(309)
Distribution paid on perpetual capital securities	–	–	–	–	(460)	(460)	–	(460)
Share of dilution surplus of an associated company ^(d)	–	19,497	–	19,497	–	19,497	–	19,497
Change in non-controlling interests	–	–	–	–	–	–	(207)	(207)
	–	19,497	(24,408)	(4,911)	(460)	(5,371)	(516)	(5,887)
At 31 December 2014 ^(b)	10,489	11,791	371,865	394,145	9,045	403,190	2,857	406,047

- (a) Certain amounts and line item descriptions of the comparative consolidated statement of changes in equity have been reclassified / updated to conform to the current year presentation. See note 2 for further details.
- (b) Share capital of Cheung Kong (Holdings) Limited ("Cheung Kong") as at 31 December 2014 includes the balance on the share premium account created under the sections 48B and 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32) of HK\$9,331 million, which under the Hong Kong Companies Ordinance (Cap. 622) effective on 3 March 2014 have been included in share capital.
- (c) As at 31 December 2015, share capital and share premium comprise share capital of HK\$3,860 million and share premium of HK\$244,691 million (31 December 2014 and 1 January 2014 – share capital of HK\$10,489 million, share capital of HK\$1,158 million and share premium of HK\$9,331 million respectively).
- (d) See note 36 for further details on other reserves.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

- (e) Under the Reorganisation Proposal, the share capital and the other reserves accounts were reduced by HK\$10,489 million and HK\$341,366 million, respectively, totalling HK\$351,825 million, representing the fair value of Cheung Kong shares cancelled, and at the same time the share capital and the share premium account were increased by HK\$2,316 million and HK\$349,509 million, respectively, totalling HK\$351,825 million, representing the fair value of new CK Hutchison Holdings Limited ("CK Hutchison") shares issued.
- (f) Under the Merger Proposal, the share capital and the share premium account were increased by HK\$1,544 million and HK\$258,693 million, respectively, totalling HK\$260,237 million, representing the fair value of new CK Hutchison shares issued.
- (g) Share of dilution surplus of an associated company represents the Group's share of increase in reserves of former associated company, Hutchison relating to the dilution of 24.95% equity interest in its Retail division.
- (h) Mainly related to deemed disposal of the Group's previously held equity interests in Hutchison and certain interests in co-owned assets.

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

2015 US\$ millions	Note	2015 HK\$ millions	As reclassified Note 2 2014 HK\$ millions
Operating activities			
6,400			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	37 (a)	49,924	31,634
(774)		(6,038)	(328)
Interest expenses and other finance costs paid			
(278)		(2,169)	(1,089)
Tax paid			
Funds from operations			
5,348		41,717	30,217
Changes in working capital	37 (b)	2,832	7,596
Net cash from operating activities		44,549	37,813
Investing activities			
(2,884)		(22,494)	(7,867)
Purchase of fixed assets and investment properties			
(314)		(2,448)	—
Additions to telecommunications licences			
(69)		(540)	—
Additions to brand names and other rights			
14,077	37 (c)	109,803	—
Purchase of subsidiary companies			
(8)		(68)	—
Additions to other unlisted investments			
395		3,078	1,711
Repayments from associated companies and joint ventures			
Purchase of and advances to (including deposits from) associated companies and joint ventures		(21,225)	(8,454)
(2,721)			
Proceeds on disposal of fixed assets		471	—
60			
Proceeds on disposal of subsidiary companies	37 (d)	(640)	—
(82)			
Proceeds on disposal of joint ventures		3,642	3,298
467			
Proceeds on disposal of other unlisted investments		403	—
52			
Cash flows from (used in) investing activities before additions to / disposal of liquid funds and other listed investments		69,982	(11,312)
8,973			
Disposal of liquid funds and other listed investments		2,718	595
348			
Additions to liquid funds and other listed investments		(132)	(182)
(17)			
Cash flows from (used in) investing activities		72,568	(10,899)
Net cash inflow before financing activities		117,117	26,914
Financing activities			
3,597		28,065	—
New borrowings			
(8,465)		(66,028)	(3,370)
Repayment of borrowings			
Issue of shares by subsidiary companies to non-controlling shareholders and net loans from (to) non-controlling shareholders		(1,034)	(207)
(132)			
Proceeds on partial disposal of subsidiary company		20	—
3			
Redemption of perpetual capital securities		(13,299)	—
(1,705)			
Distribution In Specie	37 (e)	40,649	—
5,211			
Dividends paid to non-controlling interests		(2,997)	(309)
(384)			
Distribution paid on perpetual capital securities		(1,072)	(460)
(137)			
Dividends paid to ordinary shareholders		(9,687)	(24,408)
(1,242)			
Cash flows used in financing activities		(25,383)	(28,754)
11,761		91,734	(1,840)
Increase (decrease) in cash and cash equivalents			
3,774		29,437	31,277
Cash and cash equivalents at 1 January			
Cash and cash equivalents at 31 December		121,171	29,437

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

2015 US\$ millions	Note	2015 HK\$ millions	As reclassified Note 2 2014 HK\$ millions
Additional information:			
Analysis of net cash flows			
Operating net cash inflows arises from:			
5,189		40,474	20,958
522		4,075	16,855
5,711		44,549	37,813
Investing net cash inflows (outflows) arises from:			
9,956		77,650	(10,692)
(652)		(5,082)	(207)
9,304		72,568	(10,899)
Financing net cash outflows arises from:			
(3,229)		(25,183)	(28,255)
(25)		(200)	(499)
(3,254)		(25,383)	(28,754)
Total net cash inflows (outflows) arises from:			
11,916		92,941	(17,989)
(155)		(1,207)	16,149
11,761		91,734	(1,840)
Analysis of cash, liquid funds and other listed investments			
15,535		121,171	29,437
—		—	3,742
15,535	26	121,171	33,179
1,315	25	10,255	11,128
16,850		131,426	44,307
38,975	31	304,006	37,874
619	32	4,827	—
22,744		177,407	(6,433)
(619)		(4,827)	—
22,125		172,580	(6,433)

Notes to the Financial Statements

1 Reorganisation and combination of the businesses of the Cheung Kong Group and the Hutchison Group

The Reorganisation Proposal, the Merger Proposal and the Spin-off Proposal announced jointly by the respective boards of directors of Cheung Kong (Holdings) Limited ("Cheung Kong"), the former holding company of the Group, and Hutchison Whampoa Limited ("Hutchison"), a former associated company of the Group, were successfully completed during the year.

With the completion of the Reorganisation Proposal, Cheung Kong and all its subsidiaries became direct and indirect subsidiaries of CK Hutchison Holdings Limited ("CK Hutchison" or the "Company") respectively, CK Hutchison became the new holding company of the Group, and the shares of CK Hutchison are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") while the listing status of Cheung Kong on the Stock Exchange had been withdrawn. The Reorganisation Proposal was not a business combination, but an internal capital reorganisation. Upon completion of the Reorganisation Proposal, CK Hutchison controls and operates the same assets and businesses as Cheung Kong. The Reorganisation Proposal did not involve any change in the beneficial ownership of the Group nor any change to the nature and scale of existing operations, save for changing the place of incorporation of the holding company of the Group from Hong Kong to the Cayman Islands. Accordingly, the consolidated financial statements of CK Hutchison is a continuation of Cheung Kong's existing and on-going activities with assets and liabilities at existing book values, and include Cheung Kong's full results for the year, including comparatives. Further details of the Reorganisation Proposal were set out in a circular issued by Cheung Kong dated 6 February 2015.

The Merger Proposal comprised the Hutchison Proposal and the Husky Share Exchange, under which the Group acquired the remaining 50.03% (which the Group did not previously own) of the issued and outstanding ordinary shares of Hutchison and an approximately 6.23% (in addition to the approximately 33.96% held by Hutchison) of the common shares of Husky Energy Inc. ("Husky"). With the completion of the Merger Proposal, Hutchison and all its subsidiaries became subsidiaries of CK Hutchison and the Group owned an approximately 40.19% of the common shares of Husky. As the completion of the Hutchison Proposal was subject to, amongst others, the completion of the Husky Share Exchange having occurred, they are accounted for together in the consolidated financial statements of CK Hutchison using the acquisition method of accounting. Further details of the Hutchison Proposal and the Husky Share Exchange were set out in a circular issued by CK Hutchison dated 31 March 2015 and a scheme document issued jointly by CK Hutchison, CK Global Investments Limited ("CK Global") and Hutchison dated 31 March 2015.

The Group's entire interest in the Cheung Kong Property Holdings Limited ("Cheung Kong Property") was distributed to shareholders pursuant to the Distribution In Specie under the Spin-off Proposal. The results of the Property and hotels operations are therefore presented as discontinued operations separately from continuing operations in the consolidated income statement and consolidated statement of comprehensive income of CK Hutchison. The Distribution In Specie is accounted for as a distribution of non-cash assets (shares in Cheung Kong Property) to shareholders, where the difference between the distribution liability measured at fair value and the book value of the disposal group (after netting HK\$55,000 million received) is recognised in profit or loss in the consolidated financial statements of CK Hutchison upon settlement of the distribution liability. Further details of the Distribution In Specie were set out in a circular issued by CK Hutchison dated 31 March 2015 and a scheme document issued jointly by CK Hutchison, CK Global and Hutchison dated 31 March 2015.

2 Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values, as explained in the significant accounting policies set out in note 3.

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2015. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's results of operations or financial position.

The Merger Proposal and the Spin-off Proposal have introduced significant changes to the nature of the Group's operations. As a result, the Group has updated its presentation of the financial statements to provide more relevant information. Accordingly, certain line item descriptions have been updated and certain comparative amounts have been reclassified to conform to the current year presentation. The reclassifications, based on the new presentation format, where material, are explained in notes (a) to (d) below:

Notes to the Financial Statements

2 Basis of preparation (continued)

(a) Reclassification – consolidated income statement for the year ended 31 December 2014

	Amounts before reclassification HK\$ millions		Reclassifications HK\$ millions		Amounts after reclassification HK\$ millions
				(v)	
Continuing operations					
Revenue	24,259	(i)	1,341	(24,038)	1,562
<i>Investment and other income #</i>	2,125	(i)	(1,341)	(784)	—
Cost of inventories sold	(12,980)	(ii)	(5)	12,985	—
Staff costs	(1,515)			525	(990)
Depreciation and amortisation	(393)			286	(107)
Other operating income (expenses)	(468)	(ii)	5	998	535
Share of profits less losses of:					
Associated companies before profits on disposal of investments and others	33,670	(iii)	(5,020)	(16,716)	11,934
Joint ventures	4,666			(2,835)	1,831
Associated companies' profits on disposal of investments and others	—	(iii)	5,020	—	5,020
<i>Profit on disposal of property joint ventures #</i>	2,349			(2,349)	—
<i>Increase in fair value of investment properties #</i>	4,542			(4,542)	—
	56,255			(36,470)	19,785
Interest expenses and other finance costs	(328)			(327)	(655)
Profit before tax	55,927			(36,797)	19,130
Current tax	(1,283)	(iv)		1,595	312
Deferred tax	(36)	(iv)		29	(7)
Profit after tax from continuing operations	54,608			(35,173)	19,435
Discontinued operations					
Profit after tax from discontinued operations	—			35,173	35,173
Profit after tax	54,608			—	54,608
Profit attributable to non-controlling interests and holders of perpetual capital securities arises from:					
Continuing operations	(739)			248	(491)
Discontinued operations	—			(248)	(248)
	(739)			—	(739)
Profit attributable to ordinary shareholders arises from:					
Continuing operations	53,869			(34,925)	18,944
Discontinued operations	—			34,925	34,925
	53,869			—	53,869

(i) Investment and other income of HK\$1,341 million previously reported as a separate line item is reclassified and grouped under Revenue.

(ii) Cost of inventories sold of HK\$5 million previously reported as a separate line item is reclassified and grouped under Other operating income (expenses).

(iii) Share of associated company's profits on disposal of investments and others of HK\$5,020 million, previously grouped under Share of net profit of associates, is presented under the current year presentation as a separate line item Share of profits less losses of associated companies' profits on disposal of investments and others.

(iv) Current tax of HK\$1,283 million and Deferred tax of HK\$36 million, previously grouped under Taxation, are presented as separate line items.

(v) For separate presentation of discontinued operations. See note 11.

line items under the previously published presentation format are shown in italic.

2 Basis of preparation (continued)

(b) Reclassification – consolidated statement of financial position as at 31 December 2014

	Amounts before reclassification HK\$ millions	Reclassification HK\$ millions	Amounts after reclassification HK\$ millions
ASSETS			
Non-current assets			
Fixed assets	17,454		17,454
Investment properties	33,285		33,285
Associated companies	216,841		216,841
Interests in joint ventures	68,754		68,754
Other non-current assets	—	(i) 1,272	1,272
<i>Long term loan receivables #</i>	301	(i) (301)	—
<i>Derivative financial instruments #</i>	476	(i) (476)	—
Liquid funds and other listed investments	10,705	(i) (495)	10,210
	<u>347,816</u>		<u>347,816</u>
Current assets			
Cash and cash equivalents	33,179		33,179
Liquid funds and other listed investments	918		918
Trade and other receivables	2,510	(ii) 319	2,829
<i>Derivative financial instruments #</i>	319	(ii) (319)	—
Inventories	73,199		73,199
	<u>110,125</u>		<u>110,125</u>
Current liabilities			
Trade and other payables	11,451	(iii) 191	11,642
<i>Derivative financial instruments #</i>	191	(iii) (191)	—
Bank and other debts	18,352		18,352
Current tax liabilities	1,356		1,356
	<u>31,350</u>		<u>31,350</u>
Net current assets	<u>78,775</u>		<u>78,775</u>
Total assets less current liabilities	<u>426,591</u>		<u>426,591</u>
Non-current liabilities			
Bank and other debts	19,522		19,522
Deferred tax liabilities	1,022		1,022
	<u>20,544</u>		<u>20,544</u>
Net assets	<u>406,047</u>		<u>406,047</u>
CAPITAL AND RESERVES			
Share capital	10,489		10,489
Perpetual capital securities	9,045		9,045
Reserves	383,656		383,656
Total ordinary shareholders' funds and perpetual capital securities	<u>403,190</u>		<u>403,190</u>
Non-controlling interests	2,857		2,857
Total equity	<u>406,047</u>		<u>406,047</u>

(i) Long term loan receivables of HK\$301 million, Derivative financial instruments of HK\$476 million and Liquid funds and other listed investments of HK\$495 million are reclassified and grouped under Other non-current assets.

(ii) Derivative financial instruments of HK\$319 million is reclassified and grouped under Trade and other receivables.

(iii) Derivative financial instruments of HK\$191 million is reclassified and grouped under Trade and other payables.

line items under the previously published presentation format are shown in italic.

Notes to the Financial Statements

2 Basis of preparation (continued)

(c) Reclassification – consolidated statement of financial position as at 31 December 2013 and 1 January 2014

	Amounts before reclassification HK\$ millions	Reclassification HK\$ millions	Amounts after reclassification HK\$ millions
ASSETS			
Non-current assets			
Fixed assets	9,977		9,977
Investment properties	28,777		28,777
Associated companies	196,812		196,812
Interests in joint ventures	65,659		65,659
Other non-current assets	—	(i) 1,564	1,564
<i>Long term loan receivables #</i>	1,073	(i) (1,073)	—
Liquid funds and other listed investments	9,334	(i) (491)	8,843
	<u>311,632</u>		<u>311,632</u>
Current assets			
Cash and cash equivalents	33,197		33,197
Liquid funds and other listed investments	1,360		1,360
Trade and other receivables	2,313	(ii) 551	2,864
<i>Derivative financial instruments #</i>	551	(ii) (551)	—
Inventories	79,784		79,784
	<u>117,205</u>		<u>117,205</u>
Current liabilities			
Trade and other payables	11,699	(iii) 167	11,866
<i>Derivative financial instruments #</i>	167	(iii) (167)	—
Bank and other debts	2,438		2,438
Current tax liabilities	1,162		1,162
	<u>15,466</u>		<u>15,466</u>
Net current assets	<u>101,739</u>		<u>101,739</u>
Total assets less current liabilities	<u>413,371</u>		<u>413,371</u>
Non-current liabilities			
Bank and other debts	39,452		39,452
Deferred tax liabilities	986		986
Other non-current liabilities	—	(iv) 112	112
<i>Derivative financial instruments #</i>	112	(iv) (112)	—
	<u>40,550</u>		<u>40,550</u>
Net assets	<u>372,821</u>		<u>372,821</u>
CAPITAL AND RESERVES			
Share capital	1,158		1,158
Share premium	9,331		9,331
Perpetual capital securities	9,048		9,048
Reserves	350,192		350,192
Total ordinary shareholders' funds and perpetual capital securities	<u>369,729</u>		<u>369,729</u>
Non-controlling interests	3,092		3,092
Total equity	<u>372,821</u>		<u>372,821</u>

(i) Long term loan receivables of HK\$1,073 million and Liquid funds and other listed investments of HK\$491 million are reclassified and grouped under Other non-current assets.

(ii) Derivative financial instruments of HK\$551 million is reclassified and grouped under Trade and other receivables.

(iii) Derivative financial instruments of HK\$167 million is reclassified and grouped under Trade and other payables.

(iv) Derivative financial instruments of HK\$112 million is reclassified and grouped under Other non-current liabilities.

line items under the previously published presentation format are shown in italic.

2 Basis of preparation (continued)

(d) Reclassification – consolidated statement of cash flows for the year ended 31 December 2014

	Amounts before reclassification HK\$ millions	Reclassification HK\$ millions	Amounts after reclassification HK\$ millions
(i)			
Operating activities			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	31,634		31,634
Interest expenses and other finance costs paid	—	(ii) (328)	(328)
Tax paid	(1,089)		(1,089)
<i>Investment in / loan advance to joint ventures #</i>	(3,176)	(iii) 3,176	—
<i>Dividend paid to shareholders of the Company #</i>	(24,408)	(iv) 24,408	—
<i>Dividend paid to non-controlling interests #</i>	(309)	(iv) 309	—
<i>Distribution paid on perpetual securities #</i>	(460)	(iv) 460	—
Funds from operations	2,192		30,217
Changes in working capital	7,972	(ii) (376)	7,596
Net cash from operating activities	10,164		37,813
Investing activities			
Purchase of fixed assets and investment properties	(7,867)		(7,867)
Repayments from associated companies and joint ventures	1,711		1,711
Purchase of and advances to (including deposits from) associated companies and joint ventures	(5,278)	(iii) (3,176)	(8,454)
Proceeds on disposal of joint ventures	3,298		3,298
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	(8,136)		(11,312)
Disposal of liquid funds and other listed investments	595		595
Additions to liquid funds and other listed investments	(182)		(182)
Cash flows used in investing activities	(7,723)		(10,899)
Net cash inflow before financing activities	2,441		26,914
Financing activities			
Repayment of borrowings	(3,370)		(3,370)
Issue of shares by subsidiary companies to non-controlling shareholders and net loans from (to) non-controlling shareholders	(207)		(207)
Dividends paid to non-controlling interests	—	(iv) (309)	(309)
Distributions paid on perpetual capital securities	—	(iv) (460)	(460)
Dividends paid to ordinary shareholders	—	(iv) (24,408)	(24,408)
<i>Interest and other finance costs paid #</i>	(704)	(ii) 704	—
Cash flows used in financing activities	(4,281)		(28,754)
Decrease in cash and cash equivalents	(1,840)		(1,840)
Cash and cash equivalents at 1 January	31,277		31,277
Cash and cash equivalents at 31 December	29,437		29,437

- (i) Additional line items for cash flows arising from operating, investing and financing activities are presented under the new format adopted for the current year.
- (ii) Interest expenses and other finance costs paid of HK\$328 million and changes in interest payable of HK\$376 million, previously reported as financing activities, are reclassified as operating activities.
- (iii) Investment in / loan advance to joint venture of HK\$3,176 million, previously reported as operating activities, is reclassified as investing activities.
- (iv) Dividend paid to shareholders of the Company of HK\$24,408 million, Dividend paid to non-controlling interests of HK\$309 million and Distribution paid on perpetual securities of HK\$460 million previously reported as operating activities, are reclassified as financing activities.
- # line items under the previously published presentation format are shown in italic.

3 Significant accounting policies

(a) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its direct and indirect subsidiary companies and also incorporate the Group's interest in associated companies and joint ventures on the basis set out in notes 3(c) and 3(d) below. Results of subsidiary and associated companies and joint ventures acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2015 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the acquisition method.

(b) Subsidiary companies

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the consolidated financial statements, subsidiary companies are accounted for as described in note 3(a) above.

(c) Associated companies

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

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

(d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement. Joint ventures are accounted for under the equity method.

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

3 Significant accounting policies (continued)

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached. Aircraft are depreciated on a straight-line basis, after taking into account a residual value of 10% of their costs, over an expected useful life of 25 years from their respective dates of first use.

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for this purposes are as follows:

Motor vehicles	20 - 25%
Plant, machinery and equipment	3 $\frac{1}{3}$ - 20%
Container terminal equipment	3 - 20%
Telecommunications equipment	2.5 - 20%
Rolling stock and other railway assets	2.9 - 5%
Water and sewerage infrastructure assets	0.5 - 25%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

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

(f) Investment properties

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

(g) Leasehold land

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

(h) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights acquired in a business combination are recognised at fair value at the acquisition date. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 45 years

Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

3 Significant accounting policies (continued)

(i) Telecommunications customer acquisition costs

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

(j) Goodwill

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

Goodwill is subject to impairment test annually and when there are indications that the carrying value may not be recoverable.

If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

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

(k) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to nine years over the expected useful life of the customer relationship.

(l) Deferred tax

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

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

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

Loans and receivables

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

3 Significant accounting policies (continued)

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

Held-to-maturity investments

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

Financial assets at fair value through profit or loss

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

Available-for-sale investments

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

(n) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognised based on whether certain qualifying criteria under HKAS 39 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

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

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

3 Significant accounting policies (continued)

(n) Derivative financial instruments and hedging activities (continued)

Derivatives designated as hedging instruments to hedge the net investment in a foreign operation are accounted for in a way similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion is recognised in other comprehensive income and accumulated under the heading of exchange reserve. The gain or loss relating to the ineffective portion is recognised in the income statement as interest expenses and other finance costs. Amounts accumulated are removed from exchange reserve and recognised in the income statement in the periods when the foreign operation is disposed of.

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

(o) Trade and other receivables

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

(p) Inventories

Inventories consist mainly of retail goods and, in relation to prior year, stock of properties. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

Stock of properties are stated at the lower of cost and net realisable value. Net realisable value is determined with reference to sales proceeds received after the reporting 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.

(q) Cash and cash equivalents

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

(r) Borrowings and borrowing costs

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

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

(s) Trade and other payables

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

(t) Customer loyalty credits

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

3 Significant accounting policies *(continued)*

(u) Share capital

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

(v) Provisions

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

(w) Leased assets

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

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

(x) Asset impairment

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

(y) Pension plans

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

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

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

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the year in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

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

Notes to the Financial Statements

3 Significant accounting policies (continued)

(z) Share-based payments

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

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

(aa) Foreign exchange

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

The financial statements of foreign operations are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

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

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

All other exchange differences are recognised in the income statement.

(ab) Business combinations

The Group applies the provisions of HKFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are generally recognised in profit or loss as incurred. Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

3 Significant accounting policies (continued)

(ab) Business combinations (continued)

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed as of the acquisition date. The measurement period is the period from the date the Group obtains complete information about the facts and circumstances that existed as of the acquisition date, and ends on 12 months from the date of the acquisition.

(ac) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale or dispose.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operations.

(ad) Revenue recognition

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

Ports and related services

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

Property and hotels

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 accounted for as customers' deposits received.

Property rental income is recognised on a straight-line basis over the period 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.

Retail

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

Notes to the Financial Statements

3 Significant accounting policies (continued)

(ad) Revenue recognition (continued)

Infrastructure

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

Aircraft leasing income are recognised on a straight-line basis over the period of the lease.

Energy

Revenue associated with the sale of crude oil, natural gas, natural gas liquids, synthetic crude oil, purchased commodities and refined petroleum products is recognised when the title passes to the customer.

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

Mobile and fixed-line telecommunications services

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

Revenue from the sale of prepaid mobile calling cards is deferred until such time as the customer uses the card or upon the expiry of the service period.

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

Other service income is recognised when the service is rendered.

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

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

Finance and investments

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

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

3 Significant accounting policies (continued)

At the date these financial statements are authorised for issue, the following standards, amendments and interpretations were in issue, and applicable to the Group's financial statements for annual accounting periods beginning on or after 1 January 2016, but not yet effective and have not been early adopted by the Group:

Annual Improvements 2012-2014 Cycle ⁽ⁱ⁾	Improvements to HKFRSs
HKAS 1 (Amendments) ⁽ⁱ⁾	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments) ⁽ⁱ⁾	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments) ⁽ⁱ⁾	Agriculture: Bearer Plants
HKAS 27 (Amendments) ⁽ⁱ⁾	Equity Method in Separate Financial Statements
HKFRS 9 (2014) ⁽ⁱⁱⁱ⁾	Financial Instruments
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments) ⁽ⁱ⁾	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments) ⁽ⁱ⁾	Accounting for Acquisitions of Interests in Joint Operations
HKAS 7 (Amendments) ⁽ⁱⁱ⁾	Disclosure Initiative
HKAS 12 (Amendments) ⁽ⁱⁱ⁾	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 15 ⁽ⁱⁱⁱ⁾	Revenue from Contracts with Customers
HKFRS 16 ^(iv)	Leases
HKFRS 10 and HKAS 28 (Amendments) ^(v)	Sale or Contribution of Asset between an Investor and its Associate or Joint Venture

- (i) Effective for the Group for annual periods beginning on or after 1 January 2016.
- (ii) Effective for the Group for annual periods beginning on or after 1 January 2017.
- (iii) Effective for the Group for annual periods beginning on or after 1 January 2018.
- (iv) Effective for the Group for annual periods beginning on or after 1 January 2019.
- (v) The original effective date of 1 January 2016 has been postponed until further announcement by the HKICPA.

HKFRS 15 will be effective for the Group's financial statement for annual reporting periods beginning on or after 1 January 2018. HKFRS 15 will replace all existing HKFRS revenue guidance and requirements including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is assessing the impact of HKFRS 15. It is currently anticipated that the application of HKFRS 15 in the future may impact the disclosure to be made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the impact of HKFRS 15 as at the date of publication of these financial statements.

HKFRS 16 will be effective for the Group's financial statements for annual reporting periods beginning on or after 1 January 2019. HKFRS 16 specifies how an entity to recognise, measure, present and disclose leases. HKFRS 16 requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance with HKFRS 16's approach to lessor accounting substantially unchanged from its predecessor HKAS 17. The Group is assessing the impact of HKFRS 16 and as a result, it is not practicable to provide a reasonable estimate of the impact of HKFRS 16 as at the date of publication of these financial statements.

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

4 Critical accounting estimates and judgements

Note 3 includes a summary of the significant accounting policies used in the preparation of the financial statements. The preparation of financial statements often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the financial statements. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

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

(a) Basis of consolidation

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

(b) Long-lived assets

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

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

4 Critical accounting estimates and judgements (continued)

(c) Depreciation and amortisation

(i) Fixed assets

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

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

(ii) Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

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

Brand names relate to Retail and Telecommunications are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

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

(iii) Telecommunications customer acquisition costs

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

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

(d) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is recorded as a separate asset or, as applicable, included within investments in associated companies and joint ventures. Goodwill is also subject to the impairment test annually and when there are indications that the carrying value may not be recoverable.

4 Critical accounting estimates and judgements (continued)

(e) Tax

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections.

(f) Business combinations and goodwill

As disclosed in note 3(ab), the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(g) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement and supply contracts related to specific assets in the ordinary course of its business and provided guarantees in respect of bank and other borrowing facilities to associated companies and joint ventures. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised, or where the borrowing associated companies and joint ventures are assessed to be unable to repay the indebtedness that the Group has guaranteed, a provision is recognised. The calculation of these provisions will involve the use of estimates. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value from the investment in such associated companies and joint ventures.

4 Critical accounting estimates and judgements (continued)

(h) Pension costs

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

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

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

(i) Sale and leaseback transactions

The Group classifies leases into finance leases or operating leases in accordance with the accounting policies stated in note 3(w). Determining whether a lease transaction is a finance lease or an operating lease is a complex issue and requires substantial judgement as to whether the lease agreement transfers substantially all the risks and rewards of ownership to or from the Group. Careful and considered judgement is required on various complex aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether renewal options are included in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease or operating lease determines whether the leased asset is capitalised and recognised on the statement of financial position as set out in note 3(w). In sale and leaseback transactions, the classification of the leaseback arrangements as described above determines how the gain or loss on the sale transaction is recognised. It is either deferred and amortised (finance lease) or recognised in the income statement immediately (operating lease).

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

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

Notes to the Financial Statements

5 Revenue

An analysis of revenue of the Company and subsidiary companies is as follows:

	2015 HK\$ millions	2014 HK\$ millions
Sales of goods	99,736	—
Revenue from services	64,872	315
Interest	2,018	1,137
Dividends	134	110
	166,760	1,562

6 Operating segment information

The Merger Proposal and the Spin-off Proposal have introduced significant changes to the composition of the Group's operating segments. As a result, the Group has updated its presentation of operating segment information. As the Group's former Property and hotels operating segment consisted entirely of discontinued operations, information about property sales, property rental, hotel and serviced suite operation, and property and project management are not presented in the following operating segment information. Set out below is information about the new composition of the Group's operating segment for the current and comparative years:

Ports and related services:

This division had 269 operational berths as at 31 December 2015.

Retail:

The Retail division had 12,400 stores across 25 markets as at 31 December 2015.

Infrastructure:

The Infrastructure division comprises a 75.67% interest in Cheung Kong Infrastructure Holdings Limited ("CKI"), a company listed on the Stock Exchange; interests in certain co-owned infrastructure investments as well as aircraft leasing business is reported under this division.

Husky Energy:

This comprises of the Group's 40.18% interest in Husky, an integrated energy company listed on the Toronto Stock Exchange in Canada.

Telecommunications:

The Group's telecommunications division consists of 3 Group Europe with businesses in 6 countries in Europe, a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings, which is listed on the Stock Exchange, Hutchison Asia Telecommunications and a 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 50% interest in a joint venture company, Vodafone Hutchison Australia Pty Limited ("VHA").

HTAL's share of VHA's results are presented as separate items within the income statement line item titled profits on disposal of investments and others (see notes 7(a) and 7(b)).

Finance & Investments and Others is presented to reconcile to the totals included in the Group's income statement and statement of financial position, which covers the activities of other Group areas which are not presented separately and includes Hutchison Water, Hutchison Whampoa (China), Hutchison E-Commerce and corporate head office operations, the Marionnaud business, listed subsidiary Hutchison China MedTech, listed associates TOM Group and CK Life Sciences Int'l., (Holdings) Inc. ("CK Life Sciences"), and returns earned on the Group's holdings of cash and liquid investments.

6 Operating segment information (continued)

Save as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as Associates and JV refers to the Group's share of associated companies (including Hutchison's respective items before the completion of the Hutchison Proposal) and joint ventures' respective items, and segments are reported in a manner consistent with internal reporting currently provided to the board of directors of the Company who is responsible for allocating resources and assessing performance of the operating segments.

Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated mainly attributable to Retail of HK\$49 million (2014 - nil), Hutchison Telecommunications Hong Kong Holdings of HK\$110 million (2014 - nil) and Hutchison Asia Telecommunications of HK\$9 million (2014 - nil).

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

	Revenue							
	Company and Subsidiaries	Associates and JV	2015 Total		Company and Subsidiaries	Associates and JV	2014 Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Ports and related services #	14,732	12,242	26,974	8%	—	18,281	18,281	9%
Retail	74,587	47,127	121,714	38%	—	78,643	78,643	37%
Infrastructure	13,085	33,102	46,187	15%	959	30,060	31,019	15%
Husky Energy	—	29,620	29,620	9%	—	28,664	28,664	13%
3 Group Europe	37,517	12,635	50,152	16%	—	32,789	32,789	15%
Hutchison Telecommunications Hong Kong Holdings	12,957	4,563	17,520	6%	—	8,142	8,142	4%
Hutchison Asia Telecommunications	4,261	1,231	5,492	2%	—	2,876	2,876	1%
Finance & Investments and Others	9,621	9,038	18,659	6%	603	13,278	13,881	6%
	166,760	149,558	316,318	100%	1,562	212,733	214,295	100%
Non-controlling interests' share of HPH Trust's revenue	—	668	668		—	—	—	
	166,760	150,226	316,986		1,562	212,733	214,295	

includes the Group's attributable share of HPH Trust's revenue based on the effective shareholdings in HPH Trust during 2015. Revenue reduced by HK\$668 million for the period from June to December 2015, being adjustments to exclude non-controlling interests' share of revenue of HPH Trust.

Notes to the Financial Statements

6 Operating segment information (continued)

- (b) The Group uses two measures of segment results, EBITDA (see note 6(m)) and EBIT (see note 6(n)). The following is an analysis of the Group's results by operating segments by EBITDA:

	EBITDA (LBITDA) ^(m)							
	Company and Subsidiaries	Associates and JV	2015 Total		Company and Subsidiaries	Associates and JV	2014 Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Ports and related services [#]	4,527	4,949	9,476	13%	–	6,223	6,223	12%
Retail	8,007	4,251	12,258	17%	–	7,769	7,769	15%
Infrastructure	8,324	18,358	26,682	36%	1,084	16,188	17,272	34%
Husky Energy	–	6,899	6,899	9%	–	7,200	7,200	14%
3 Group Europe	11,174	3,078	14,252	19%	–	7,793	7,793	16%
Hutchison Telecommunications Hong Kong Holdings	1,597	671	2,268	3%	–	1,389	1,389	3%
Hutchison Asia Telecommunications	869	–	869	1%	–	(139)	(139)	–
Finance & Investments and Others	(198)	1,525	1,327	2%	23	2,779	2,802	6%
EBITDA before profits on disposal of investments and others	34,300	39,731	74,031	100%	1,107	49,202	50,309	100%
Profits on disposal of investments and others (see note 7)	–	–	–		–	11,387	11,387	
Non-controlling interests' share of HPH Trust's EBITDA	–	477	477		–	–	–	
EBITDA (see note 37(a))	34,300	40,208	74,508		1,107	60,589	61,696	
Depreciation and amortisation	(9,618)	(15,195)	(24,813)		(107)	(17,815)	(17,922)	
Profits on disposal of investments and others (see note 7)	14,260	(870)	13,390		–	(4,088)	(4,088)	
Interest expenses and other finance costs	(4,470)	(6,308)	(10,778)		(655)	(8,619)	(9,274)	
Current tax	(2,629)	(2,960)	(5,589)		312	(4,116)	(3,804)	
Deferred tax	(266)	65	(201)		(7)	(58)	(65)	
Non-controlling interests	(6,177)	(2,151)	(8,328)		(491)	(7,108)	(7,599)	
	25,400	12,789	38,189		159	18,785	18,944	

- # includes the Group's attributable share of HPH Trust's EBITDA based on the effective shareholdings in HPH Trust during 2015. EBITDA reduced by HK\$477 million for the period from June to December 2015, being adjustments to exclude non-controlling interests' share of EBITDA of HPH Trust.

6 Operating segment information (continued)

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

	EBIT (LBIT) ^(a)							
	Company and Subsidiaries	Associates and JV	2015 Total		Company and Subsidiaries	Associates and JV	2014 Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Ports and related services [#]	2,986	3,256	6,242	12%	—	4,019	4,019	12%
Retail	6,826	3,420	10,246	21%	—	6,507	6,507	20%
Infrastructure	5,750	13,420	19,170	39%	991	11,855	12,846	39%
Husky Energy	—	1,796	1,796	4%	—	3,160	3,160	10%
3 Group Europe								
EBITDA before the following non-cash items:	11,174	3,078	14,252		—	7,793	7,793	
Depreciation	(2,784)	(1,436)	(4,220)		—	(3,766)	(3,766)	
Amortisation of licence fees and other rights	(604)	(240)	(844)		—	(584)	(584)	
EBIT - 3 Group Europe	7,786	1,402	9,188	19%	—	3,443	3,443	11%
Hutchison Telecommunications Hong Kong Holdings	745	351	1,096	2%	—	689	689	2%
Hutchison Asia Telecommunications	869	(248)	621	1%	—	(732)	(732)	-2%
Finance & Investments and Others	(280)	1,282	1,002	2%	9	2,446	2,455	8%
EBIT before profits on disposal of investments and others	24,682	24,679	49,361	100%	1,000	31,387	32,387	100%
Profits on disposal of investments and others (see note 7)	14,260	(870)	13,390		—	7,299	7,299	
Non-controlling interests' share of HPH Trust's EBIT	—	334	334		—	—	—	
Interest expenses and other finance costs	(4,470)	(6,308)	(10,778)		(655)	(8,619)	(9,274)	
Current tax	(2,629)	(2,960)	(5,589)		312	(4,116)	(3,804)	
Deferred tax	(266)	65	(201)		(7)	(58)	(65)	
Non-controlling interests	(6,177)	(2,151)	(8,328)		(491)	(7,108)	(7,599)	
	25,400	12,789	38,189		159	18,785	18,944	

[#] includes the Group's attributable share of HPH Trust's EBIT based on the effective shareholdings in HPH Trust during 2015. EBIT reduced by HK\$334 million for the period from June to December 2015, being adjustments to exclude non-controlling interests' share of EBIT of HPH Trust.

Notes to the Financial Statements

6 Operating segment information (continued)

(d) The following is an analysis of the Group's depreciation and amortisation by operating segments:

	Depreciation and amortisation					
	Company and Subsidiaries	Associates and JV	2015 Total	Company and Subsidiaries	Associates and JV	2014 Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Ports and related services #	1,541	1,693	3,234	—	2,204	2,204
Retail	1,181	831	2,012	—	1,262	1,262
Infrastructure	2,574	4,938	7,512	93	4,333	4,426
Husky Energy	—	5,103	5,103	—	4,040	4,040
3 Group Europe	3,388	1,676	5,064	—	4,350	4,350
Hutchison Telecommunications Hong Kong Holdings	852	320	1,172	—	700	700
Hutchison Asia Telecommunications	—	248	248	—	593	593
Finance & Investments and Others	82	243	325	14	333	347
	9,618	15,052	24,670	107	17,815	17,922
Non-controlling interests' share of HPH Trust's depreciation and amortisation	—	143	143	—	—	—
	9,618	15,195	24,813	107	17,815	17,922

includes the Group's attributable share of HPH Trust's depreciation and amortisation based on the effective shareholdings in HPH Trust during 2015. Depreciation and amortisation reduced by HK\$143 million for the period from June to December 2015, being adjustments to exclude non-controlling interests' share of depreciation and amortisation of HPH Trust.

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

	Capital expenditure							
	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	2015 Total	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	2014 Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Ports and related services	2,918	—	434	3,352	—	—	—	—
Retail	1,420	—	—	1,420	—	—	—	—
Infrastructure	9,881	—	21	9,902	7,565	—	—	7,565
Husky Energy	—	—	—	—	—	—	—	—
3 Group Europe ^(a)	7,130	2,447	11	9,588	—	—	—	—
Hutchison Telecommunications Hong Kong Holdings	760	1	6	767	—	—	—	—
Hutchison Asia Telecommunications	20	—	27	47	—	—	—	—
Finance & Investments and Others	229	—	41	270	6	—	—	6
	22,358	2,448	540	25,346	7,571	—	—	7,571
Reconciliation item ^(a)	136	—	—	136	296	—	—	296
	22,494	2,448	540	25,482	7,867	—	—	7,867

^(a) the reconciliation item represents the capital expenditure of Property and hotels.

6 Operating segment information (continued)

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

	Total assets							
	2015				2014			
	Company and Subsidiaries	Deferred tax assets	Investments in associated companies and interests in joint ventures	Total assets	Company and Subsidiaries	Deferred tax assets	Investments in associated companies and interests in joint ventures	Total assets
	Segment assets ^(b) HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	Segment assets ^(b) HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Ports and related services	74,765	440	27,309	102,514	—	—	—	—
Retail	193,879	902	12,409	207,190	—	—	—	—
Infrastructure	188,413	490	131,495	320,398	7,772	—	19,806	27,578
Husky Energy	—	—	54,434	54,434	—	—	—	—
3 Group Europe ^(d)	127,309	19,001	3	146,313	—	—	—	—
Hutchison Telecommunications Hong Kong Holdings	26,406	128	433	26,967	—	—	—	—
Hutchison Asia Telecommunications	2,615	—	—	2,615	—	—	—	—
Finance & Investments and Others	157,770	25	7,885	165,680	28,465	—	219,892	248,357
	771,157	20,986	233,968	1,026,111	36,237	—	239,698	275,935
Reconciliation item ^(e)	4	—	6,829	6,833	136,109	—	45,897	182,006
	771,161	20,986	240,797	1,032,944	172,346	—	285,595	457,941

@ the reconciliation item comprises total assets of HTAL and Property and hotels.

Notes to the Financial Statements

6 Operating segment information (continued)

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

	Total liabilities							
	Segment liabilities ⁽ⁱ⁾	Current & non-current borrowings ⁽ⁱ⁾ and other non-current liabilities	Current & deferred tax liabilities	2015 Total liabilities	Segment liabilities ⁽ⁱ⁾	Current & non-current borrowings ⁽ⁱ⁾ and other non-current liabilities	Current & deferred tax liabilities	2014 Total liabilities
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Ports and related services	17,166	17,085	4,900	39,151	–	–	–	–
Retail	24,366	12,832	11,008	48,206	–	–	–	–
Infrastructure	14,883	79,748	7,826	102,457	585	–	(4)	581
Husky Energy	–	–	–	–	–	–	–	–
3 Group Europe	26,360	66,791	4	93,155	–	–	–	–
Hutchison Telecommunications Hong Kong Holdings	4,038	4,590	508	9,136	–	–	–	–
Hutchison Asia Telecommunications	4,248	16,711	1	20,960	–	–	–	–
Finance & Investments and Others	7,852	158,661	4,253	170,766	564	37,274	37	37,875
	98,913	356,418	28,500	483,831	1,149	37,274	33	38,456
Reconciliation item [@]	2	–	–	2	10,493	600	2,345	13,438
	98,915	356,418	28,500	483,833	11,642	37,874	2,378	51,894

@ the reconciliation item comprises total liabilities of HTAL and Property and hotels.

Additional information in respect of geographical locations

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

	Revenue							
	Company and Subsidiaries	Associates and JV	2015 Total		Company and Subsidiaries	Associates and JV	2014 Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Hong Kong	33,235	16,190	49,425	15%	–	29,307	29,307	14%
Mainland China	18,247	13,692	31,939	10%	94	19,214	19,308	9%
Europe	82,494	65,404	147,898	47%	772	98,071	98,843	46%
Canada ⁽¹⁾	292	27,959	28,251	9%	8	28,264	28,272	13%
Asia, Australia and others	22,871	17,275	40,146	13%	85	24,599	24,684	12%
Finance & Investments and Others	9,621	9,038	18,659	6%	603	13,278	13,881	6%
	166,760	149,558	316,318 ⁽¹⁾	100%	1,562	212,733	214,295 ⁽¹⁾	100%

(1) see note 6(a) for reconciliation to total revenue included in the Group's income statement.

6 Operating segment information (continued)

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

	EBITDA (LBITDA) ^(m)							
	Company and Subsidiaries	Associates and JV	2015 Total		Company and Subsidiaries	Associates and JV	2014 Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Hong Kong	1,874	2,622	4,496	6%	(14)	3,140	3,126	6%
Mainland China	3,474	5,593	9,067	12%	92	4,885	4,977	10%
Europe	22,461	17,905	40,366	55%	770	24,662	25,432	50%
Canada ^(l)	167	5,115	5,282	7%	7	6,625	6,632	13%
Asia, Australia and others	6,522	6,971	13,493	18%	229	7,111	7,340	15%
Finance & Investments and Others	(198)	1,525	1,327	2%	23	2,779	2,802	6%
EBITDA before profits on disposal of investments and others	34,300	39,731	74,031 ⁽²⁾	100%	1,107	49,202	50,309 ⁽²⁾	100%

(2) see note 6(b) for reconciliation to total EBITDA included in the Group's income statement.

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

	EBIT (LBIT) ⁽ⁿ⁾							
	Company and Subsidiaries	Associates and JV	2015 Total		Company and Subsidiaries	Associates and JV	2014 Total	
	HK\$ millions	HK\$ millions	HK\$ millions	%	HK\$ millions	HK\$ millions	HK\$ millions	%
Hong Kong	781	1,440	2,221	4%	(14)	1,672	1,658	5%
Mainland China	2,876	3,832	6,708	14%	52	3,544	3,596	11%
Europe	15,974	12,445	28,419	58%	748	16,190	16,938	52%
Canada ^(l)	92	924	1,016	2%	7	2,902	2,909	9%
Asia, Australia and others	5,239	4,756	9,995	20%	198	4,633	4,831	15%
Finance & Investments and Others	(280)	1,282	1,002	2%	9	2,446	2,455	8%
EBIT before profits on disposal of investments and others	24,682	24,679	49,361 ⁽³⁾	100%	1,000	31,387	32,387 ⁽³⁾	100%

(3) see note 6(c) for reconciliation to total EBIT included in the Group's income statement.

Notes to the Financial Statements

6 Operating segment information (continued)

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

	Capital expenditure							
	Fixed assets, investment properties and leasehold land	Telecom- munications licences	Brand names and other rights	2015 Total	Fixed assets, investment properties and leasehold land	Telecom- munications licences	Brand names and other rights	2014 Total
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Hong Kong	1,027	1	27	1,055	247	—	—	247
Mainland China	875	—	—	875	3,395	—	—	3,395
Europe	13,125	2,447	11	15,583	1,919	—	—	1,919
Canada	893	—	—	893	255	—	—	255
Asia, Australia and others	6,345	—	461	6,806	2,045	—	—	2,045
Finance & Investments and Others	229	—	41	270	6	—	—	6
	22,494 [#]	2,448	540	25,482	7,867 [#]	—	—	7,867

[#] included in the balance are amount relating to Property and hotels HK\$136 million (2014 — HK\$296 million).

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

	Total assets							
	Company and Subsidiaries	Investments in associated		2015 Total assets	Company and Subsidiaries	Investments in associated		2014 Total assets
	Segment assets ^(b)	Deferred tax assets	companies and interests in joint ventures		Segment assets ^(b)	Deferred tax assets	companies and interests in joint ventures	
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Hong Kong	74,107	169	42,209	116,485	126,860	—	5,430	132,290
Mainland China	54,277	566	27,132	81,975	7,658	—	38,299	45,957
Europe	392,250	19,984	72,039	484,273	1,930	—	16,854	18,784
Canada ⁽ⁱ⁾	4,371	5	47,485	51,861	254	—	10	264
Asia, Australia and others	88,386	237	44,047	132,670	7,179	—	5,110	12,289
Finance & Investments and Others	157,770	25	7,885	165,680	28,465	—	219,892	248,357
	771,161	20,986	240,797	1,032,944	172,346 [*]	—	285,595 [*]	457,941

^{*} as at 31 December 2014, included in the Segment assets and Investments in associated companies and interests in joint ventures are amounts relating to Property and hotels of HK\$136,109 million and HK\$45,897 million respectively.

6 Operating segment information (continued)

- (m) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBITDA for this operation. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings of a cash nature. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under generally accepted accounting principles in Hong Kong and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with generally accepted accounting principles in Hong Kong.
- (n) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBIT for this operation. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under generally accepted accounting principles in Hong Kong and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with generally accepted accounting principles in Hong Kong.
- (o) Included in capital expenditures of 3 Group Europe for the year ended 31 December 2015 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 31 December 2015 which has an effect of decreasing total expenditures by HK\$505 million (2014 – nil).
- (p) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, brand names and other rights, goodwill, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets. As additional information, non-current assets (excluding financial instruments, deferred tax assets, post-employment benefits assets and assets from insurance contracts) for Hong Kong, Mainland China, Europe, Canada, and Asia, Australia and others amounted to HK\$129,905 million (2014 – HK\$267,380 million), HK\$88,208 million (2014 – HK\$42,814 million), HK\$419,494 million (2014 – HK\$18,750 million), HK\$51,711 million (2014 – HK\$10 million) and HK\$115,173 million (2014 – HK\$7,380 million) respectively.
- (q) Included in total assets of 3 Group Europe is an unrealised foreign currency exchange loss arising on 31 December 2015 of HK\$3,275 million (2014 – nil) from the translation of overseas subsidiaries' financial statements to Hong Kong dollars with an offsetting amount recorded in other reserves.
- (r) Segment liabilities comprise trade and other payables and pension obligations.
- (s) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.
- (t) Include contribution from the United States of America for Husky Energy.

Notes to the Financial Statements

7 Profits on disposal of investments and others

	Attributable to			Total HK\$ millions
	Ordinary shareholders ^(b) HK\$ millions	Holders of perpetual capital securities HK\$ millions	Non-controlling interests HK\$ millions	
Year ended 31 December 2015				
Profits on disposal of investments				
Net gain on remeasurement of the Group's previously held equity interest in Hutchison and certain interests in co-owned assets	14,260	—	—	14,260
Others				
HTAL – share of operating losses of joint venture VHA ^(a)	(568)	—	(79)	(647)
	13,692	—	(79)	13,613
Share of former associated company, Hutchison's profits on disposal of investments and others ^(b)	(196)	—	—	(196)
Year ended 31 December 2014				
Share of former associated company, Hutchison's profit on disposal of investments and others				
Share of an associated company's gain on disposal ^(c)	8,026	—	—	8,026
Impairment of goodwill and store closure provision ^(d)	(325)	—	—	(325)
Mark-to-market gain on CKI's investments in AGN ^(e)	873	—	—	873
Provisions relating to the restructuring of 3 Ireland business ^(f)	(1,693)	—	—	(1,693)
Impairment charge on certain port assets and related provisions ^(g)	(290)	—	—	(290)
HTAL – share of operating losses of joint venture VHA ^(b)	(865)	—	—	(865)
Share of Husky Energy's impairment charge on certain crude oil and natural gas assets	(706)	—	—	(706)
	5,020	—	—	5,020

(a) It represents the Group's indirect subsidiary, HTAL's share of operating losses of a joint venture VHA.

(b) It represents the Group's share of former associated company, Hutchison's share of operating losses of HK\$223 million (2014 – HK\$985 million) net of non-controlling interests of HK\$27 million (2014 – HK\$120 million) of a joint venture VHA.

(c) It represents the Group's share of former associated company, Hutchison's gain arising from its listed associated company, Power Assets Holdings Limited's separate listing of its Hong Kong electricity businesses on the Stock Exchange of HK\$10,269 million net of non-controlling interests in the associates of HK\$2,243 million.

7 Profits on disposal of investments and others (continued)

- (d) It represents the Group's share of former associated company, Hutchison's provision on impairment of goodwill and store closures of the Marionnaud businesses to exit Poland and down size operations in Portugal and Spain.
- (e) It represents the Group's share of former associated company, Hutchison's marked-to-market gain of HK\$1,118 million net of non-controlling interests in the associates of HK\$245 million on CKI's investments in Australian Gas Networks Limited ("AGN") realised upon CKI's disposal of its interest in AGN to a joint venture on the AGN acquisition.
- (f) It represents the Group's share of former associated company, Hutchison's provisions relating to the restructuring of 3 Ireland business on the acquisition of O₂ Ireland.
- (g) It represents the Group's share of former associated company, Hutchison's impairment charges on certain port assets and related provisions of HK\$379 million net of non-controlling interests in the associates of HK\$89 million.
- (h) Ordinary shareholders refer to the ordinary shareholders of the holding company of the Group, i.e. CK Hutchison for the current year and Cheung Kong for the comparative year.

8 Directors' emoluments

	2015 HK\$ millions	2014 HK\$ millions
Directors' emoluments	554	245

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments exclude amounts received from the Company's listed subsidiaries and paid to the Company. The amounts disclosed above are the amounts recognised as directors' emolument expenses in the Group's income statement for 2015 and 2014 and do not include the amounts paid to directors as directors' emoluments by Hutchison and its subsidiaries (the "Hutchison Group") before the completion of the Merger Proposal, as under the accounting standards such amounts paid by the Hutchison Group during the period Hutchison was an associated company are not consolidated and reported as directors' emolument expenses in the Group's income statement.

Further details of the directors' emoluments of HK\$554.24 million (2014: HK\$244.63 million) are set out in note 8(a).

As additional information, payments by the Hutchison Group in 2015 and 2014 to directors, who were directors of Hutchison up to the completion of the Merger Proposal, amounted to HK\$488.34 million (2014: HK\$443.84 million), of which HK\$467.43 million (2014: nil) were included in the amount disclosed above and in note 8(a) below and represented the amounts paid by the Hutchison Group during the period Hutchison is a subsidiary of the Group, and further details of these payments are set out in note 8(b).

The Company does not have an option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2014 – nil).

In 2015 and 2014, the five individuals whose emoluments were the highest for the year were five directors of the Company.

Notes to the Financial Statements

8 Directors' emoluments (continued)

(a) Directors' emolument expenses recognised in the Group's income statement:

Name of directors	2015					
	Director's fees HK\$ millions	Basic salaries, allowances and benefits-in-kind HK\$ millions	Discretionary bonuses HK\$ millions	Provident fund contributions HK\$ millions	Inducement or compensation fees HK\$ millions	Total emoluments HK\$ millions
LI Ka-shing ^{(1) (10)}	0.01	—	—	—	—	0.01
LI Tzar Kuoi, Victor ⁽²⁾						
<i>Paid by the Company</i>	0.22	21.30	55.39	1.85	—	78.76
<i>Paid by CKI</i>	0.08	—	28.15	—	—	28.23
FOK Kin Ning, Canning ⁽³⁾	0.30	21.30	83.54	1.85	—	106.99
CHOW WOO Mo Fong, Susan ^{(3) (7)}	0.22	6.41	202.51	1.33	—	210.47
Frank John SIXT ⁽³⁾	0.13	4.69	45.22	0.96	—	51.00
IP Tak Chuen, Edmond ⁽⁴⁾	0.22	4.69	43.77	0.42	—	49.10
<i>Paid by the Company</i>	0.22	7.43	9.86	0.74	—	18.25
<i>Paid by CKI</i>	0.08	1.05	10.60	—	—	11.73
KAM Hing Lam ⁽⁵⁾	0.30	8.48	20.46	0.74	—	29.98
<i>Paid by the Company</i>	0.22	10.42	9.59	0.91	—	21.14
<i>Paid by CKI</i>	0.08	2.45	10.60	—	—	13.13
LAI Kai Ming, Dominic ^{(3) (7)}	0.30	12.87	20.19	0.91	—	34.27
CHOW Kun Chee, Roland ⁽⁶⁾	0.13	3.12	43.19	0.61	—	47.05
LEE Yeh Kwong, Charles ⁽⁶⁾	0.22	—	—	—	—	0.22
LEUNG Siu Hon ⁽⁶⁾	0.22	—	—	—	—	0.22
George Colin MAGNUS ⁽⁶⁾	0.22	—	—	—	—	0.22
<i>Paid by the Company</i>	0.22	—	—	—	—	0.22
<i>Paid by CKI</i>	0.08	—	—	—	—	0.08
KWOK Tun-li, Stanley ^{(8) (9) (10) (13)}	0.30	—	—	—	—	0.30
CHENG Hoi Chuen, Vincent ^{(7) (8) (9) (10)}	0.38	—	—	—	—	0.38
Michael David KADOORIE ^{(7) (8)}	0.24	—	—	—	—	0.24
LEE Wai Mun, Rose ^{(7) (8)}	0.13	—	—	—	—	0.13
William SHURNIAK ^{(7) (8) (9)}	0.13	—	—	—	—	0.13
WONG Chung Hin ^{(7) (8) (9) (10)}	0.20	—	—	—	—	0.20
WONG Yick-ming, Rosanna ^{(8) (10)}	0.23	—	—	—	—	0.23
CHUNG Sun Keung, Davy ⁽¹¹⁾	0.28	—	—	—	—	0.28
PAU Yee Wan, Ezra ⁽¹¹⁾	0.09	4.61	—	0.46	—	5.16
WOO Chia Ching, Grace ⁽¹¹⁾	0.09	5.23	—	0.52	—	5.84
CHIU Kwok Hung, Justin ⁽¹¹⁾	0.09	5.23	—	0.52	—	5.84
YEH Yuan Chang, Anthony ^{(8) (11)}	0.09	4.69	—	0.47	—	5.25
Simon MURRAY ^{(8) (11)}	0.09	—	—	—	—	0.09
CHOW Nin Mow, Albert ^{(8) (11)}	0.09	—	—	—	—	0.09
HUNG Siu-lin, Katherine ^{(8) (9) (11) (12)}	0.09	—	—	—	—	0.09
CHEONG Ying Chew, Henry ^{(8) (9) (11) (12)}	0.14	—	—	—	—	0.14
<i>Paid by the Company</i>	0.14	—	—	—	—	0.14
<i>Paid by CKI</i>	0.18	—	—	—	—	0.18
	0.32	—	—	—	—	0.32
Total	5.25	81.32	458.88	8.79	—	554.24

8 Directors' emoluments (continued)

(a) Directors' emolument expenses recognised in the Group's income statement (continued):

2014						
Name of directors	Director's fees HK\$ millions	Basic salaries, allowances and benefits-in-kind HK\$ millions	Discretionary bonuses HK\$ millions	Provident fund contributions HK\$ millions	Inducement or compensation fees HK\$ millions	Total emoluments HK\$ millions
LI Ka-shing ^{(1) (10)}	0.01	—	—	—	—	0.01
LI Tzar Kuoi, Victor ⁽²⁾	0.22	41.85	23.41	4.18	—	69.66
KAM Hing Lam ⁽⁵⁾	0.22	20.43	0.88	2.04	—	23.57
IP Tak Chuen, Edmond ⁽⁴⁾	0.22	16.75	10.24	1.67	—	28.88
CHUNG Sun Keung, Davy	0.22	10.40	18.27	1.04	—	29.93
PAU Yee Wan, Ezra	0.22	11.79	14.50	1.18	—	27.69
WOO Chia Ching, Grace	0.22	11.80	18.20	1.18	—	31.40
CHIU Kwok Hung, Justin	0.22	10.57	18.28	1.05	—	30.12
LEUNG Siu Hon ⁽⁶⁾	0.22	—	—	—	—	0.22
FOK Kin Ning, Canning ⁽⁶⁾	0.22	—	—	—	—	0.22
Frank John SIXT ⁽⁶⁾	0.22	—	—	—	—	0.22
CHOW Kun Chee, Roland ⁽⁶⁾	0.22	—	—	—	—	0.22
George Colin MAGNUS ⁽⁶⁾	0.22	—	—	—	—	0.22
LEE Yeh Kwong, Charles ⁽⁶⁾	0.22	—	—	—	—	0.22
KWOK Tun-li, Stanley ^{(8) (9) (10)}	0.41	—	—	—	—	0.41
YEH Yuan Chang, Anthony ⁽⁸⁾	0.22	—	—	—	—	0.22
Simon MURRAY ⁽⁸⁾	0.22	—	—	—	—	0.22
CHOW Nin Mow, Albert ⁽⁸⁾	0.22	—	—	—	—	0.22
HUNG Siu-lin, Katherine ^{(8) (9)}	0.35	—	—	—	—	0.35
WONG Yick-ming, Rosanna ^{(8) (10)}	0.28	—	—	—	—	0.28
CHEONG Ying Chew, Henry ^{(8) (9)}	0.35	—	—	—	—	0.35
Total	4.92	123.59	103.78	12.34	—	244.63

- (1) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK\$5,000 (2014 – HK\$5,000). The amount of director's fee shown above is a result of rounding. The director's fee of HK\$20,958 (2014 – HK\$50,000) received by Mr Li Ka-shing from Hutchison was paid to the Company. This amount was received during the period Hutchison was an associated company and therefore is not reflected in the amounts above.
- (2) Part of the directors' emoluments in the sum of HK\$1,699,719 (2014 – HK\$3,864,000) received by Mr Li Tzar Kuoi, Victor from Hutchison was paid to the Company. This amount was received during the period Hutchison was an associated company and therefore is not reflected in the amounts above. In 2014, directors' fees of HK\$75,000 received by him from listed associate, CK Life Sciences was paid to the Company and therefore is not reflected in the amounts above.
- (3) Directors' fees received by these directors from the Company's listed subsidiaries during the period they served as directors that have been paid to the Company are not included in the amounts above.
- (4) Part of the directors' emoluments in the sum of HK\$750,000 (2014 – HK\$1,875,000) received by Mr Ip Tak Chuen, Edmond from CKI was paid to the Company. This amount was received during the period Hutchison (the parent company of CKI) was an associated company and therefore is not reflected in the amounts above. In 2014, directors' emoluments in the sum of HK\$1,875,000 received by him from listed associate, CK Life Sciences was paid to the Company and therefore is not reflected in the amounts above.
- (5) Part of the directors' emoluments in the sum of HK\$736,219 (2014 – HK\$1,620,000) received by Mr Kam Hing Lam from Hutchison was paid to the Company. This amount was received during the period Hutchison was an associated company and therefore is not reflected in the amounts above. In 2014, directors' emoluments in the sum of HK\$3,575,000 received by him from listed associate, CK Life Sciences was paid to the Company and therefore is not reflected in the amounts above.
- (6) Non-executive director.
- (7) Appointed on 3 June 2015.
- (8) Independent non-executive director. The total emoluments of the independent non-executive directors of the Company are HK\$2.32 million (2014 – HK\$2.05 million).
- (9) Member of the Audit Committee.
- (10) Member of the Remuneration Committee.
- (11) Resigned on 3 June 2015.
- (12) Resigned on 3 June 2015 as Member of the Audit Committee.
- (13) Resigned on 3 June 2015 as Member of the Remuneration Committee.

Notes to the Financial Statements

8 Directors' emoluments (continued)

(b) Directors' emolument payments made by the Hutchison Group:

Name of directors of Hutchison	2015					
	Director's fees	Basic salaries, allowances and benefits-in-kind	Discretionary bonuses	Provident fund contributions	Inducement or compensation fees	Total emoluments
HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
LI Ka-shing ^{(14) (21) (27)}	0.02	—	—	—	—	0.02
LI Tzar Kuoi, Victor ⁽¹⁵⁾						
<i>Paid by Hutchison</i>	0.09	4.70	55.39	—	—	60.18
<i>Paid by CKI</i>	0.08	—	28.15	—	—	28.23
FOK Kin Ning, Canning ⁽¹⁶⁾	0.17	4.70	83.54	—	—	88.41
CHOW WOO Mo Fong, Susan ⁽¹⁶⁾	0.09	11.10	202.51	2.28	—	215.98
Frank John SIXT ⁽¹⁶⁾	0.09	8.17	45.22	1.64	—	55.12
LAI Kai Ming, Dominic ⁽¹⁶⁾	0.09	8.19	43.77	0.71	—	52.76
KAM Hing Lam ⁽¹⁷⁾	0.09	5.64	43.19	1.04	—	49.96
<i>Paid by Hutchison</i>	0.09	2.35	9.59	—	—	12.03
<i>Paid by CKI</i>	0.08	4.20	10.60	—	—	14.88
<i>Paid to Hutchison</i>	—	(1.75)	—	—	—	(1.75)
LEE Yeh Kwong, Charles ^{(18) (22)}	0.17	4.80	20.19	—	—	25.16
George Colin MAGNUS ^{(18) (22)}	0.09	—	—	—	—	0.09
<i>Paid by Hutchison</i>	0.09	—	—	—	—	0.09
<i>Paid by CKI</i>	0.08	—	—	—	—	0.08
CHENG Hoi Chuen, Vincent ^{(19) (20) (21) (22) (26) (27)}	0.17	—	—	—	—	0.17
Michael David KADOORIE ^{(19) (23)}	0.17	—	—	—	—	0.17
LEE Wai Mun, Rose ^{(19) (22)}	0.09	—	—	—	—	0.09
William SHURNIAK ^{(19) (20) (22) (26)}	0.09	—	—	—	—	0.09
WONG Chung Hin ^{(19) (20) (21) (22) (26) (27)}	0.15	—	—	—	—	0.15
	0.17	—	—	—	—	0.17
Total	1.65	42.60	438.42	5.67	—	488.34

(14) No remuneration was paid to Mr Li Ka-shing by Hutchison during the year other than a director's fee of HK\$20,958 which he paid to the Company. In 2014, director's fee of HK\$50,000 received by him was paid to the Company.

(15) In 2015, part of the directors' emoluments in the sum of HK\$1,699,719 received by Mr Li Tzar Kuoi, Victor from Hutchison was paid to the Company. In 2014, part of the directors' emoluments in the sum of HK\$3,864,000 received by him from Hutchison was paid to the Company.

(16) Directors' fees received by these directors from Hutchison's listed subsidiaries during the period they served as directors that have been paid to Hutchison are not included in the amounts above.

(17) In 2015, part of the directors' emoluments in the sum of HK\$736,219 received by Mr Kam Hing Lam from Hutchison was paid to the Company. In 2014, part of the directors' emoluments in the sum of HK\$1,620,000 received by him from Hutchison was paid to the Company.

8 Directors' emoluments (continued)

(b) Directors' emolument payments made by the Hutchison Group (continued):

Name of directors of Hutchison	2014					
	Director's fees HK\$ millions	Basic salaries, allowances and benefits-in-kind HK\$ millions	Discretionary bonuses HK\$ millions	Provident fund contributions HK\$ millions	Inducement or compensation fees HK\$ millions	Total emoluments HK\$ millions
LI Ka-shing ^{(14) (21)}	0.05	—	—	—	—	0.05
LI Tzar Kuoi, Victor ⁽¹⁵⁾						
<i>Paid by Hutchison</i>	0.12	4.59	50.35	—	—	55.06
<i>Paid by CKI</i>	0.08	—	24.01	—	—	24.09
<i>Paid to Hutchison</i>	(0.08)	—	—	—	—	(0.08)
	0.12	4.59	74.36	—	—	79.07
FOK Kin Ning, Canning ⁽¹⁶⁾	0.12	10.84	183.12	2.22	—	196.30
CHOW WOO Mo Fong, Susan ⁽¹⁶⁾	0.12	8.01	41.11	1.59	—	50.83
Frank John SIXT ⁽¹⁶⁾	0.12	8.03	39.83	0.69	—	48.67
LAI Kai Ming, Dominic ⁽¹⁶⁾	0.12	5.45	39.26	1.01	—	45.84
KAM Hing Lam ⁽¹⁷⁾						
<i>Paid by Hutchison</i>	0.12	2.30	8.96	—	—	11.38
<i>Paid by CKI</i>	0.08	4.20	10.27	—	—	14.55
<i>Paid to Hutchison</i>	(0.08)	(4.20)	—	—	—	(4.28)
	0.12	2.30	19.23	—	—	21.65
LEE Yeh Kwong, Charles ⁽¹⁸⁾	0.12	—	—	—	—	0.12
George Colin MAGNUS ⁽¹⁸⁾						
<i>Paid by Hutchison</i>	0.12	—	—	—	—	0.12
<i>Paid by CKI</i>	0.08	—	—	—	—	0.08
	0.20	—	—	—	—	0.20
CHENG Hoi Chuen, Vincent ^{(19) (20) (21) (24)}	0.15	—	—	—	—	0.15
Michael David KADOORIE ⁽¹⁹⁾	0.12	—	—	—	—	0.12
Holger KLUGE ^{(19) (20) (21) (25)}	0.16	—	—	—	—	0.16
LEE Wai Mun, Rose ⁽¹⁹⁾	0.12	—	—	—	—	0.12
William SHURNIAK ^{(19) (20)}	0.25	—	—	—	—	0.25
WONG Chung Hin ^{(19) (20) (21)}	0.31	—	—	—	—	0.31
Total	2.20	39.22	396.91	5.51	—	443.84

(18) Non-executive director.

(19) Independent non-executive director. The total emoluments of the independent non-executive directors of Hutchison are HK\$0.67 million (2014 – HK\$1.11 million).

(20) Member of the Audit Committee of Hutchison.

(21) Member of the Remuneration Committee of Hutchison.

(22) Resigned on 8 June 2015.

(23) Resigned on 24 July 2015.

(24) Appointed on 10 July 2014.

(25) Resigned on 10 July 2014.

(26) Ceased as Member of the Audit Committee of Hutchison on 8 June 2015.

(27) Ceased as Member of the Remuneration Committee of Hutchison on 8 June 2015.

Notes to the Financial Statements

9 Interest expenses and other finance costs

	2015 HK\$ millions	2014 HK\$ millions
Bank loans and overdrafts	974	297
Other loans	118	—
Notes and bonds	4,914	345
	6,006	642
Interest bearing loans from non-controlling shareholders	198	—
	6,204	642
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	15	—
Notional non-cash interest adjustments ^(a)	(1,708)	—
Other finance costs	55	13
	4,566	655
Less: interest capitalised ^(b)	(96)	—
	4,470	655

(a) Notional non-cash interest adjustments represent notional adjustments to the carrying amount of certain obligations recognised in the statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

(b) Borrowing costs have been capitalised at various applicable rates ranging from 0.5% to 5.6% per annum (2014 — nil).

10 Tax

	2015 HK\$ millions	2014 HK\$ millions
Current tax charge (credit)		
Hong Kong	150	34
Outside Hong Kong	2,479	(346)
	2,629	(312)
Deferred tax charge		
Hong Kong	79	—
Outside Hong Kong	187	7
	266	7
	2,895	(305)

Hong Kong profits tax has been provided for at the rate of 16.5% (2014 – 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

The differences between the Group's expected tax charge (credit), calculated at the domestic rates applicable to the country concerned, and the Group's tax charge (credit) for the years were as follows:

	2015 HK\$ millions	2014 HK\$ millions
Tax calculated at the domestic rates applicable in the country concerned	7,403	(88)
Tax effect of:		
Tax losses not recognised	1,278	—
Tax incentives	(108)	—
Income not subject to tax	(2,730)	(257)
Expenses not deductible for tax purposes	1,874	80
Recognition of previously unrecognised tax losses	(1,863)	—
Utilisation of previously unrecognised tax losses	(693)	(22)
Over provision in prior years	(512)	(18)
Deferred tax assets written off	(14)	—
Other temporary differences	(951)	—
Effect of change in tax rate	(789)	—
Total tax for the year	2,895	(305)

Notes to the Financial Statements

11 Discontinued operations

As disclosed in note 1, the results of the Property and hotels operations are presented as discontinued operations separately from continuing operations in the consolidated income statement and consolidated statement of comprehensive income. An analysis of the results of discontinued operations, and the results recognised on the remeasurement of assets of disposal group, is set out below:

	2015 HK\$ millions	2014 HK\$ millions
Revenue	9,334	24,822
Increase in fair value of investment properties	526	4,542
Expenses	(4,468)	(12,118)
Share of profits less losses of associated company	3,166	16,716
Share of profits less losses of joint ventures	(158)	2,835
Pre-tax profit before remeasurement of assets	8,400	36,797
Tax	(745)	(1,624)
After tax profit before remeasurement of assets	7,655	35,173
Pre-tax gain recognised on remeasurement of assets of the disposal group	72,859	—
Tax	—	—
After tax gain recognised on remeasurement of assets of the disposal group ^(a)	72,859	—
Profit after tax from discontinued operations	80,514	35,173
Profit from discontinued operations attributable to:		
Non-controlling interests and holders of perpetual capital securities	(133)	(248)
Ordinary shareholders	80,381	34,925

(a) Analysis of gain on remeasurement of assets

	Arising from		
	Remeasurement of assets ^(b)	Distribution In Specie ^(c)	Total
	HK\$ millions	HK\$ millions	HK\$ millions
One-off non-cash gains before reclassification adjustments (see note 37(e))	18,351	48,004	66,355
Reclassification adjustments	3,578	2,926	6,504
One-off non-cash gains after reclassification adjustments	21,929	50,930	72,859

(b) Upon completion of the Hutchison Proposal, entities co-owned by CK Hutchison and Hutchison over which CK Hutchison has control became indirectly owned subsidiaries of the Group. These entities formed part of the Cheung Kong Property Group which was distributed to shareholders pursuant to the Distribution In Specie. One-off non-cash gain on remeasurement of these assets represents the difference between their fair value and the book value, including gains previously in exchange and other reserves related to these entities reclassified to profit or loss in the current year.

(c) See note 13(c).

12 Earnings per share for profit attributable to ordinary shareholders

	2015	2014
Earnings per share for profit attributable to ordinary shareholders arises from:		
Continuing operations	HK\$ 11.89	HK\$ 8.18
Discontinued operations	HK\$ 25.02	HK\$ 15.08
	HK\$ 36.91	HK\$ 23.26

The calculation of earnings per share is based on profit attributable to ordinary shareholders and on weighted average number of shares outstanding during 2015 and 2014 as follows:

	2015 HK\$ millions	2014 HK\$ millions
Profit attributable to ordinary shareholders arises from:		
Continuing operations	38,189	18,944
Discontinued operations	80,381	34,925
	118,570	53,869
Weighted average number of shares outstanding during 2015 and 2014	3,212,671,194	2,316,164,338

The Company has no share option scheme. Certain of the Company's subsidiary and associated companies have employee share options outstanding as at 31 December 2015. The employee share options of these subsidiary and associated companies outstanding as at 31 December 2015 did not have a dilutive effect on earnings per share.

13 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2015 HK\$ millions	2014 HK\$ millions
Distribution paid on perpetual capital securities	1,072	460

(b) Dividends

	2015 HK\$ millions	2014 HK\$ millions
First interim dividend, paid of HK\$0.70 per share (2014 - HK\$0.638 per share)	2,702	1,478
Second interim dividend, nil declared, (2014 - HK\$3.016 per share, in lieu of final dividend)	—	6,985
Final dividend, proposed of HK\$1.85 per share (2014 - nil)	7,140	—
	9,842	8,463
Special dividend, nil declared (2014 - HK\$7.00 per share)	—	16,213
	9,842	24,676

In 2015, the calculation of the interim dividend and final dividend is based on 3,859,678,500 shares in issue. In 2014, the calculation of the first interim, the second interim dividend in lieu of final dividend and special dividend is based on 2,316,164,338 shares in issue.

(c) Other distributions

	2015 HK\$ millions	2014 HK\$ millions
Distribution In Specie	363,511	—

The Group's entire interest in Cheung Kong Property was distributed to shareholders pursuant to the Distribution In Specie under the Spin-off Proposal and Cheung Kong Property became a separate listed company on the Main Board of the Stock Exchange. The Distribution In Specie is accounted for as a distribution of non-cash assets to shareholders, where the difference between the distribution liability measured at fair value and the book value of the disposal group (after netting off HK\$55,000 million received) is recognised in the consolidated financial statements of CK Hutchison upon settlement of the distribution liability. This resulted in an one-off non-cash gain of approximately HK\$50,930 million recognised and reported as part of the results from discontinued operations (see note 11(a)).

14 Other comprehensive income (losses)

	2015		
	Before-tax amount HK\$ millions	Tax effect HK\$ millions	Net-of-tax amount HK\$ millions
Available-for-sale investments:			
Valuation losses recognised directly in reserves	(797)	—	(797)
Valuation gains previously in reserves recognised in income statement	(1,021)	—	(1,021)
Remeasurement of defined benefit obligations recognised directly in reserves	(133)	(44)	(177)
Gains on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised directly in reserves	701	(8)	693
Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	2,060	—	2,060
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(6,383)	—	(6,383)
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	12,925	—	12,925
Share of other comprehensive income (losses) of associated companies	(13,398)	—	(13,398)
Share of other comprehensive income (losses) of joint ventures	(2,380)	—	(2,380)
	(8,426)	(52)	(8,478)
	2014		
	Before-tax amount HK\$ millions	Tax effect HK\$ millions	Net-of-tax amount HK\$ millions
Available-for-sale investments:			
Valuation gains recognised directly in reserves	462	—	462
Valuation gains previously in reserves recognised in income statement	(313)	—	(313)
Impairment charged to income statement	44	—	44
Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	1,475	—	1,475
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(738)	—	(738)
Share of other comprehensive income (losses) of associated companies	(13,169)	—	(13,169)
Share of other comprehensive income (losses) of joint ventures	(3,256)	—	(3,256)
	(15,495)	—	(15,495)

Notes to the Financial Statements

15 Fixed assets

	Hotels and serviced suites HK\$ millions	Land and buildings HK\$ millions	Telecom- munications network assets HK\$ millions	Aircraft HK\$ millions	Other assets ⁽ⁱ⁾ HK\$ millions	Total HK\$ millions
Cost						
At 1 January 2014	12,849	—	—	—	1,367	14,216
Additions	180	—	—	7,599	105	7,884
Disposals	—	—	—	—	(99)	(99)
Exchange translation differences	(2)	—	—	—	(1)	(3)
At 31 December 2014 and 1 January 2015	13,027	—	—	7,599	1,372	21,998
Additions	49	1,140	810	6,675	13,820	22,494
Relating to subsidiaries acquired (see note 37(c))	—	27,225	25,265	—	114,550	167,040
Disposals	—	(316)	(4)	—	(663)	(983)
Relating to subsidiaries disposed (see note 37(d))	—	(764)	—	—	(821)	(1,585)
Distribution In Specie (see note 37(e))	(12,985)	—	—	—	(1,073)	(14,058)
Transfer to other assets	—	—	—	—	(76)	(76)
Transfer between categories	—	8	4,353	—	(4,361)	—
Exchange translation differences	(91)	(999)	(333)	—	(5,545)	(6,968)
At 31 December 2015	—	26,294	30,091	14,274	117,203	187,862
Accumulated depreciation and impairment						
At 1 January 2014	3,001	—	—	—	1,238	4,239
Charge for the year	242	—	—	93	58	393
Disposals	—	—	—	—	(86)	(86)
Exchange translation differences	(1)	—	—	—	(1)	(2)
At 31 December 2014 and 1 January 2015	3,242	—	—	93	1,209	4,544
Charge for the year	102	559	1,979	530	5,390	8,560
Disposals	—	—	—	—	(321)	(321)
Relating to subsidiaries disposed (see note 37(d))	—	(3)	—	—	(50)	(53)
Distribution In Specie (see note 37(e))	(3,341)	—	—	—	(864)	(4,205)
Transfer from other assets	—	5	—	—	2	7
Transfer between categories	—	—	(77)	—	77	—
Exchange translation differences	(3)	(119)	95	—	(498)	(525)
At 31 December 2015	—	442	1,997	623	4,945	8,007
Net book value						
At 31 December 2015	—	25,852	28,094	13,651	112,258	179,855
At 31 December 2014	9,785	—	—	7,506	163	17,454
At 1 January 2014	9,848	—	—	—	129	9,977

- (i) Cost and net book value of other assets include HK\$18,993 million (2014 - nil) and HK\$18,131 million (2014 - nil) respectively relate to the business of Ports and related services, and HK\$75,624 million (2014 - nil) and HK\$74,002 million (2014 - nil) respectively relate to the business of Infrastructure.

15 Fixed assets (continued)

The analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases of fixed assets is as follows:

	2015 HK\$ millions	2014 HK\$ millions
Within 1 year	5,620	753
After 1 year, but within 5 years	14,360	2,751
After 5 years	5,546	1,241

16 Investment properties

	2015 HK\$ millions	2014 HK\$ millions
Valuation		
At 1 January	33,285	28,777
Additions / cost adjustments	—	(34)
Relating to subsidiaries acquired (see note 37(c))	305	—
Increase in fair value of investment properties	555	4,542
Distribution In Specie (see note 37(e))	(33,811)	—
At 31 December	334	33,285

Investment properties have been fair valued as at 31 December 2015 and 31 December 2014 by DTZ Debenham Tie Leung Limited, professional valuers.

Investment properties as at 31 December 2015 were acquired as part of the acquisition of Hutchison pursuant to the Merger Proposal. As at 31 December 2015, the fair value of investment properties which reflects the highest and best use was arrived at by reference to comparable market transactions and also taking reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

Investment properties as at 31 December 2014 were transferred during the current year to Cheung Kong Property pursuant to the Spin-off Proposal. The fair value of investment properties as at 31 December 2014 were generally derived using the income capitalisation method which was based on the capitalisation of net income and reversionary income potential by appropriate capitalisation rates; the capitalisation rates adopted, ranging between 4% to 8% generally and inversely related to the values derived, were based on analysis of relevant sale transactions and interpretation of prevailing market expectations and capitalisation rates adopted for major investment properties were as follows:

- | | | |
|------|---|-------|
| (i) | The Center (commercial office property) | 5.00% |
| (ii) | 1881 Heritage (retail shopping mall) | 5.25% |

There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Notes to the Financial Statements

16 Investment properties (continued)

At 31 December, the analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases is as follows:

	2015 HK\$ millions	2014 HK\$ millions
Within 1 year	—	1,210
After 1 year, but within 5 years	—	1,022

17 Leasehold land

	2015 HK\$ millions	2014 HK\$ millions
Net book value		
At 1 January	—	—
Relating to subsidiaries acquired (see note 37(c))	7,861	—
Amortisation for the year	(189)	—
Relating to subsidiaries disposed (see note 37(d))	(327)	—
Exchange translation differences	(130)	—
At 31 December	7,215	—

18 Telecommunications licences

	2015 HK\$ millions	2014 HK\$ millions
Net book value		
At 1 January	—	—
Additions	2,448	—
Relating to subsidiaries acquired (see note 37(c))	31,571	—
Amortisation for the year	(352)	—
Exchange translation differences	(1,059)	—
At 31 December	32,608	—
Cost		
Accumulated amortisation and impairment	32,960	—
	(352)	—
	32,608	—

At 31 December 2015, the carrying amount of the Group's telecommunications licences in Italy and the UK which are considered to have an indefinite useful life is €1,051 million (2014 - nil) and £1,357 million (2014 - nil) respectively.

In accordance with the Group's accounting policy on asset impairment (see note 3(x)), the carrying values of telecommunications licences were reviewed and tested for impairment as at 31 December 2015. The results of the reviews and tests undertaken as at 31 December 2015 indicated no impairment charge was necessary.

19 Brand names and other rights

	Brand names HK\$ millions	Other rights HK\$ millions	Total HK\$ millions
Net book value			
At 1 January 2014, 31 December 2014 and 1 January 2015	–	–	–
Additions	–	540	540
Relating to subsidiaries acquired (see note 37(c))	66,740	16,795	83,535
Transfer from other assets	–	65	65
Amortisation for the year	(7)	(632)	(639)
Exchange translation differences	(561)	(707)	(1,268)
At 31 December	66,172	16,061	82,233
Cost	66,179	16,658	82,837
Accumulated amortisation	(7)	(597)	(604)
	66,172	16,061	82,233

The carrying amount of brand names and other rights primarily arises from the acquisition of Hutchison and its subsidiaries under the Merger Proposal. Brand names relate to Retail of approximately HK\$52 billion and Telecommunications of approximately HK\$14 billion are considered to have an indefinite useful life.

Other rights, which include rights of use of telecommunications network infrastructure sites of HK\$927 million (2014 – nil), operating and service content rights of HK\$11,786 million (2014 – nil), resource consents and customer lists of HK\$3,180 million (2014 – nil) are amortised over their finite useful lives.

20 Goodwill

	2015 HK\$ millions	2014 HK\$ millions
Cost		
At 1 January	—	—
Relating to subsidiaries acquired (see note 37(c))	264,051	—
Exchange translation differences	(2,602)	—
At 31 December	261,449	—

Goodwill primarily arises from the acquisition of the Hutchison's businesses pursuant to the Merger Proposal. The carrying amount of goodwill has been allocated to the businesses of the Ports and related services of approximately HK\$13 billion, Retail of approximately HK\$114 billion, Infrastructure of approximately HK\$69 billion, 3 Group Europe of approximately HK\$26 billion, Hutchison Telecommunications Hong Kong Holdings of approximately HK\$10 billion and Finance & Investments and Others of approximately HK\$30 billion.

Goodwill and assets with indefinite useful lives (telecommunication licences and brand names) are allocated to business units and divisions as described in notes 18, 19 and in this note. In assessing whether these assets have suffered any impairment, the carrying value of the respective business unit or division on which these assets are allocated is compared with its recoverable amount. The results of the tests undertaken as at 31 December 2015 indicated no impairment charge was necessary.

As additional information,

- (i) the recoverable amount for the purpose of impairment testing for the Retail division and Hutchison Telecommunications Hong Kong Holdings are based on its value in use which utilises cash flow projections based on the latest approved financial budgets for 5 years discounted to present value at a pre-tax rate of 6% to 9% and 3% to 4% respectively and where applicable, in the calculation, the cash flows beyond the 5 year period have been extrapolated using a growth rate of 1% to 3% per annum;
- (ii) the recoverable amount for the purpose of impairment testing for the other respective business units and divisions are based on their fair value less costs of disposal. Their fair value is by reference, where available, to the quoted market value / share price or estimated using a value/ EBITDA multiple approach or a price to earnings multiple approach (Level 3 of the HKFRS 13 fair value hierarchy) based on the latest approved financial budget for 5 years. The value / EBITDA multiple and price to earnings multiple are derived from observable market data for broadly comparable businesses with due consideration for market development expectations; and
- (iii) the Group prepared the financial budgets reflecting current and prior year performances, market development expectations and where available and relevant, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and, for the value in use calculation, the estimated terminal value. Key assumptions include the expected growth in revenues and gross margin, inventory level, volume and operating costs, timing of future capital expenditures, growth rates and selection of discount rates and, for the fair value less cost of disposal calculation, the EBITDA and earnings multiple that can be realised for the estimated fair value. A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the respective business units and divisions.

21 Associated companies

	2015 HK\$ millions	2014 HK\$ millions
Unlisted shares	8,667	6
Listed shares, Hong Kong	65,803	28,132
Listed shares, outside Hong Kong	77,405	—
Share of undistributed post acquisition reserves	(8,712)	187,889
	143,163	216,027
Amounts due from associated companies	5,209	814
	148,372	216,841

The market value of the above listed investments at 31 December 2015 was HK\$113,173 million (2014 - HK\$193,562 million), inclusive of HK\$31,467 million and HK\$59,026 million for material associated companies, namely Husky and Power Assets Holdings Limited ("Power Assets") respectively (2014 - inclusive of HK\$190,121 million and HK\$3,441 million for material associated companies, namely Hutchison and CK Life Sciences respectively).

There are no material contingent liabilities relating to the Group's interests in the associated companies, save as for those disclosed in note 41.

Set out below are additional information in respect of the Group's material associated companies in 2015.

	2015 Material associated companies		
	Hutchison ^(a) HK\$ millions	Husky HK\$ millions	Power Assets HK\$ millions
Dividends received from associated companies	3,739	2,717	2,232
Gross amount of the following items of the associated companies ^{(b) (c)} :			
Total revenue	106,157	54,780	1,308
EBITDA	32,880	12,662	16,829
EBIT	19,914	4,122	12,424
Other comprehensive income (losses)	(11,756)	(16,629)	(1,482)
Total comprehensive income (losses)	(3,698)	(14,767)	6,250
Current assets	—	16,202	68,544
Non-current assets	—	222,390	103,674
Current liabilities	—	21,328	2,119
Non-current liabilities	—	79,035	9,642
Net assets (net of preferred shares, perpetual capital securities and non-controlling interests)	—	133,842	160,457
Reconciliation to the carrying amount of the Group's interests in associated companies:			
Group's interest	—	40.2%	38.9%
Group's share of net assets	—	53,774	62,370
Amounts due from associated companies	—	660	—
Carrying amount	—	54,434	62,370

Notes to the Financial Statements

21 Associated companies (continued)

	Hutchison ^(a) HK\$ millions	Husky HK\$ millions	Power Assets HK\$ millions	Other associated companies HK\$ millions	2015 Total HK\$ millions
Group's share of the following items of the associated companies ^(b) :					
Profits less losses after tax (before profits on disposal of investments and others)	4,222	751	1,639	833	7,445
Profits on disposal of investments and others	(196)	—	—	—	(196)
Other comprehensive income (losses)	(5,372)	(6,681)	(364)	(781)	(13,198)
Total comprehensive income (losses)	(1,346)	(5,930)	1,275	52	(5,949)

Set out below are additional information in respect of the Group's material associated companies in 2014:

	2014 Material associated companies	
	Hutchison HK\$ millions	CK Life Sciences HK\$ millions
Dividends received from associated companies	19,939	30
Gross amount of the following items of the associated companies ^{(b)(i)} :		
Total revenue	265,060	5,267
EBITDA	88,136	591
EBIT	55,313	455
Other comprehensive income (losses)	(25,001)	(375)
Total comprehensive income (losses)	8,702	(111)
Current assets	211,178	3,000
Non-current assets	672,257	7,297
Current liabilities	132,425	1,142
Non-current liabilities	231,948	4,280
Net assets (net of preferred shares, perpetual capital securities and non-controlling interests)	426,580	4,663
Reconciliation to the carrying amount of the Group's interests in associated companies:		
Group's interest	49.9%	45.3%
Group's share of net assets	213,119	2,113
Adjustment to cost of investment	799	(5)
Carrying amount	213,918	2,108

21 Associated companies (continued)

	Hutchison HK\$ millions	CK Life Sciences HK\$ millions	Other associated companies HK\$ millions	2014 Total HK\$ millions
Group's share of the following items of the associated companies ^(b) :				
Profits less losses after tax (before profits on disposal of investments and others)	11,815	119	—	11,934
Profits on disposal of investments and others	5,020	—	—	5,020
Other comprehensive income (losses)	(12,490)	(169)	—	(12,659)
Total comprehensive income (losses)	4,345	(50)	—	4,295

- (a) As Hutchison became a wholly owned subsidiary of the Group during the current year, Hutchison's respective profit and loss items are included in the summarised financial information for the Group's material associated companies above up to the effective date it became a wholly owned subsidiary, and Hutchison's respective statement of financial position items as at 31 December 2015 are not included above as it is no longer an associated company and its assets and liabilities are consolidated in the Group's statement of financial position as at that date.
- (b) After translation into Hong Kong dollars and consolidation adjustments.
- (c) As additional information, the gross amount of profits less losses after tax arising from discontinued operations of Hutchison for the year ended 31 December 2015 and 2014 amounted to HK\$6,334 million and HK\$33,453 million respectively.

Particulars regarding the principal associated companies are set forth on pages 276 to 279.

22 Interests in joint ventures

	2015 HK\$ millions	2014 HK\$ millions
Joint ventures		
Unlisted shares	75,984	25,712
Share of undistributed post acquisition reserves	(474)	25,213
	75,510	50,925
Amounts due from joint ventures	16,915	17,829
	92,425	68,754

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save as for those disclosed in note 41.

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22 Interests in joint ventures (continued)

Set out below are the aggregate amount of the Group's share of the following items of joint ventures:

	2015 HK\$ millions	2014 HK\$ millions
Profits less losses after tax ^(a)	6,187	1,831
Other comprehensive income (losses)	(2,349)	(1,625)
Total comprehensive income	3,838	206
Capital commitments	1,469	—

- (a) From the second half of 2012, VHA is undergoing a shareholder-sponsored restructuring under the leadership of the other shareholder under the applicable terms of the shareholders' agreement. Since then, HTAL's share of VHA's results is presented as a separate item under profits on disposal of investments and others (see note 7(a) and 7(b)) to separately identify it from the recurring earnings profile.

Particulars regarding the principal joint ventures are set forth on pages 276 to 279.

23 Deferred tax

	2015 HK\$ millions	2014 HK\$ millions
Deferred tax assets	20,986	—
Deferred tax liabilities	26,062	1,022
Net deferred tax liabilities	(5,076)	(1,022)

Movements in net deferred tax assets (liabilities) are summarised as follows:

	2015 HK\$ millions	2014 HK\$ millions
At 1 January	(1,022)	(986)
Relating to subsidiaries acquired (see note 37(c))	(4,344)	—
Distribution In Specie (see note 37(e))	1,013	—
Relating to subsidiaries disposed (see note 37(d))	(81)	—
Transfer to current tax	(7)	—
Net charge to other comprehensive income	(52)	—
Net credit (charge) to the income statement		
Unused tax losses	(302)	—
Accelerated depreciation allowances	1,550	(90)
Fair value adjustments arising from acquisitions	(197)	—
Withholding tax on undistributed earnings	(71)	(7)
Other temporary differences	(1,257)	61
Exchange translation differences	(306)	—
At 31 December	(5,076)	(1,022)

23 Deferred tax (continued)

Analysis of net deferred tax assets (liabilities):

	2015 HK\$ millions	2014 HK\$ millions
Unused tax losses	18,110	—
Accelerated depreciation allowances	(10,749)	(900)
Fair value adjustments arising from acquisitions	(9,665)	—
Revaluation of investment properties and other investments	86	—
Withholding tax on undistributed earnings	(499)	(42)
Other temporary differences	(2,359)	(80)
	(5,076)	(1,022)

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associates, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the consolidated statement of financial position are determined after appropriate offset.

At 31 December 2015, the Group has recognised accumulated deferred tax assets amounting to HK\$20,986 million (2014 - nil) of which HK\$19,001 million (2014 - nil) relates to 3 Group Europe.

Note 4(e) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unused tax losses carried forward.

The Group has not recognised deferred tax assets of HK\$22,037 million at 31 December 2015 (2014 - HK\$462 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK\$99,244 million (2014 - HK\$2,727 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK\$72,464 million (2014 - HK\$2,727 million) can be carried forward indefinitely and the balances expire in the following years:

	2015 HK\$ millions	2014 HK\$ millions
In the first year	5,000	—
In the second year	2,441	—
In the third year	6,455	—
In the fourth year	3,720	—
After the fourth year	9,164	—
	26,780	—

Notes to the Financial Statements

24 Other non-current assets

	2015 HK\$ millions	2014 HK\$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	436	—
Loan and other receivables	—	301
	436	301
Available-for-sale investments		
Unlisted equity securities	1,518	177
Unlisted debt securities	—	318
Fair value hedges		
Interest rate swaps	256	—
Cash flow hedges		
Interest rate swaps	76	—
Net investment hedges	1,902	476
Other derivative financial instruments	50	—
	4,238	1,272

The carrying value of the unlisted debt securities approximates the fair value as these investments bear floating interest rates and are repriced within one to six-month periods at the prevailing market interest rates. The weighted average effective interest rate of unlisted debt securities as at 31 December 2015 is 1.8% (2014 - 3.3%).

Unlisted equity securities where there is a history of dividends are carried at fair value based on the discounted present value of expected future dividends. The value of the remaining unlisted equity securities are not significant to the Group.

25 Liquid funds and other listed investments

	2015 HK\$ millions	2014 HK\$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	4,773	—
Listed / traded debt securities, outside Hong Kong	1,177	23
Listed equity securities, Hong Kong	2,029	6,594
Listed equity securities, outside Hong Kong	2,181	3,593
	10,160	10,210
Financial assets at fair value through profit or loss	95	—
Held-for-trading investments		
Listed debt securities, outside Hong Kong	—	620
Listed equity securities, Hong Kong	—	116
Listed equity securities, outside Hong Kong	—	182
	—	918
	10,255	11,128

25 Liquid funds and other listed investments (continued)

Liquid funds and other listed investments are analysed as:

	2015 HK\$ millions	2014 HK\$ millions
Current portion	—	918
Non-current portion	10,255	10,210
	10,255	11,128

Components of managed funds, outside Hong Kong are as follows:

	2015 HK\$ millions	2014 HK\$ millions
Listed debt securities	4,606	—
Listed equity securities	153	—
Cash and cash equivalents	14	—
	4,773	—

Included in listed / traded debt securities outside Hong Kong as at 31 December 2015 (2014 – nil) are notes issued by listed associated company, Husky at a principal amount of US\$25 million mature in 2019.

The fair value of the available-for-sale investments, financial assets designated as "at fair value through profit or loss" and held-for-trading investments are based on quoted market prices.

At 31 December, liquid funds and other listed investments are denominated in the following currencies:

	2015		2014	
	Available- for-sale investments Percentage	Financial assets at fair value through profit or loss Percentage	Available- for-sale investments Percentage	Held-for- trading investments Percentage
HK dollars	30%	—	82%	13%
US dollars	54%	36%	11%	20%
Other currencies	16%	64%	7%	67%
	100%	100%	100%	100%

Notes to the Financial Statements

25 Liquid funds and other listed investments (continued)

Listed / traded debt securities as at 31 December presented above are analysed as follows:

	2015 Percentage	2014 Percentage
Credit ratings		
Aaa / AAA	14%	—
Aa1 / AA+	66%	—
Aa3 / AA-	2%	—
A2 / A	—	96%
Other investment grades	4%	4%
Unrated	14%	—
	100%	100%
Sectorial		
US Treasury notes	61%	—
Government and government guaranteed notes	18%	—
Husky notes	4%	—
Financial institutions notes	2%	96%
Others	15%	4%
	100%	100%
Weighted average maturity	2.0 years	0.9 years
Weighted average effective yield	1.88%	3.20%

26 Cash and cash equivalents

	2015 HK\$ millions	2014 HK\$ millions
Cash at bank and in hand	28,107	4,064
Short term bank deposits	93,064	25,373
Bank deposits maturing over three months	—	3,742
	121,171	33,179

The carrying amount of cash and cash equivalents approximates their fair value.

27 Trade and other receivables

	2015 HK\$ millions	2014 HK\$ millions
Trade receivables	19,165	1,781
Less: provision for estimated impairment losses for bad debts	(3,767)	—
Trade receivables - net	15,398	1,781
Loan receivables	—	13
Other receivables and prepayments	35,672	716
Fair value hedges		
Interest rate swaps	547	—
Cash flow hedges		
Forward foreign exchange contracts	2	—
Net investment hedges	423	—
Other derivative financial instruments	—	319
	52,042	2,829

Trade and other receivables are stated at the expected recoverable amount, net of any estimated impairment losses for bad debts where it is deemed that a receivable may not be fully recoverable. The carrying amount of these assets approximates their fair value.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days. As stated above trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, net of provision for estimated impairment losses for bad debts. Given the profile of our customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 4% of the Group's turnover for the year ended 31 December 2015 (2014 - less than 30%).

(a) At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2015 HK\$ millions	2014 HK\$ millions
Less than 31 days	10,262	1,718
Within 31 to 60 days	1,843	28
Within 61 to 90 days	673	16
Over 90 days	6,387	19
	19,165	1,781

Notes to the Financial Statements

27 Trade and other receivables (continued)

- (b) As at 31 December 2015, out of the trade receivables of HK\$19,165 million (2014 - HK\$1,781 million), HK\$11,808 million (2014 - nil) are impaired and it is assessed that portion of these receivables is expected to be recoverable. The amount of the provision for estimated impairment losses for bad debts is HK\$3,767 million (2014 - nil). The ageing analysis of these trade receivables is as follows:

	2015 HK\$ millions	2014 HK\$ millions
Not past due	3,920	—
Past due less than 31 days	651	—
Past due within 31 to 60 days	517	—
Past due within 61 to 90 days	407	—
Past due over 90 days	6,313	—
	11,808	—

Movements on the provision for estimated impairment losses for bad debts are as follows:

	2015 HK\$ millions	2014 HK\$ millions
At 1 January	—	—
Additions	4,137	—
Utilisations	(224)	—
Write back	(220)	—
Relating to subsidiaries disposed	(8)	—
Exchange translation differences	82	—
At 31 December	3,767	—

The ageing analysis of trade receivables not impaired is as follows:

	2015 HK\$ millions	2014 HK\$ millions
Not past due	5,024	1,667
Past due less than 31 days	1,451	56
Past due within 31 to 60 days	422	25
Past due within 61 to 90 days	168	15
Past due over 90 days	292	18
	7,357	1,781

28 Inventories

	2015 HK\$ millions	2014 HK\$ millions
Retail stock	19,761	—
Properties for / under development	—	47,232
Joint development projects	—	21,903
Properties for sale	—	4,064
	19,761	73,199

At 31 December 2014, properties for / under development and joint development projects amounting to HK\$43,175 million were not scheduled for completion within twelve months.

29 Trade and other payables

	2015 HK\$ millions	2014 HK\$ millions
Trade payables	20,393	1,663
Other payables and accruals	72,366	3,797
Customers' deposits received	—	5,991
Provisions (see note 30)	1,017	—
Interest free loans from non-controlling shareholders	951	—
Cash flow hedges		
Forward foreign exchange contracts	1	—
Net investment hedges	121	—
Other derivative financial instruments	—	191
	94,849	11,642

The Group's five largest suppliers accounted for less than 29% of the Group's cost of purchases for the year ended 31 December 2015 (2014 – less than 49%).

At 31 December, the ageing analysis of the trade payables is as follows:

	2015 HK\$ millions	2014 HK\$ millions
Less than 31 days	12,948	1,605
Within 31 to 60 days	3,234	13
Within 61 to 90 days	2,067	12
Over 90 days	2,144	33
	20,393	1,663

30 Provisions

	Provision for commitments, onerous contracts and other guarantees HK\$ millions	Restructuring and closure provision HK\$ millions	Assets retirement obligation HK\$ millions	Others HK\$ millions	Total HK\$ millions
At 1 January 2014, 31 December 2014 and 1 January 2015	—	—	—	—	—
Additions	—	44	9	294	347
Relating to subsidiaries acquired	36,179	457	887	316	37,839
Interest accretion	—	2	14	—	16
Utilisations	(1,459)	(13)	(65)	(16)	(1,553)
Write back	—	(3)	—	(65)	(68)
Exchange translation differences	(487)	6	(28)	(5)	(514)
At 31 December 2015	34,233	493	817	524	36,067

Provisions are analysed as:

	2015 HK\$ millions	2014 HK\$ millions
Current portion (see note 29)	1,017	—
Non-current portion (see note 34)	35,050	—
	36,067	—

The provision for restructuring and closure obligations represents costs to execute restructuring plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located. The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value.

31 Bank and other debts

The carrying amount of bank and other debts comprises of items measured at amortised cost and an element of fair value which is due to movements in interest rates. The following is an analysis of the carrying amount of the bank and other debts:

	2015			2014		
	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions
Bank loans	9,663	75,410	85,073	12,409	12,891	25,300
Other loans	214	2,573	2,787	250	350	600
Notes and bonds	22,357	177,386	199,743	5,693	6,281	11,974
Total principal amount of bank and other debts	32,234	255,369	287,603	18,352	19,522	37,874
Unamortised fair value adjustments arising from acquisitions	1,020	15,383	16,403	—	—	—
Total bank and other debts before the following items ⁽ⁱ⁾	33,254	270,752	304,006	18,352	19,522	37,874
Unamortised loan facilities fees and premiums or discounts related to debts	—	(197)	(197)	—	—	—
Unrealised loss on bank and other debts pursuant to interest rate swap contracts	(238)	(19)	(257)	—	—	—
	33,016	270,536	303,552	18,352	19,522	37,874

(i) See note 35(c)(i).

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31 Bank and other debts (continued)

Analysis of principal amount of bank and other debts:

	2015			2014		
	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions
Bank loans	9,663	75,410	85,073	12,409	12,891	25,300
Other loans	214	2,573	2,787	250	350	600
Notes and bonds						
HK\$500 million notes, 4.4% due 2015	—	—	—	500	—	500
HK\$150 million notes, 5.1% due 2016	150	—	150	—	150	150
HK\$330 million notes, 2.45% due 2016	330	—	330	—	330	330
HK\$377 million notes, 2.56% due 2016	377	—	377	—	377	377
HK\$500 million notes, 4.88% due 2018	—	500	500	—	500	500
HK\$500 million notes, 4.3% due 2020	—	500	500	—	500	500
HK\$500 million notes, 4.35% due 2020	—	500	500	—	500	500
HK\$300 million notes, 3.9% due 2020	—	300	300	—	300	300
HK\$400 million notes, 3.45% due 2021	—	400	400	—	400	400
HK\$300 million notes, 3.35% due 2021	—	300	300	—	300	300
HK\$260 million notes, 4% due 2027	—	260	260	—	—	—
US\$500 million notes, LIBOR* + 1.5% due 2015	—	—	—	3,877	—	3,877
US\$300 million notes, LIBOR* + 0.7% due 2017	—	2,340	2,340	—	—	—
US\$492 million notes-Series B, 7.45% due 2017	—	3,837	3,837	—	—	—
US\$1,000 million notes, 2% due 2017	—	7,800	7,800	—	—	—
US\$1,000 million notes, 3.5% due 2017	—	7,800	7,800	—	—	—
US\$2,000 million notes, 1.625% due 2017	—	15,600	15,600	—	—	—
US\$1,000 million notes, 5.75% due 2019	—	7,800	7,800	—	—	—
US\$1,500 million notes, 7.625% due 2019	—	11,700	11,700	—	—	—
US\$1,500 million notes, 4.625% due 2022	—	11,700	11,700	—	—	—
US\$500 million notes, 3.25% due 2022	—	3,900	3,900	—	—	—
US\$1,500 million notes, 3.625% due 2024	—	11,700	11,700	—	—	—
US\$329 million notes-Series C, 7.5% due 2027	—	2,565	2,565	—	—	—
US\$1,039 million notes, 7.45% due 2033	—	8,107	8,107	—	—	—
US\$25 million notes-Series D, 6.988% due 2037	—	196	196	—	—	—
SGD225 million notes, 2.25% due 2015	—	—	—	1,316	—	1,316
SGD180 million notes, 2.585% due 2016	994	—	994	—	1,053	1,053
SGD320 million notes, 3.408% due 2018	—	1,767	1,767	—	1,871	1,871

31 Bank and other debts (continued)

Analysis of principal amount of bank and other debts (continued):

	2015			2014		
	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions
EUR669 million notes, 4.625% due 2016	5,667	—	5,667	—	—	—
EUR1,750 million notes, 4.75% due 2016	14,822	—	14,822	—	—	—
EUR1,250 million notes, 2.5% due 2017	—	10,588	10,588	—	—	—
EUR1,500 million notes, 1.325% due 2021	—	12,705	12,705	—	—	—
EUR750 million notes, 3.625% due 2022	—	6,353	6,353	—	—	—
GBP113 million bonds, 5.625% due 2017	—	1,305	1,305	—	—	—
GBP300 million bonds, 6% due 2017	—	3,462	3,462	—	—	—
GBP300 million bonds, 5.831% due 2020	—	3,462	3,462	—	—	—
GBP100 million notes, 5.82% due 2021	—	1,154	1,154	—	—	—
GBP350 million bonds, 6.875% due 2023	—	4,039	4,039	—	—	—
GBP400 million bonds, 6.359% due 2025	—	4,616	4,616	—	—	—
GBP303 million bonds, 5.625% due 2026	—	3,496	3,496	—	—	—
GBP90 million notes, 3.54% due 2030	—	1,039	1,039	—	—	—
GBP350 million bonds, 5.625% due 2033	—	4,039	4,039	—	—	—
GBP248 million bonds, 5.87526% due 2034	8	2,849	2,857	—	—	—
GBP400 million bonds, 6.697% due 2035	—	4,616	4,616	—	—	—
GBP50 million notes, 5.01% due 2036	—	577	577	—	—	—
GBP100 million notes, LIBOR* + 2.33% due 2036	—	1,154	1,154	—	—	—
GBP204 million bonds, RPI# + 2.033% due 2036	—	2,364	2,364	—	—	—
GBP60 million bonds, 6.627% due 2037	9	680	689	—	—	—
GBP80 million bonds, RPI# + 1.6274% due 2041	—	930	930	—	—	—
GBP360 million bonds, 5.125% due 2042	—	4,154	4,154	—	—	—
GBP133 million bonds, RPI# + 1.7118% due 2049	—	1,540	1,540	—	—	—
GBP133 million bonds, RPI# + 1.7484% due 2053	—	1,540	1,540	—	—	—
JPY3,000 million notes, 1.75% due 2019	—	192	192	—	—	—
JPY15,000 million notes, 2.6% due 2027	—	960	960	—	—	—
	22,357	177,386	199,743	5,693	6,281	11,974
	32,234	255,369	287,603	18,352	19,522	37,874

* LIBOR represents the London Interbank Offered Rates

RPI represents UK Retail Price Index

Notes to the Financial Statements

31 Bank and other debts (continued)

Bank and other debts at principal amount are repayable as follows:

	2015			2014		
	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions
Bank loans						
Current portion	9,663	—	9,663	12,409	—	12,409
After 1 year, but within 2 years	—	22,594	22,594	—	4,300	4,300
After 2 years, but within 5 years	—	46,556	46,556	—	8,591	8,591
After 5 years	—	6,260	6,260	—	—	—
	9,663	75,410	85,073	12,409	12,891	25,300
Other loans						
Current portion	214	—	214	250	—	250
After 1 year, but within 2 years	—	790	790	—	50	50
After 2 years, but within 5 years	—	735	735	—	300	300
After 5 years	—	1,048	1,048	—	—	—
	214	2,573	2,787	250	350	600
Notes and bonds						
Current portion	22,357	—	22,357	5,693	—	5,693
After 1 year, but within 2 years	—	52,750	52,750	—	1,910	1,910
After 2 years, but within 5 years	—	26,807	26,807	—	2,371	2,371
After 5 years	—	97,829	97,829	—	2,000	2,000
	22,357	177,386	199,743	5,693	6,281	11,974
	32,234	255,369	287,603	18,352	19,522	37,874

The bank and other debts of the Group as at 31 December 2015 are secured to the extent of HK\$22,948 million (2014 – nil).

Borrowings with principal amount of HK\$92,384 million (2014 – HK\$29,777 million) bear interest at floating interest rates and borrowings with principal amount of HK\$195,219 million (2014 – HK\$8,097 million) bear interest at fixed interest rates.

Borrowings at principal amount are denominated in the following currencies:

	2015 Percentage	2014 Percentage
US dollars	36%	14%
Euro	25%	5%
HK dollars	7%	62%
British Pounds	25%	8%
Other currencies	7%	11%
	100%	100%

31 Bank and other debts (continued)

Derivative financial instruments are principally utilised by the Group in the management of its foreign currency and interest rate exposures. The Group has entered into interest rate swap agreements with banks and other financial institutions mainly to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. At 31 December 2015, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK\$47,973 million (2014 - HK\$2,450 million).

In addition, interest rate swap agreements with notional amount of HK\$6,061 million (2014 - nil) was entered to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings.

- (a) The analysis of derivative financial instruments utilised by the Group in the management of its interest rate and foreign currency exposures are as follows:

	2015			2014		
	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions	Current portion HK\$ millions	Non-current portion HK\$ millions	Total HK\$ millions
Fair value hedges						
Derivative financial assets						
Interest rate swaps (see notes 24 and 27)	547	256	803	—	—	—
	547	256	803	—	—	—
Cash flow hedges						
Derivative financial assets						
Interest rate swaps (see note 24)	—	76	76	—	—	—
Forward foreign exchange contracts (see note 27)	2	—	2	—	—	—
	2	76	78	—	—	—
Derivative financial liabilities						
Interest rate swaps (see note 34)	—	(160)	(160)	—	—	—
Forward foreign exchange contracts (see note 29)	(1)	—	(1)	—	—	—
Other contracts (see note 34)	—	(433)	(433)	—	—	—
	(1)	(593)	(594)	—	—	—
	1	(517)	(516)	—	—	—
Net investment hedges						
Derivative financial assets (see notes 24 and 27)	423	1,902	2,325	—	476	476
Derivative financial liabilities (see notes 29 and 34)	(121)	(19)	(140)	—	—	—
	302	1,883	2,185	—	476	476

Notes to the Financial Statements

32 Interest bearing loans from non-controlling shareholders

	2015 HK\$ millions	2014 HK\$ millions
Interest bearing loans from non-controlling shareholders	4,827	—

At 31 December 2015, these loans bear interest at rates ranging from Stockholm Interbank Offered Rate ("STIBOR") +1.73% to 11% per annum (2014 - nil). The carrying amount of the borrowings approximates their fair value.

33 Pension plans

	2015 HK\$ millions	2014 HK\$ millions
Defined benefit assets	—	—
Defined benefit liabilities	4,066	—
Net defined benefit liabilities	4,066	—

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The Group's major plans were valued by Towers Watson, qualified actuaries as at 31 December 2015 using the projected unit credit method to account for the Group's pension accounting costs.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2015	2014
Discount rates	0.57%-3.95%	Not applicable
Future salary increases	0.5%-3.0%	Not applicable
Interest credited on two principal plans in Hong Kong	5.0%-6.0%	Not applicable

The amount recognised in the consolidated statement of financial position is determined as follows:

	2015 HK\$ millions	2014 HK\$ millions
Present value of defined benefit obligations	28,823	—
Fair value of plan assets	24,760	—
	4,063	—
Restrictions on assets recognised	3	—
Net defined benefit liabilities	4,066	—

33 Pension plans (continued)

(a) Defined benefit plans (continued)

Movements in net defined benefit liabilities and its components are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Asset ceiling	Net defined benefit liabilities
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
At 1 January 2015	–	–	–	–
Relating to subsidiaries acquired (see note 37(c))	30,974	(26,605)	3	4,372
Net charge (credit) to the income statement				
Current service cost	411	32	–	443
Past service cost and gains and losses on settlements	13	–	–	13
Interest cost (income)	534	(456)	–	78
	958	(424)	–	534
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial loss arising from change in demographic assumptions	397	–	–	397
Actuarial gain arising from change in financial assumptions	(1,978)	–	–	(1,978)
Actuarial loss arising from experience adjustment	635	–	–	635
Return on plan assets excluding interest income	–	1,120	–	1,120
Exchange translation differences	(1,164)	999	–	(165)
	(2,110)	2,119	–	9
Contributions paid by the employer	–	(514)	–	(514)
Contributions paid by the employee	57	(57)	–	–
Benefits paid	(698)	698	–	–
Relating to subsidiaries disposed (see note 37(d))	(336)	–	–	(336)
Transfer from (to) other liabilities	(22)	23	–	1
At 31 December 2015	28,823	(24,760)	3	4,066

33 Pension plans (continued)

(a) Defined benefit plans (continued)

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2015. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 1 August 2015 reported a funding level of 127% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 6% per annum and salary increases of 4% per annum. The valuation was performed by Tian Keat Aun, a Fellow of The Institute of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2015, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK\$11 million (2014 - nil) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2015 (2014 - nil) to reduce future years' contributions.

The Group operates three contributory defined benefit plans in the United Kingdom for its ports division, of which the Port of Felixstowe Pension Plan is the principal plan. The plans are all final salary in nature and were closed to new entrants in June 2003. On the assumptions adopted at the last formal actuarial valuation using the projected unit method at 31 December 2012, the ratio of assets to liabilities for the Felixstowe Scheme was 78%. Contributions to fund the deficit were increased and the shortfall was expected to be eliminated by June 2023. The main assumptions in the valuation are an investment return of (i) 5.90% per annum (pre-retirement), (ii) 5.30% per annum and 3.25% per annum (post-retirement for non-pensioners and pensioners respectively), pensionable salary increases of 2.75% per annum and pension increases for pensioners of 2.65% per annum (for service before 6 April 1997), 2.3% per annum (for service between 6 April 1997 and 5 April 2005) and 1.70% per annum (for service after 5 April 2005). The valuation was performed by Lloyd Cleaver, a Fellow of the Institute of Actuaries, of Towers Watson Limited.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit pensions in return for actuarially agreed contributions. The risk of providing past pension benefits is underwritten by the insurance companies. The Group does not carry funding risk relating to past service. The funding rate to provide current year benefits varies in accordance with annual actuarial calculations.

The Group operates a defined benefit pension plan for part of its retail operation in the United Kingdom. It is not open to new entrants. The latest formal valuation for funding purposes was carried out on 31 March 2012. This allowed for the cessation of accrual of future defined benefits for all active members on 28 February 2010, from which date final salary linkage was also severed. On the assumptions adopted at the valuation using the projected unit method, the ratio of actual asset value to the target asset value being funded for past service benefits was 75%. The sponsoring employer will make further additional contributions of £3.7 million per annum up to 30 September 2016 towards the shortfall being corrected by 30 September 2016, assuming the market conditions as at 31 March 2012 remain unchanged. The main assumptions in the valuation are an investment return of 4.1% to 5.7% per annum and pensionable salary increases of 2.0% to 3.2% per annum. The valuation was performed by David Lindsay, a Fellow of the Institute and Faculty of Actuaries, of Aon Hewitt Limited.

33 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2015 Percentage	2014 Percentage
Equity instruments		
Consumer markets and manufacturing	10%	—
Energy and utilities	3%	—
Financial institutions and insurance	9%	—
Telecommunications and information technology	3%	—
Units trust and equity instrument funds	3%	—
Others	12%	—
	40%	—
Debt instruments		
US Treasury notes	1%	—
Government and government guaranteed notes	11%	—
Financial institutions notes	3%	—
Others	7%	—
	22%	—
Qualifying insurance policies	18%	—
Properties	2%	—
Other assets	18%	—
	100%	—

The debt instruments are analysed by issuers' credit rating as follows:

	2015 Percentage	2014 Percentage
Aaa / AAA	29%	—
Aa1 / AA+	12%	—
Aa2 / AA	16%	—
Aa3 / AA-	2%	—
A1 / A+	2%	—
A2 / A	12%	—
Other investment grades	25%	—
No investment grades	2%	—
	100%	—

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

Fair value of plan assets of HK\$24,760 million (2014 - nil) includes investments in the Company's shares with a fair value of HK\$93 million (2014 - nil).

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, and the liquidity requirements of the plans.

33 Pension plans (continued)

(a) Defined benefit plans (continued)

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2015 is 17 years (2014 – nil).

The Group expects to make contributions of HK\$863 million (2014 – nil) to the defined benefit plans next year.

HKAS 19 "Employee Benefits" requires disclosure of a sensitivity analysis for the significant actuarial assumptions, used to determine the present value of the defined benefit obligations, that shows the effects of a hypothetical change in the relevant actuarial assumption at the end of the reporting period on defined benefit obligations.

The effect that is disclosed in the following assumes that (a) a hypothetical change of the relevant actuarial assumption had occurred at the end of the reporting period and had applied to the relevant actuarial assumption in existence on that date; and (b) the sensitivity analysis for each type of actuarial assumption does not reflect inter-dependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with HKAS19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations from hypothetical instantaneous changes in one actuarial assumption (e.g. discount rate or future salary increase), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g. discount rate or future salary increase) to vary and therefore it is important to note that the hypothetical amounts so generated do not present a projection of likely future events and profits or losses.

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 4.1% or increase by 4.2% respectively (2014 – nil).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.6% or decrease by 0.6% respectively (2014 – nil).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK\$732 million (2014 – HK\$138 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK\$1 million (2014 – HK\$4 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2015 (2014 – nil) to reduce future years' contributions.

34 Other non-current liabilities

	2015 HK\$ millions	2014 HK\$ millions
Cash flow hedges		
Interest rate swaps	160	—
Other contracts	433	—
Net investment hedges	19	—
Other derivative financial instruments	1,172	—
Obligations for telecommunications licences and other rights	6,588	—
Other non-current liabilities	4,617	—
Provisions (see note 30)	35,050	—
	48,039	—

35 Share capital, share premium, perpetual capital securities and capital management

(a) Share capital and share premium

	Number of shares	Share capital HK\$ millions	Share premium HK\$ millions	Total HK\$ millions
At 1 January 2014 - Cheung Kong	2,316,164,338	1,158	9,331	10,489
Transition to no-par value regime ⁽ⁱ⁾	—	9,331	(9,331)	—
At 31 December 2014 - Cheung Kong	2,316,164,338	10,489	—	10,489
At 1 January 2015 - Cheung Kong	2,316,164,338	10,489	—	10,489
Cancellation of the shares of Cheung Kong pursuant to the Reorganisation Proposal	(2,316,164,338)	(10,489)	—	(10,489)
Issue of new CK Hutchison shares ⁽ⁱⁱ⁾ :				
On incorporation	1	—	—	—
Pursuant to the Reorganisation Proposal	2,316,164,337	2,316	349,509	351,825
Pursuant to the Merger Proposal	1,543,514,162	1,544	258,693	260,237
Distribution In Specie	—	—	(363,511)	(363,511)
At 31 December 2015 - CK Hutchison	3,859,678,500	3,860	244,691	248,551

- (i) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the amounts standing to the credit of the share premium account created under the sections 48B and 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32) have become part of the Cheung Kong's share capital.
- (ii) CK Hutchison was incorporated in the Cayman Islands on 11 December 2014 with an authorised share capital of HK\$380,000 divided into 380,000 shares of HK\$1 par value each. The authorised share capital of CK Hutchison was subsequently increased to HK\$8,000,000,000 by the creation of 7,999,620,000 shares of HK\$1 par value each on 2 March 2015. On the date of incorporation, 1 share was issued and allotted. During the year, 2,316,164,337 and 1,543,514,162 shares were issued and allotted pursuant to the Reorganisation Proposal and the Merger Proposal respectively.

35 Share capital, share premium, perpetual capital securities and capital management ^(continued)

(b) Perpetual capital securities

	2015 HK\$ millions	2014 HK\$ millions
SGD730 million issued in 2011 ^{(i) (iv)}	4,643	4,647
HK\$1,000 million issued in 2012 ^{(i) (iv)}	1,025	1,025
US\$425.3 million issued in 2013 ^{(i) (iv)}	3,373	3,373
US\$1,705 million issued in 2010 ^{(ii) (iii)}	—	—
US\$1,000 million issued in 2012 ^{(ii) (iv)}	7,870	—
EUR1,750 million issued in 2013 ^{(iii) (iv)}	18,242	—
	35,153	9,045

- (i) In September 2011, July 2012 and January 2013, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amounts of SGD730 million (approximately HK\$4,578 million), HK\$1,000 million and US\$500 million (approximately HK\$3,875 million) respectively for cash.
- (ii) With completion of the Hutchison Proposal, the Group consolidates perpetual capital securities that were issued by wholly owned subsidiary companies of Hutchison in October 2010, May 2012 and May 2013 with nominal amounts of US\$2,000 million (approximately HK\$15,600 million), US\$1,000 million (approximately HK\$7,800 million) and EUR1,750 million (approximately HK\$17,879 million) respectively for cash.
- (iii) During the year ended 31 December 2015, the Group had redeemed the full amount of the remaining outstanding nominal amount of perpetual capital securities that were originally issued in October 2010.
- (iv) These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

35 Share capital, share premium, perpetual capital securities and capital management ^(continued)

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2015, total equity amounted to HK\$549,111 million (2014 - HK\$406,047 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK\$172,580 million (2014 - net cash of HK\$6,433 million). As at 31 December 2015, the Group's net debt to net total capital ratio is 23.7%.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the end of the reporting period.

Net debt / Net total capital ratios ⁽ⁱ⁾ at 31 December 2015:

	2015
A1 - excluding interest-bearing loans from non-controlling shareholders from debt	23.7%
A2 - as in A1 above and investments in listed subsidiaries and associated companies marked to market value	24.2%
B1 - including interest-bearing loans from non-controlling shareholders as debt	24.4%
B2 - as in B1 above and investments in listed subsidiaries and associated companies marked to market value	24.9%

- (i) Net debt is defined on the Consolidated Statement of Cash Flows. With effect from 1 January 2015, total bank and other debts is defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

Notes to the Financial Statements

36 Other reserves

	Attributable to ordinary shareholders		
	Exchange reserve HK\$ millions	Others ^(a) HK\$ millions	Total HK\$ millions
At 1 January 2015	(10,334)	22,125	11,791
Other comprehensive income (losses)			
Available-for-sale investments			
Valuation losses recognised directly in reserves	—	(697)	(697)
Valuation gains previously in reserves recognised in income statement	—	(1,039)	(1,039)
Gains on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised in reserves	—	692	692
Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	1,783	—	1,783
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(5,044)	—	(5,044)
Losses (gains) previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	16,097	(2,368)	13,729
Share of other comprehensive income (losses) of associated companies	(13,604)	402	(13,202)
Share of other comprehensive income (losses) of joint ventures	(2,880)	514	(2,366)
Tax relating to components of other comprehensive income (losses)	—	(6)	(6)
Other comprehensive income (losses)	(3,648)	(2,502)	(6,150)
Cancellation of Cheung Kong shares ^(b)	—	(341,336)	(341,336)
Share option schemes and long term incentive plans of subsidiary companies	—	(11)	(11)
Relating to deemed disposal of associated companies	—	(19,823)	(19,823)
Relating to purchase of non-controlling interests	—	(14)	(14)
Relating to partial disposal of subsidiary companies	(4)	(478)	(482)
At 31 December 2015	(13,986)	(342,039)	(356,025)

36 Other reserves (continued)

	Attributable to ordinary shareholders		
	Exchange reserve HK\$ millions	Others ^(a) HK\$ millions	Total HK\$ millions
At 1 January 2014	3,234	4,242	7,476
Other comprehensive income (losses)			
Available-for-sale investments			
Valuation gains recognised directly in reserves	—	462	462
Valuation gains previously in reserves recognised in income statement	—	(313)	(313)
Impairment charged to income statement	—	44	44
Gains on net investment hedges arising from forward foreign currency contracts recognised directly in reserves	1,475	—	1,475
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(737)	—	(737)
Share of other comprehensive income (losses) of associated companies	(12,379)	(699)	(13,078)
Share of other comprehensive income (losses) of joint ventures	(2,531)	(504)	(3,035)
Other comprehensive income (losses)	(14,172)	(1,010)	(15,182)
Share of dilution surplus of an associated company ^(c)	604	18,893	19,497
At 31 December 2014	(10,334)	22,125	11,791

(a) Other reserves comprise revaluation reserve, hedging reserve and other capital reserves. As at 31 December 2015, revaluation reserve deficit amounted to HK\$763 million (1 January 2015 – surplus of HK\$2,918 million and 1 January 2014 – surplus of HK\$3,538 million), hedging reserve surplus amounted to HK\$673 million (1 January 2015 – deficit of HK\$35 million and 1 January 2014 – surplus of HK\$359 million) and other capital reserves deficit amounted to HK\$341,949 million (1 January 2015 – surplus of HK\$19,242 million and 1 January 2014 – surplus of HK\$345 million). Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cash flow hedges are included in the hedging reserve.

(b) See note (e) on the consolidated statement of changes in equity.

(c) See note (g) on the consolidated statement of changes in equity.

Notes to the Financial Statements

37 Notes to consolidated statement of cash flows

- (a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	2015 HK\$ millions	2014 HK\$ millions
Profit after tax	124,880	54,608
Less: share of profits less losses of		
Associated companies before profits on disposal of investments and others	(10,611)	(28,650)
Joint ventures	(6,029)	(4,666)
Associated companies' profits on disposal of investments and others	196	(5,020)
	108,436	16,272
Adjustments for:		
Current tax charge	3,363	1,283
Deferred tax charge	277	36
Interest expenses and other finance costs	4,346	328
Depreciation and amortisation	9,740	393
Profits on disposal of investments and others (see notes 7 and 11)	(86,472)	—
EBITDA of Company and subsidiaries⁽ⁱ⁾	39,690	18,312
Loss on disposal of other unlisted investments	24	—
Loss on disposal of fixed assets	192	—
Dividends received from associated companies and joint ventures	12,192	21,873
Profit on disposal of joint ventures	(1,377)	(2,349)
Increase in bank deposits maturing over three months	—	(1,822)
Other non-cash items	(797)	(4,380)
	49,924	31,634

37 Notes to consolidated statement of cash flows (continued)

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital (continued)

(i) Reconciliation of EBITDA from continuing operations:

	2015 HK\$ millions	2014 HK\$ millions
EBITDA of Company and subsidiaries from continuing and discontinued operations	39,690	18,312
Less: EBITDA of Company and subsidiaries from discontinued operations	(5,390)	(17,205)
EBITDA of Company and subsidiaries from continuing operations	34,300	1,107
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of		
Associated companies before profits on disposal of investments and others	7,445	11,934
Joint ventures	6,187	1,831
Associated companies' profits on disposal of investments and others	(196)	5,020
Adjustments for:		
Depreciation and amortisation	15,195	17,815
Interest expenses and other finance costs	6,308	8,619
Current tax charge	2,960	4,116
Deferred tax charge (credit)	(65)	58
Non-controlling interests	2,151	7,108
Profits on disposal of investments and others (see note 7)	223	4,088
	40,208	60,589
EBITDA (see notes 6(b) and 6(m))	74,508	61,696

(b) Changes in working capital

	2015 HK\$ millions	2014 HK\$ millions
Decrease in inventories	2,158	6,944
Decrease in debtors and prepayments	5,455	1,324
Decrease in creditors	(3,065)	(672)
Other non-cash items	(1,716)	—
	2,832	7,596

Notes to the Financial Statements

37 Notes to consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

With the completion of the Merger Proposal, the Group completed its acquisition of the remaining 50.03% (which the Group did not previously own) of the issued and outstanding ordinary share capital of Hutchison and an approximately 6.23% (in addition to the approximately 33.96% held by Hutchison) of the common shares of Husky.

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the years.

	Merger Proposal HK\$ millions	Others HK\$ millions	2015 Total HK\$ millions	2014 Total HK\$ millions
Fair value				
Fixed assets	89,596	77,444	167,040	—
Investment properties	305	—	305	—
Leasehold land	7,861	—	7,861	—
Telecommunications licences	31,571	—	31,571	—
Brand names and other rights	74,121	9,414	83,535	—
Associated companies	152,041	—	152,041	—
Interests in joint ventures	97,551	67	97,618	—
Deferred tax assets	20,589	—	20,589	—
Other non-current assets	3,382	—	3,382	—
Cash and cash equivalents	106,313	3,490	109,803	—
Liquid funds and other listed investments	11,970	—	11,970	—
Assets held for distribution	191,122	—	191,122	—
Trade and other receivables	52,192	3,102	55,294	—
Inventories	20,981	55	21,036	—
Creditors and current tax liabilities	(93,127)	(9,830)	(102,957)	—
Bank and other debts	(252,516)	(61,681)	(314,197)	—
Interest bearing loans from non-controlling shareholders	(3,151)	(2,538)	(5,689)	—
Deferred tax liabilities	(17,411)	(7,522)	(24,933)	—
Pension obligations	(3,229)	(1,143)	(4,372)	—
Other non-current liabilities	(47,073)	(543)	(47,616)	—
Liabilities held for distribution	(14,286)	—	(14,286)	—
Net identifiable assets acquired	428,802	10,315	439,117	—
Non-controlling interests	(116,575)	(3,612)	(120,187)	—
Perpetual capital securities	(39,116)	—	(39,116)	—
	273,111	6,703	279,814	—
Goodwill	232,785	31,266	264,051	—
Total consideration	505,896	37,969	543,865	—
Purchase consideration transferred:				
Shares issued, at fair value	260,236	—	260,236	—
Fair value of investments held by the Company prior to acquisition	245,660	18,979	264,639	—
Cost of investments held by Hutchison prior to acquisition	—	18,990	18,990	—
	505,896	37,969	543,865	—
Net cash inflow arising from acquisition:				
Cash payment	—	—	—	—
Cash and cash equivalents acquired	(106,313)	(3,490)	(109,803)	—
Total net cash inflow	(106,313)	(3,490)	(109,803)	—

37 Notes to consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies (continued)

Pursuant to the Merger Proposal, Hutchison and all its subsidiaries became subsidiaries of CK Hutchison. Further details of the acquisition of the remaining 50.03% (which the Group did not previously own) of the issued and outstanding ordinary shares of Hutchison and an approximately 6.23% (in addition to the approximately 33.96% held by Hutchison) of the common shares of Husky, and the nature and financial effects of this acquisition were set out in a circular issued by CK Hutchison dated 31 March 2015, and a scheme document jointly issued by CK Hutchison, CK Global and Hutchison dated 31 March 2015, and in respect of the completion of this acquisition were set out in an announcement jointly issued by CK Hutchison, Cheung Kong Property, CK Global and Hutchison dated 3 June 2015, and an announcement jointly issued by CK Hutchison, CK Global and Hutchison dated 19 May 2015.

As a result of the acquisition of the Hutchison's businesses, the Group becomes a multinational conglomerate of significant size and scale, operating in over 50 countries, in the businesses of the Ports and Related Services, Retail, Infrastructure, Energy, Telecommunication and Finance & Investments and Others. The goodwill recognised is attributable to a number of factors including the expected synergies arising from the enhanced size and scale.

The fair values are provisional due to the complexity of the process. The finalisation of the fair value of the acquired assets and liabilities will be completed in the first half of 2016. The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level. No fair value adjustments arising from acquisitions are recognised at the underlying companies' separate financial statements. Goodwill arising on these acquisitions is recorded at the consolidation level and is not expected to be deductible for tax purposes.

Acquisition related costs of approximately HK\$640 million had been charged to income statement during the year and included in the line item titled profits on disposal of investments and others (HK\$500 million) and profit after tax from discontinued operations (HK\$140 million).

These operations contributed HK\$164,309 million of revenue and HK\$25,935 million to profit before tax. Also see note 7.

If the combinations had been effective 1 January 2015, the operations would have contributed additional revenue of HK\$110,557 million and an increase in profit before tax from continuing operations for the Group of HK\$12,715 million.

Notes to the Financial Statements

37 Notes to consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2015 HK\$ millions	2014 HK\$ millions
Aggregate net assets disposed at the date of disposal (excluding cash and cash equivalents):		
Fixed assets	1,532	—
Leasehold land	327	—
Deferred tax assets	81	—
Trade and other receivables	148	—
Inventories	63	—
Creditors and current tax liabilities	(364)	—
Bank and other debts	(117)	—
Pension obligations	(336)	—
Non-controlling interests	(804)	—
	530	—
Loss on disposal*	(9)	—
	521	—
Less: Investments retained subsequent to disposal	(1,161)	—
	(640)	—
Satisfied by:		
Cash and cash equivalents received as consideration	18	—
Less: Cash and cash equivalents sold	(658)	—
Total net cash consideration	(640)	—

* The loss on disposal for the year ended 31 December 2015 is recognised in the consolidated income statement and are included in the line item titled other operating expenses.

The effect on the Group's results from the subsidiaries disposed is not material for the year ended 31 December 2015.

37 Notes to consolidated statement of cash flows (continued)

(e) Distribution In Specie to shareholders

Pursuant to the Spin-off Proposal, the Group distributed the Group's entire interests in Cheung Kong Property to the shareholders. Details are set out below.

	2015 HK\$ millions
Breakdown of net assets disposed of:	
Assets acquired net of liabilities assumed arising from acquisition of Hutchison (see note 37(c))	176,836
Fixed assets	9,853
Investment properties	33,811
Associated companies	3
Interests in joint ventures	51,074
Liquid funds and other listed investments	7,823
Current assets (including bank balances and cash of HK\$14,351 million)	88,523
Current liabilities	(12,047)
Deferred tax liabilities	(1,013)
Non-controlling interests	(2,707)
Book value of net assets distributed	352,156
Deduct cash received	(55,000)
	297,156
One-off non-cash gain recognised on remeasurement of assets (see note 11(a))	18,351
One-off non-cash gain recognised on Distribution In Specie (see note 11(a) and 13(c))	48,004
Distribution In Specie	363,511
Analysis of net cash inflow arising from Distribution In Specie:	
Intercompany loans repaid	55,000
Bank balances and cash disposed	(14,351)
	40,649

38 Share-based payments

The Company has no share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies are not material to the Group.

39 Financial risk management

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

(a) Cash management and funding

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

The Group continues to maintain a robust financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK\$131,426 million at 31 December 2015 (2014 - HK\$44,307 million). Liquid assets were denominated as to 28% in HK dollars, 40% in US dollars, 8% in Renminbi, 5% in Euro, 11% in British Pounds and 8% in other currencies (2014 - 54% were denominated in HK dollars, 16% in US dollars, 26% in Renminbi and 4% in other currencies).

Cash and cash equivalents represented 92% (2014 - 75%) of the liquid assets, US Treasury notes and listed / traded debt securities 4% (2014 - 1%) and listed equity securities 4% (2014 - 24%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of US Treasury notes of 61% (2014 - nil), government and government guaranteed notes of 18% (2014 - nil), notes issued by the Group's associated company, Husky Energy of 4% (2014 - nil), notes issued by financial institutions of 2% (2014 - 96%), and others of 15% (2014 - 4%). Of these US Treasury notes and listed / traded debt securities, 80% (2014 - nil) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 2.0 years (2014 - 0.9 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

39 Financial risk management (continued)

(b) Interest rate exposure

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

At 31 December 2015, approximately 32% (2014 - approximately 79%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 68% (2014 - approximately 21%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$47,973 million (2014 - approximately HK\$2,450 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$6,061 million (2014 - nil) principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 47% (2014 - approximately 85%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 53% (2014 - approximately 15%) were at fixed rates at 31 December 2015. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

(c) Foreign currency exposure

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

The Group has operations in over 50 countries and conducts businesses in 46 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation gains or losses on its foreign currency earnings. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings. At times of significant exchange rate volatility and where appropriate opportunities arise, the Group may prudently enter into forward foreign currency contracts and currency swaps for selective foreign currencies for a portion of its budgeted foreign currency earnings to limit potential downside foreign currency exposure on its earnings.

The Group's total principal amount of bank and other debts are denominated as follows: 36% in US dollars, 25% in Euro, 7% in HK dollars, 25% in British Pounds and 7% in other currencies (2014 - 14% in US dollars, 5% in Euro, 62% in HK dollars, 8% in British Pounds and 11% in other currencies).

(d) Credit exposure

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

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

39 Financial risk management (continued)

(e) Market price risk

The Group's main market price risk exposures relate to listed / traded debt and equity securities described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed / traded debt and equity securities represented approximately 8% (2014 – approximately 24%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analyses

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

(i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair value. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

39 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis (continued)

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair value (arising from gain or loss from remeasurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 26)
- some of the listed debt securities and managed funds (see note 25) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 25) that bear interest at floating rate
- some of the bank and other debts (see note 31) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 32)

Under these assumptions, the impact of a hypothetical 100 basis points (2014 – 100 basis points) increase in market interest rate at 31 December 2015, with all other variables held constant:

- profit for the year would decrease by HK\$384 million (2014 – HK\$152 million) due to increase in interest expense;
- total equity would decrease by HK\$384 million (2014 – HK\$152 million) due to increase in interest expense; and
- total equity would have no material impact due to change in fair value of interest rate swaps (2014 – nil).

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward currency contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair value. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7. Changes in the fair value of cash flow currency hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

39 Financial risk management *(continued)*(f) Market risks sensitivity analyses *(continued)*(ii) Foreign currency exchange rate sensitivity analysis *(continued)*

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 26)
- some of the liquid funds and other listed investments (see note 25)
- some of the bank and other debts (see note 31)

Under these assumptions, the impact of a hypothetical 5% weakening of HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

	2015		2014	
	Hypothetical increase (decrease) in profit after tax HK\$ millions	Hypothetical increase (decrease) in total equity HK\$ millions	Hypothetical increase (decrease) in profit after tax HK\$ millions	Hypothetical increase (decrease) in total equity HK\$ millions
Euro	(61)	(197)	—	—
British Pounds	(11)	(1,297)	—	(148)
Australian dollars	106	(294)	—	—
Renminbi	190	202	447	447
US dollars	940	940	—	—
Japanese Yen	(96)	(96)	—	—

(iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair value. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- available-for-sale investments (see note 25)
- financial assets at fair value through profit or loss (see note 25)

39 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(iii) Other price sensitivity analysis (continued)

Under these assumptions, the impact of a hypothetical 5% increase in the market price of the Group's available-for-sale investments and financial assets at fair value through profit or loss at the end of the reporting period, with all other variables held constant:

- profit for the year would increase by HK\$5 million (2014 - HK\$63 million) due to increase in gains on financial assets at fair value through profit or loss;
- total equity would increase by HK\$5 million (2014 - HK\$63 million) due to increase in gains on financial assets at fair value through profit or loss; and
- total equity would increase by HK\$508 million (2014 - HK\$527 million) due to increase in gains on available-for-sale investments which are recognised in other comprehensive income.

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

Non-derivative financial liabilities:

	Contractual maturities				Difference from carrying amounts HK\$ millions	Carrying amounts HK\$ millions
	Within 1 year HK\$ millions	After 1 year, but within 5 years HK\$ millions	After 5 years HK\$ millions	Total undiscounted cash flows HK\$ millions		
At 31 December 2015						
Trade payables	20,393	-	-	20,393	-	20,393
Other payables and accruals	72,366	-	-	72,366	-	72,366
Interest free loans from non-controlling shareholders	951	-	-	951	-	951
Bank loans	9,663	69,150	6,260	85,073	(343)	84,730
Other loans	214	1,525	1,048	2,787	10	2,797
Notes and bonds	22,357	79,557	97,829	199,743	16,282	216,025
Interest bearing loans from non-controlling shareholders	-	2,415	2,412	4,827	-	4,827
Obligations for telecommunications licences and other rights	1,163	3,028	2,970	7,161	(573)	6,588
	127,107	155,675	110,519	393,301	15,376	408,677

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$10,563 million in "within 1 year" maturity band, HK\$28,650 million in "after 1 year, but within 5 years" maturity band, and HK\$38,153 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

Notes to the Financial Statements

39 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK\$ millions	After 1 year, but within 5 years HK\$ millions	After 5 years HK\$ millions	Total undiscounted cash flows HK\$ millions
At 31 December 2015				
Cash flow hedges:				
Interest rate swaps				
Net outflow	(76)	(139)	(2)	(217)
Forward foreign exchange contracts				
Inflow	18	—	—	18
Outflow	(20)	—	—	(20)
Other contracts				
Net outflow	(8)	(176)	(297)	(481)
Net investment hedges				
Inflow	3,140	1,143	1,713	5,996
Outflow	(3,235)	(1,154)	(1,685)	(6,074)
Other derivative financial instruments				
Net outflow	(164)	(1,090)	(801)	(2,055)

Non-derivative financial liabilities:

	Contractual maturities				Difference from carrying amounts HK\$ millions	Carrying amounts HK\$ millions
	Within 1 year HK\$ millions	After 1 year, but within 5 years HK\$ millions	After 5 years HK\$ millions	Total undiscounted cash flows HK\$ millions		
At 31 December 2014						
Trade payables	1,663	—	—	1,663	—	1,663
Other payables and accruals	3,797	—	—	3,797	—	3,797
Bank loans	12,409	12,891	—	25,300	—	25,300
Other loans	250	350	—	600	—	600
Notes and bonds	5,693	4,281	2,000	11,974	—	11,974
	23,812	17,522	2,000	43,334	—	43,334

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$575 million in “within 1 year” maturity band, HK\$867 million in “after 1 year, but within 5 years” maturity band, and HK\$49 million in “after 5 years” maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

39 Financial risk management (continued)

- (h) In accordance with the disclosure requirement of HKFRS 7, other gains and losses recognised in income statement include the following items:

	2015 HK\$ millions	2014 HK\$ millions
Change in fair value of financial assets at fair value through profit or loss	(108)	28
Losses arising on derivatives in a designated fair value hedge	(391)	—
Gains arising on adjustment for hedged items in a designated fair value hedge	391	—
Interest income on available-for-sale financial assets	99	55

- (i) Carrying amounts and fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

	2015		2014	
	Carrying amounts HK\$ millions	Fair values HK\$ millions	Carrying amounts HK\$ millions	Fair values HK\$ millions
Financial assets				
Loans and receivables *				
Trade receivables (see note 27)	15,398	15,398	1,781	1,781
Loan receivables (see note 27)	—	—	13	13
Other receivables and prepayments (see note 27)	35,672	35,672	716	716
Unlisted debt securities (see note 24)	436	436	—	—
Loan and other receivables (see note 24)	—	—	301	301
	51,506	51,506	2,811	2,811
Available-for-sale investments #				
Unlisted equity securities (see note 24)	1,518	1,518	177	177
Unlisted debt securities (see note 24)	—	—	318	318
Managed funds, outside Hong Kong (see note 25)	4,773	4,773	—	—
Listed / traded debt securities, outside Hong Kong (see note 25)	1,177	1,177	23	23
Listed equity securities, Hong Kong (see note 25)	2,029	2,029	6,594	6,594
Listed equity securities, outside Hong Kong (see note 25)	2,181	2,181	3,593	3,593
Financial assets at fair value through profit or loss # (see note 25)	95	95	—	—
Held-for-trading investments # (see note 25)	—	—	918	918
	11,773	11,773	11,623	11,623
Fair value hedges #				
Interest rate swaps (see notes 24 and 27)	803	803	—	—
Cash flow hedges #				
Interest rate swaps (see note 24)	76	76	—	—
Forward foreign exchange contracts (see note 27)	2	2	—	—
Net investment hedges # (see notes 24 and 27)	2,325	2,325	476	476
Other derivative financial instruments # (see notes 24 and 27)	50	50	319	319
	3,256	3,256	795	795
	66,535	66,535	15,229	15,229

Notes to the Financial Statements

39 Financial risk management (continued)

(i) Carrying amounts and fair values of financial assets and financial liabilities (continued)

	2015		2014	
	Carrying amounts	Fair values	Carrying amounts	Fair values
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Financial liabilities				
Financial liabilities *				
Trade payables (see note 29)	20,393	20,393	1,663	1,663
Other payables and accruals (see note 29)	72,366	72,366	3,797	3,797
Bank and other debts (see note 31)	303,552	307,074	37,874	38,066
Interest free loans from non-controlling shareholders (see note 29)	951	951	—	—
Interest bearing loans from non-controlling shareholders (see note 32)	4,827	4,827	—	—
Obligations for telecommunications licences and other rights (see note 34)	6,588	6,588	—	—
	408,677	412,199	43,334	43,526
Cash flow hedges #				
Interest rate swaps (see note 34)	160	160	—	—
Forward foreign exchange contracts (see note 29)	1	1	—	—
Other contracts (see note 34)	433	433	—	—
Net investment hedges # (see notes 29 and 34)	140	140	—	—
Other derivative financial instruments # (see notes 29 and 34)	1,172	1,172	191	191
	1,906	1,906	191	191
	410,583	414,105	43,525	43,717

* carried at amortised costs (see note 39(j)(ii) below)

carried at fair value (see note 39(j)(i) below)

39 Financial risk management (continued)

(j) Fair value measurements

- (i) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

	Level 1 HK\$ millions	Level 2 HK\$ millions	Level 3 HK\$ millions	Total HK\$ millions
At 31 December 2015				
Available-for-sale investments				
Unlisted equity securities (see note 24)	–	–	1,518	1,518
Managed funds, outside Hong Kong (see note 25)	4,773	–	–	4,773
Listed / traded debt securities, outside Hong Kong (see note 25)	323	854	–	1,177
Listed equity securities, Hong Kong (see note 25)	2,029	–	–	2,029
Listed equity securities, outside Hong Kong (see note 25)	2,181	–	–	2,181
Financial assets at fair value through profit or loss (see note 25)	–	95	–	95
	9,306	949	1,518	11,773
Fair value hedges				
Interest rate swaps (see notes 24 and 27)	–	803	–	803
Cash flow hedges				
Interest rate swaps (see note 24)	–	76	–	76
Forward foreign exchange contracts (see note 27)	–	2	–	2
Net investment hedges (see notes 24 and 27)	–	2,325	–	2,325
Other derivative financial instruments (see note 24)	–	50	–	50
	–	3,256	–	3,256
Cash flow hedges				
Interest rate swaps (see note 34)	–	(160)	–	(160)
Forward foreign exchange contracts (see note 29)	–	(1)	–	(1)
Other contracts (see note 34)	–	(433)	–	(433)
Net investment hedges (see notes 29 and 34)	–	(140)	–	(140)
Other derivative financial instruments (see note 34)	–	(1,172)	–	(1,172)
	–	(1,906)	–	(1,906)

Notes to the Financial Statements

39 Financial risk management *(continued)*

(j) Fair value measurements *(continued)*

(i) Financial assets and financial liabilities measured at fair value *(continued)*

Fair value hierarchy (continued)

	Level 1 HK\$ millions	Level 2 HK\$ millions	Level 3 HK\$ millions	Total HK\$ millions
At 31 December 2014				
Available-for-sale investments				
Unlisted equity securities (see note 24)	—	13	164	177
Unlisted debt securities (see note 24)	—	318	—	318
Listed debt securities, outside Hong Kong (see note 25)	23	—	—	23
Listed equity securities, Hong Kong (see note 25)	6,594	—	—	6,594
Listed equity securities, outside Hong Kong (see note 25)	3,593	—	—	3,593
Held-for-trading investments (see note 25)	918	—	—	918
	11,128	331	164	11,623
Net investment hedges (see note 24)	—	476	—	476
Other derivative financial instruments (see note 27)	—	319	—	319
	—	795	—	795
Other derivative financial instruments (see note 29)	—	(191)	—	(191)
	—	(191)	—	(191)

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the year ended 31 December 2015 and 2014, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

39 Financial risk management (continued)

(j) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	2015 HK\$ millions	2014 HK\$ millions
At 1 January	164	181
Total gains (losses) recognised in		
Income statement	(1)	—
Other comprehensive income	(442)	(47)
Additions	68	42
Relating to subsidiaries acquired	1,771	—
Disposals	(13)	(12)
Exchange translation differences	(29)	—
At 31 December	1,518	164
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	(1)	—

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

(ii) Financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required

Except for bank and other debts as detailed in the table (i) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK\$ millions	Level 2 HK\$ millions	Level 3 HK\$ millions	Total HK\$ millions
At 31 December 2015				
Bank and other debts	210,377	96,697	—	307,074
	Level 1 HK\$ millions	Level 2 HK\$ millions	Level 3 HK\$ millions	Total HK\$ millions
At 31 December 2014				
Bank and other debts	—	38,066	—	38,066

The fair value of the bank and other debts included in level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

Notes to the Financial Statements

39 Financial risk management (continued)

(k) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

The following tables set out the carrying amounts of recognised financial assets and recognised financial liabilities that:

- (1) are offset in the Group's consolidated statement of financial position; or
- (2) are subject to an enforceable master netting arrangements or similar agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

	Gross amounts of recognised financial assets (liabilities) HK\$ millions	Gross amounts offset in the consolidated statement of financial position HK\$ millions	Net amounts presented in the consolidated statement of financial position HK\$ millions	Related amounts not offset in the consolidated statement of financial position		Net amounts HK\$ millions
				Financial assets (liabilities) HK\$ millions	Cash collateral pledged (received) HK\$ millions	
At 31 December 2015						
Financial assets						
Trade receivables	83	(63)	20	–	–	20
Other receivables and prepayments	709	(411)	298	–	–	298
Cash flow hedges						
Interest rate swaps	60	–	60	(17)	–	43
Net investment hedges	375	–	375	(140)	–	235
Other derivative financial instruments	50	–	50	(32)	–	18
	1,277	(474)	803	(189)	–	614
Financial liabilities						
Trade payables	(3,967)	429	(3,538)	–	–	(3,538)
Other payables and accruals	(53)	45	(8)	–	–	(8)
Cash flow hedges						
Interest rate swaps	(17)	–	(17)	17	–	–
Net investment hedges	(140)	–	(140)	140	–	–
Other derivative financial instruments	(200)	–	(200)	32	–	(168)
	(4,377)	474	(3,903)	189	–	(3,714)

40 Pledge of assets

At 31 December 2015, assets of the Group totalling HK\$28,828 million (2014 - nil) were pledged as security for bank and other debts.

41 Contingent liabilities

At 31 December 2015, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK\$3,797 million (2014 - HK\$3,423 million).

The amount utilised by its associated companies and joint ventures are as follows:

	2015 HK\$ millions	2014 HK\$ millions
To associated companies		
Other businesses	2,355	—
To joint ventures		
Property businesses	—	1,243
Other businesses	533	1,335
	533	2,578

At 31 December 2015, the Group had provided performance and other guarantees of HK\$3,557 million (2014 - HK\$1,024 million).

42 Commitments

In March 2015, Hutchison entered into an agreement with Telefónica SA to acquire O₂ UK for £9.25 billion cash and deferred upside interest sharing payments of up to £1 billion upon achievement by the combined business of 3 UK and O₂ UK of agreed financial targets. The completion of this transaction is subject to regulatory approval.

Other than the aforementioned commitments, the Group's outstanding commitments contracted for at 31 December 2015, where material, not provided for in the financial statements at 31 December 2015 are as follows:

Capital commitments

- (i) Ports and related services - HK\$164 million (2014 - nil)
- (ii) 3 Group Europe - HK\$1,770 million (2014 - nil)
- (iii) Telecommunications, Hong Kong and Asia - HK\$634 million (2014 - nil)
- (iv) Investment in joint ventures - nil (2014 - HK\$853 million)
- (v) Investment in associated companies - nil (2014 - HK\$693 million)
- (vi) Other fixed assets - HK\$148 million (2014 - HK\$7,185 million)
- (vii) Others - nil (2014 - HK\$63 million)

Notes to the Financial Statements

42 Commitments (continued)

Operating lease commitments – future aggregate minimum lease payments for land and buildings leases

- (a) In the first year – HK\$11,508 million (2014 – HK\$180 million)
- (b) In the second to fifth years inclusive – HK\$19,550 million (2014 – HK\$248 million)
- (c) After the fifth year – HK\$32,937 million (2014 – HK\$6 million)

Operating lease commitments – future aggregate minimum lease payments for other assets

- (a) In the first year – HK\$1,173 million (2014 – HK\$7 million)
- (b) In the second to fifth years inclusive – HK\$3,772 million (2014 – nil)
- (c) After the fifth year – HK\$676 million (2014 – nil)

43 Related parties transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and joint ventures as disclosed in notes 21 and 22 are unsecured. Balances totalling HK\$18,216 million (2014 – HK\$9,349 million) are interest bearing. In addition, during the year, the acquisition of Hutchison resulted in the consolidation of traded debt securities outside Hong Kong issued by listed associated company, Husky with a principal amount of US\$25 million which will mature in 2019.

No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation).

44 Legal proceedings

As at 31 December 2015, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

45 Subsequent events

In March 2016, CKI issued new ordinary shares in connection with an issue of perpetual capital securities for an aggregate principal amount of US\$1,200 million. Because these new shares are issued to and held by the fiduciary in connection with the issue of perpetual capital securities these new shares are ignored for the purpose of determining the number of shares held by the public and therefore the Group's profit sharing in CKI continues to be 75.67%.

46 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK\$), the functional currency of the Company. The translation into US dollars of these financial statements as of, and for the year ended, 31 December 2015, is for convenience only and has been made at the rate of HK\$7.80 to US\$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

47 Profit before tax

Profit before tax is shown after crediting and charging the following items:

	2015 HK\$ millions	2014 HK\$ millions
<i>Credits:</i>		
Share of profits less losses of associated companies (including share of profits on disposal of investments and others of HK\$196 million of associated companies in 2015 (2014 - HK\$5,020 million))		
Listed	6,984	16,954
Unlisted	265	—
	7,249	16,954
Dividend and interest income from managed funds and other investments		
Listed	394	148
Unlisted	65	17
<i>Charges:</i>		
Depreciation and amortisation		
Fixed assets	8,438	107
Leasehold land	189	—
Telecommunications licences	352	—
Brand names and other rights	639	—
	9,618	107
Inventories write-off	247	—
Operating leases		
Properties	10,923	147
Hire of plant and machinery	1,307	—
Auditors' remuneration		
Audit and audit related work - PricewaterhouseCoopers	159	2
- other auditors	28	—
Non-audit work - PricewaterhouseCoopers	56	—
- other auditors	16	—

Notes to the Financial Statements

48 Statement of financial position of the Company, as at 31 December 2015

	2015 HK\$ millions	2014 HK\$ millions
Assets		
Non-current assets		
Subsidiary companies – Unlisted shares ^(a)	355,164	—
Current assets		
Amounts due from subsidiary companies ^(b)	9,362	—
Current liabilities		
Other payables and accruals	2	—
Net current assets	9,360	—
Net assets	364,524	—
Capital and reserves		
Share capital (see note 35(a))	3,860	—
Share premium	244,691	—
Reserves ^(c)	115,973	—
Shareholders' funds	364,524	—

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

48 Statement of financial position of the Company, as at 31 December 2015 (continued)

- (a) Particulars regarding the principal subsidiary companies are set forth on pages 276 to 279.
- (b) Amounts due to subsidiary companies are interest-free, unsecured and repayable on demand.
- (c) Reserves

	Retained profit HK\$ millions
At 11 December 2014 (date of incorporation)	—
Profit for the period	—
At 31 December 2014	—
Profit for the year	118,675
Dividends paid relating to 2015	(2,702)
At 31 December 2015	115,973

- (d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.
- (e) The net profit of the Company is HK\$118,675 million (2014 - loss of HK\$51,000) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.
- (f) At 31 December 2015, the Company's share premium and retained profit amounted to HK\$244,691 million (2014 - nil) and HK\$115,973 million (2014 - accumulated loss of HK\$51,000) respectively, and subject to a solvency test, they are available for distribution to shareholders.

49 Approval of financial statements

The financial statements set out on pages 170 to 279 were approved and authorised for issue by the Board of Directors on 17 March 2016.

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2015

Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital** / registered capital	Percentage of equity attributable to the Group	Principal activities
Ports and related services				
# Alexandria International Container Terminals Company S.A.E.	Egypt	USD 30,000,000	40	Container terminal operating
Amsterdam Port Holdings B.V.	Netherlands	EUR 170,704	56	Holding Company
Brisbane Container Terminals Pty Limited	Australia	AUD 34,100,000	80	Container terminal operating
Buenos Aires Container Terminal Services S.A.	Argentina	ARS 31,628,668	80	Container terminal operating
ECT Delta Terminal B.V.	Netherlands	EUR 18,000	71	Stevedoring activities
Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP 145,695,000	80	Cruise terminal operating
Ensenada International Terminal, S.A. de C.V.	Mexico	MXP 160,195,000	80	Container terminal operating
Europe Container Terminals B.V.	Netherlands	EUR 45,000,000	75	Holding company
Euromax Terminal Rotterdam B.V.	Netherlands	EUR 18,000	75	Stevedoring activities
Freeport Container Port Limited	Bahamas	BSD 2,000	41	Container terminal operating
Gdynia Container Terminal S.A.	Poland	PLN 11,379,300	79	Container terminal operating
Harwich International Port Limited	United Kingdom	GBP 16,812,002	80	Container terminal operating
☆ Hongkong United Dockyards Limited	Hong Kong	HKD 76,000,000	50	Ship repairing, general engineering and tug operations
☆ Huizhou Port Industrial Corporation Limited	China	RMB 300,000,000	27	Container terminal operating
☆ 港 Huizhou Quanwan Port Development Co., Ltd.	China	RMB 359,300,000	40	Port related land development
港 Huizhou International Container Terminals Limited	China	RMB 685,300,000	64	Container terminal operating
Hutchison Ajman International Terminals Limited - F.Z.E.	United Arab Emirates	AED 60,000,000	80	Container terminal operating
Hutchison Port Holdings Limited	British Virgin Islands / Hong Kong	USD 26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
Hutchison Korea Terminals Limited	South Korea	WON 4,107,500,000	80	Container terminal operating
Hutchison Laemchabang Terminal Limited	Thailand	THB 1,000,000,000	64	Container terminal operating
◆ * # Hutchison Port Holdings Trust	Singapore / China	USD 8,797,780,935	30	Container port business trust
Hutchison Port Investments Limited	Cayman Islands	USD 74,870,807	80	Holding company
Hutchison Ports Investments S.à r.l.	Luxembourg	EUR 12,750	80	Operation, management and development of ports and container terminals, and investment holding
Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP 138,623,200	80	Container terminal operating
International Ports Services Co. Ltd.	Saudi Arabia	SAR 2,000,000	41	Container terminal operating
☆ 港 Jiangmen International Container Terminals Limited	China	USD 14,461,665	40	Container terminal operating
Karachi International Container Terminal Limited	Pakistan	PKR 1,109,384,220	80	Container terminal operating
Korea International Terminals Limited	South Korea	WON 45,005,000,000	71	Container terminal operating
L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP 67,000,000	80	Container terminal operating

Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital** / registered capital	Percentage of equity attributable to the Group	Principal activities
Ports and related services (continued)				
Maritime Transport Services Limited	United Kingdom	GBP 13,921,323	64	Container terminal operating
✧ ⌘ Nanhai International Container Terminals Limited	China	USD 42,800,000	40	Container terminal operating
✧ ⌘ Ningbo Beilun International Container Terminals Limited	China	RMB 700,000,000	39	Container terminal operating
Oman International Container Terminal L.L.C.	Oman	OMR 4,000,000	52	Container terminal operating
Panama Ports Company, S.A.	Panama	USD 10,000,000	72	Container terminal operating
Port of Felixstowe Limited	United Kingdom	GBP 100,002	80	Container terminal operating
✧ PT Jakarta International Container Terminal	Indonesia	IDR 221,450,406,000	39	Container terminal operating
✧ River Trade Terminal Co. Ltd.	British Virgin Islands / Hong Kong	USD 1	40	River trade terminal operation
Saigon International Terminals Vietnam Limited	Vietnam	USD 80,084,000	56	Container terminal operating
✧ ⌘ + Shanghai Mingdong Container Terminals Limited	China	RMB 4,000,000,000	40	Container terminal operating
⌘ Shantou International Container Terminals Limited	China	USD 88,000,000	56	Container terminal operating
South Asia Pakistan Terminals Limited	Pakistan	PKR 5,763,773,300	72	Container terminal operating
Sydney International Container Terminals Pty Ltd	Australia	AUD 49,000,001	80	Container terminal operating
Talleres Navales del Golfo, S.A. de C.V.	Mexico	MXP 143,700,000	80	Marine construction and ship repair yard
+ Tanzania International Container Terminal Services Limited	Tanzania	TZS 2,208,492,000	53	Container terminal operating
Terminal Catalunya, S.A.	Spain	EUR 2,342,800	80	Container terminal operating
Thai Laemchabang Terminal Co., Ltd.	Thailand	THB 800,000,000	70	Container terminal operating
Thamesport (London) Limited	United Kingdom	GBP 2	64	Container terminal operating
* # + Westports Holdings Berhad	Malaysia	MYR 341,000,000	19	Holding company
✧ ⌘ Xiamen Haicang International Container Terminals Limited	China	RMB 555,515,000	39	Container terminal operating
✧ ⌘ Xiamen International Container Terminals Limited	China	RMB 1,148,700,000	39	Container terminal operating
Retail				
A.S. Watson (Europe) Retail Holdings B.V.	Netherlands	EUR 18,001	75	Investment holding in retail businesses
A. S. Watson Retail (HK) Limited	Hong Kong	HKD 100,000,000	75	Retailing
✧ + Dirk Rossmann GmbH	Germany	EUR 12,000,000	30	Retailing
⌘ Guangzhou Watson's Personal Care Stores Ltd.	China	HKD 71,600,000	71	Retailing
PARKnSHOP (HK) Limited	Hong Kong	HKD 100,000,000	75	Supermarket operating
✧ Rossmann Supermarkety Drogerijne Polska Sp. z o.o.	Poland	PLN 26,442,892	53	Retailing
Superdrug Stores plc	United Kingdom	GBP 22,000,000	75	Retailing
✧ Wuhan Watson's Personal Care Stores Co., Limited	China	RMB 55,930,000	75	Retailing

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2015

Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital** / registered capital	Percentage of equity attributable to the Group	Principal activities
Infrastructure and energy				
Accipiter Holdings Limited	Ireland	USD 124,398,379	100	Holding company in aircraft leasing
☆ Australian Gas Networks Limited	Australia	AUD 879,082,753	34	Natural gas distribution
☆ + AVR-Afvalverwerking B.V.	Netherlands	EUR 1	61	Producing energy from waste
* + Cheung Kong Infrastructure Holdings Limited	Bermuda / Hong Kong	HKD 2,519,610,945	76	Holding Company
☆ + Enviro Waste Services Limited	New Zealand	NZD 84,768,736	76	Waste management services
* # + Husky Energy Inc.	Canada	CAD 7,000,410,359	40	Investment in oil and gas
☆ + Northern Gas Networks Holdings Limited	United Kingdom	GBP 71,670,980	36	Gas distribution
+ Northumbrian Water Group Limited	United Kingdom	GBP 161	70	Water & sewerage businesses
* # + Power Assets Holdings Limited	Hong Kong	HKD 6,610,008,417	29	Investment holdings in power and utility-related businesses
☆ + UK Power Networks Holdings Limited	United Kingdom	GBP 10,000,000	30	Electricity distribution
+ UK Rails S.à r.l.	Luxembourg / United Kingdom	GBP 24,762	88	Holding company in leasing of rolling stock
☆ + Wales & West Gas Networks (Holdings) Limited	United Kingdom	GBP 290,272,506	53	Gas distribution
Telecommunications				
3 Italia S.p.A.	Italy	EUR 3,047,756,290	97	Mobile telecommunications services
Hi3G Access AB	Sweden	SEK 10,000,000	60	Mobile telecommunications services
Hi3G Denmark ApS	Denmark	DKK 64,375,000	60	Mobile telecommunications services
Hutchison Drei Austria GmbH	Austria	EUR 34,882,960	100	Mobile telecommunications services
Hutchison 3G Ireland Holdings Limited	United Kingdom	EUR 2	100	Holding company of mobile telecommunications services
Hutchison 3G UK Limited	United Kingdom	GBP 201	100	Mobile telecommunications services
Hutchison Global Communications Limited	Hong Kong	HKD 20	66	Fixed-line communications
* Hutchison Telecommunications (Australia) Limited	Australia	AUD 4,204,487,847	88	Holding company
* Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands / Hong Kong	HKD 1,204,724,052	66	Holding company of mobile and fixed-line telecommunications businesses
Hutchison Telecommunications (Vietnam) S.à r.l.	Luxembourg / Vietnam	USD 20,000	100	Investment holdings in mobile telecommunications business
Hutchison Telephone Company Limited	Hong Kong	HKD 2,730,684,340	50	Mobile telecommunications services
PT. Hutchison 3 Indonesia	Indonesia	IDR 651,156,000,000	65	Mobile telecommunications services
☆ + Vodafone Hutchison Australia Pty Limited	Australia	AUD 6,046,889,713	44	Telecommunications services

Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital** / registered capital	Percentage of equity attributable to the Group	Principal activities
Finance & investments and others				
Cheung Kong (Holdings) Limited	Hong Kong	HKD 10,488,733,666	100	Holding company
* # + CK Life Sciences Int'l., (Holdings) Inc.	Cayman Islands / Hong Kong	HKD 961,107,240	45	Holding company of healthcare businesses
CK Hutchison Global Investments Limited	British Virgin Islands	USD 2	100	Holding company
Hutchison International Limited	Hong Kong	HKD 727,966,525	100	Holding company & corporate
Hutchison Whampoa Europe Investments S.à r.l.	Luxembourg	EUR 1,764,026,975	100	Holding company
Hutchison Whampoa Limited	Hong Kong	HKD 29,424,795,590	100	Holding company
✧ ⌘ Guangzhou Aircraft Maintenance Engineering Company Limited	China	USD 65,000,000	50	Aircraft maintenance
* Hutchison China MediTech Limited	Cayman Islands / China	USD 56,533,118	65	Holding company of healthcare businesses
Hutchison Water Holdings Limited	Cayman Islands	USD 100,000	80	Investment holding in water businesses
Hutchison Whampoa (China) Limited	Hong Kong	HKD 15,000,000	100	Investment holding & China businesses
Marionnaud Parfumeries S.A.S.	France	EUR 76,575,832	100	Investment holding in perfume retailing businesses
✧ Metro Broadcast Corporation Limited	Hong Kong	HKD 1,000,000	50	Radio broadcasting
* # TOM Group Limited	Cayman Islands / Hong Kong	HKD 389,327,056	37	Cross media

The above table lists the principal subsidiary and associated companies and joint ventures of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

Except Cheung Kong (Holdings) Limited and CK Hutchison Global Investments Limited which are 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and joint ventures are held indirectly.

* Company listed on the Stock Exchange of Hong Kong except Hutchison Port Holdings Trust which is listed on Singapore Stock Exchange, Westports Holdings Berhad which is listed on the Bursa Malaysia Securities Berhad, Husky Energy Inc. which is listed on the Toronto Stock Exchange, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange and Hutchison China MediTech Limited which is listed on the AIM of the London Stock Exchange.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

Associated companies

✧ Joint ventures

⌘ Equity joint venture registered under PRC law

✦ Wholly owned foreign enterprise (WOFE) registered under PRC law

✧ The share capital of Hutchison Port Holdings Trust is in a form of trust units.

+ The accounts of these subsidiary and associated companies and joint ventures have been audited by firms other than PricewaterhouseCoopers. The aggregate net assets and turnover (excluding share of associated companies and joint ventures) attributable to shareholders of these companies not audited by PricewaterhouseCoopers amounted to approximately 26% and 9% of the Group's respective items.

Independent Assurance Report on the Unaudited Pro Forma Financial Information

To the Board of Directors of CK Hutchison Holdings Limited

(incorporated in the Cayman Islands with limited liability)

We have completed our assurance engagement to report on the compilation of Unaudited CKHH Pro Forma Results of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 4, 5, 19 and 282 (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages 4, 5, 19 and 282.

The Unaudited Pro Forma Financial Information has been compiled by the directors to provide additional information to illustrate how certain financial information of the Group for the year ended 31 December 2015 might have been affected as if the Reorganisation was effective on 1 January 2015 and the financial information had been compiled on the basis set out on pages 4, 5, 19 and 282. As part of this process, the unadjusted financial information about the Group's financial performance for the year ended 31 December 2015 has been extracted by the directors from the Company's 2015 Financial Statements, on which an auditor's report has been issued. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Company's 2015 annual report.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with the basis set out on pages 4, 5, 19 and 282 and ensuring the basis is consistent with the accounting policies of the Group as set out in note 3 of the Company's 2015 Financial Statements.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express an opinion on the Unaudited Pro Forma Financial Information and to report our opinion to you, as a body, in accordance with our agreed terms of engagement 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 do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with "Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("HKSAE 3000 (Revised)"), issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with the basis set out on pages 4, 5, 19 and 282 and whether the basis is consistent with the accounting policies of the Group as set out in note 3 of the Company's 2015 Financial Statements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information is solely to provide additional information to illustrate how certain financial information of the Group for the year ended 31 December 2015 might have been affected as if the Reorganisation was effective on 1 January 2015 and the financial information had been compiled on the basis set out on pages 4, 5, 19 and 282. Accordingly, we do not provide any assurance that the actual outcome of the financial information would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria and whether the basis is consistent with the accounting policies of the Group consists primarily of procedures such as a) obtaining an understanding of the principal accounting policies of the Group and the basis of preparation of the Unaudited Pro Forma Financial Information through inquires primarily of persons responsible for financial and accounting matters, b) obtaining an understanding of the internal controls relevant to the application of accounting policies and basis of preparation and compilation of the Unaudited Pro Forma Financial Information, c) checking solely the arithmetical calculations relating to the financial numbers presented in the Unaudited Pro Forma Financial Information, and such other procedures that we considered necessary in the circumstances in accordance with HKSAE 3000 (Revised).

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group and its accounting policies, and the basis on which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

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

Opinion

In our opinion, the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated on pages 4, 5, 19 and 282 and such basis is consistent with the accounting policies of the Group as set out in note 3 of the Company's 2015 Financial Statements.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 17 March 2016

Reconciliation from CKHH Statutory Results to CKHH Pro Forma Results

For the year ended 31 December 2015

	Adjustments to CKHH Pro forma ⁽²⁾					CKHH Operating segment information – pro forma basis ⁽²⁾	Presentation adjustments	CKHH Financial Performance Summary – pro forma basis ⁽²⁾
	CKHH Operating segment information – statutory basis ⁽¹⁾	50.03% share of HWL ⁽³⁾	Accounting for co-owned entities and investments ⁽⁴⁾	Additional 6.23% share of Husky	Fair value adjustment on acquisition ⁽⁵⁾			
	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions	HK\$ millions
Total Revenue								
Ports and related services	26,974	6,938	97	–	–	34,009	(242)	33,767
Retail	121,714	30,189	–	–	–	151,903	–	151,903
Infrastructure	46,187	9,107	468	–	–	55,762	(11,918)	43,844
Husky Energy	29,620	7,616	–	2,793	–	40,029	(6,205)	33,824
3 Group Europe	50,152	12,647	–	–	–	62,799	–	62,799
Hutchison Telecommunications Hong Kong Holdings	17,520	4,570	32	–	–	22,122	(80)	22,042
Hutchison Asia Telecommunications	5,492	1,408	–	–	–	6,900	–	6,900
Finance & Investments and Others	18,659	3,951	(47)	–	–	22,563	(2,895)	19,668
Total Comparable Revenue	316,318	76,426	550	2,793	–	396,087	(21,340)	374,747
Additional Contributions	–	–	–	–	–	–	21,340	21,340
Total Revenue ⁽⁶⁾	316,318	76,426	550	2,793	–	396,087	–	396,087
EBITDA								
Ports and related services	9,476	2,410	45	–	33	11,964	(124)	11,840
Retail	12,258	2,580	–	–	–	14,838	–	14,838
Infrastructure	26,682	5,058	542	–	9	32,291	(8,144)	24,147
Husky Energy	6,899	1,812	–	664	–	9,375	(1,453)	7,922
3 Group Europe	14,252	3,082	–	–	62	17,396	–	17,396
Hutchison Telecommunications Hong Kong Holdings	2,268	636	7	–	–	2,911	(20)	2,891
Hutchison Asia Telecommunications	869	(1)	–	–	308	1,176	–	1,176
Finance & Investments and Others	1,327	873	(58)	–	–	2,142	(356)	1,786
Total Comparable EBITDA	74,031	16,450	536	664	412	92,093	(10,097)	81,996
Additional Contributions	–	–	–	–	–	–	10,097	10,097
Total EBITDA before profits on disposal of investments & others	74,031	16,450	536	664	412	92,093	–	92,093
EBIT								
Ports and related services	6,242	1,611	23	–	81	7,957	(70)	7,887
Retail	10,246	2,082	–	–	–	12,328	–	12,328
Infrastructure	19,170	3,852	382	–	73	23,477	(5,376)	18,101
Husky Energy	1,796	138	–	88	207	2,229	(345)	1,884
3 Group Europe	9,188	1,403	–	–	1,073	11,664	–	11,664
Hutchison Telecommunications Hong Kong Holdings	1,096	340	(10)	–	–	1,426	22	1,448
Hutchison Asia Telecommunications	621	(248)	–	–	803	1,176	–	1,176
Finance & Investments and Others	1,002	785	(45)	–	80	1,822	(282)	1,540
Total Comparable EBIT before profits on disposal of investments & others	49,361	9,963	350	88	2,317	62,079	(6,051)	56,028
Additional Contributions	–	–	–	–	–	–	6,051	6,051
Total EBIT before profits on disposal of investments & others	49,361	9,963	350	88	2,317	62,079	–	62,079
Interest expenses and finance costs	(10,778)	(2,746)	(217)	(40)	1,200	(12,581)	–	(12,581)
Profit Before Tax	38,583	7,217	133	48	3,517	49,498	–	49,498
Tax								
Current tax	(5,589)	(1,155)	75	(65)	–	(6,734)	–	(6,734)
Deferred tax	(201)	52	(46)	119	(387)	(463)	–	(463)
	(5,790)	(1,103)	29	54	(387)	(7,197)	–	(7,197)
Profit after tax	32,793	6,114	162	102	3,130	42,301	–	42,301
Non-controlling interests and perpetual capital securities holders' interests	(7,994)	(1,855)	(143)	–	(48)	(10,040)	(133)	(10,173)
Profit attributable to ordinary shareholders before profits on disposal of investments & others	24,799	4,259	19	102	3,082	32,261	(133)	32,128
- Comparable results	24,799	4,259	19	102	3,082	32,261	(2,897)	29,364
- Additional Contributions	–	–	–	–	–	–	2,764	2,764
Profits on disposal of investments & others, after tax	13,390	(14,483)	–	–	–	(1,093)	133	(960)
Profit attributable to ordinary shareholders	38,189	(10,224)	19	102	3,082	31,168	–	31,168
- Comparable results	38,189	(10,224)	19	102	3,082	31,168	(2,764)	28,404
- Additional Contributions	–	–	–	–	–	–	2,764	2,764
Profit attributable to ordinary shareholders								
- Discontinued operations	80,381							
	118,570							

- (1) CKHH's statutory results for the year ended 31 December 2015 reflects the Reorganisation that occurred on 3 June 2015. See note 6 of the financial statements for the operating segmental information disclosure on a statutory basis.
- (2) The CKHH pro forma results assume that the Reorganisation was effective as at 1 January 2015 and the pro forma adjustments made to the statutory basis represent the additional five months effect on the Group's results. Accordingly, the cost of Reorganisation of HK\$640 million was not included in the above pro forma results. This presentation is consistent with the way the Group manages the businesses and enables the Group's underlying performance to be evaluated on a comparable basis and has been prepared in accordance with the accounting policies of the Group as set out in note 3 of the financial statements.
- (3) The 50.03% share of HWL adjustments represent the Group's additional share of 50.03% of HWL (Total 100% share of the results of HWL's business continued by CKHH from January 2015 to May 2015 is included in the pro forma results) assuming the Reorganisation was effective from 1 January 2015. The net gain arising on the Group's re-measurement of 49.97% of HWL upon Reorganisation, as reported under the statutory basis, was not included under the pro forma results.
- (4) The Accounting for co-owned entities and investments adjustments mainly represent the consolidation of three co-owned infrastructure assets: Northumbrian Water, ParkN Fly as subsidiary companies effective from 1 January 2015; and UK Rails as subsidiary company effective upon acquisition in April 2015.
- (5) The Fair value adjustment on acquisition represents the additional five-month impact on the Group's results as a result of the fair value adjustments on the carrying values of the identifiable assets and liabilities of HWL that mainly resulted in lower depreciation and amortisation of telecommunication and other assets, lower effective interest rates as well as other consolidation adjustments.
- (6) As additional information, total pro forma revenue of HK\$396,087 million disclosed above is comprised of revenue from company and subsidiaries of HK\$277,317 million and the Group's share of associates and joint ventures' revenues of HK\$118,770 million.

Ten Year Summary

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CONSOLIDATED INCOME STATEMENT										
HK\$ millions										
Revenue ⁽¹⁾	12,257	18,762	13,322	20,316	25,291	34,538	21,379	21,480	26,384	176,094
Profit attributable to ordinary shareholders of the Company ⁽¹⁾	16,983	29,171	12,721	20,304	26,750	45,957	32,036	35,260	53,869	118,570
Dividends	5,096	5,675	5,675	6,254	6,833	7,319	7,319	8,060	24,676	9,842
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
HK\$ millions										
ASSETS										
Non-current assets										
Fixed assets	10,222	10,560	11,624	10,696	10,399	11,233	10,145	9,977	17,454	179,855
Investment properties	14,508	15,497	15,670	19,433	21,170	25,180	29,656	28,777	33,285	334
Leasehold land	—	—	—	—	—	—	—	—	—	7,215
Telecommunications licences	—	—	—	—	—	—	—	—	—	32,608
Brand names and other rights	—	—	—	—	—	—	—	—	—	82,233
Goodwill	—	—	—	—	—	—	—	—	—	261,449
Associated companies	130,460	143,376	145,524	148,185	154,568	178,606	187,348	196,812	216,841	148,372
Interests in joint ventures	24,935	24,456	30,207	33,650	40,671	56,929	63,303	65,659	68,754	92,425
Deferred tax assets	—	—	—	—	—	—	—	—	—	20,986
Other non-current assets	736	1,618	1,586	1,192	1,062	1,206	1,100	1,564	1,272	4,238
Liquid funds and other listed investments	8,189	9,398	4,185	6,278	8,577	7,301	10,828	8,843	10,210	10,255
	189,050	204,905	208,796	219,434	236,447	280,455	302,380	311,632	347,816	839,970
Current assets	57,658	69,826	76,230	79,231	93,877	92,006	104,345	117,205	110,125	192,974
Total assets	246,708	274,731	285,026	298,665	330,324	372,461	406,725	428,837	457,941	1,032,944
Current liabilities	11,591	17,058	19,571	22,776	34,705	35,031	20,189	15,466	31,350	130,303
Non-current liabilities										
Bank and other debts	27,609	23,655	31,258	25,279	22,027	23,020	43,001	39,452	19,522	270,536
Interest bearing loans from non-controlling shareholders	—	—	—	—	—	—	—	—	—	4,827
Deferred tax liabilities	432	517	598	664	761	850	820	986	1,022	26,062
Pension obligations	—	—	—	—	—	—	—	—	—	4,066
Other non-current liabilities	4,000	4,000	2,000	—	—	—	63	112	—	48,039
	32,041	28,172	33,856	25,943	22,788	23,870	43,884	40,550	20,544	353,530
Net assets	203,076	229,501	231,599	249,946	272,831	313,560	342,652	372,821	406,047	549,111
CAPITAL AND RESERVES										
Share capital	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	10,489 ⁽²⁾	3,860
Share premium	9,331	9,331	9,331	9,331	9,331	9,331	9,331	9,331	—	244,691
Perpetual capital securities	—	—	—	—	—	4,648	5,652	9,048	9,045	35,153
Reserves	187,323	215,597	216,759	235,646	258,521	295,211	323,354	350,192	383,656	144,884
Total ordinary shareholders' funds and perpetual capital securities	197,812	226,086	227,248	246,135	269,010	310,348	339,495	369,729	403,190	428,588
Non-controlling interests	5,264	3,415	4,351	3,811	3,821	3,212	3,157	3,092	2,857	120,523
Total equity	203,076	229,501	231,599	249,946	272,831	313,560	342,652	372,821	406,047	549,111

Ten Year Summary

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PERFORMANCE DATA										
Earnings per share for profit attributable to ordinary shareholders of the Company - (HK\$)	7.33	12.59	5.49	8.77	11.55	19.84	13.83	15.22	23.26	36.91
Dividends per share - (HK\$) ⁽³⁾	2.20	2.45	2.45	2.70	2.95	3.16	3.16	3.48	3.65	2.55
Special dividends per share - (HK\$)	—	—	—	—	—	—	—	—	7.00	—
Dividend cover ⁽³⁾	3.3	5.1	2.2	3.2	3.9	6.3	4.4	4.4	6.4	14.5
Return on average ordinary shareholders' funds (%)	8.9%	13.8%	5.6%	8.6%	10.4%	16.0%	10.0%	10.2%	14.3%	30.1%
Current ratio	5.0	4.1	3.9	3.5	2.7	2.6	5.2	7.6	3.5	1.5
Net debt - (HK\$ millions) ⁽⁴⁾	21,287	16,081	28,033	12,861	1,172	18,502	15,868	Note 5	Note 5	172,580
Net debt / Net total capital (%) ⁽⁴⁾	9.5%	6.5%	10.8%	4.9%	0.4%	5.6%	4.4%	N/A	N/A	23.7%
Net assets attributable to ordinary shareholders of the Company per share - book value (HK\$)	85.4	97.6	98.1	106.3	116.1	132.0	144.1	155.7	170.2	101.9
Number of shares (million)	2,316.2	2,316.2	2,316.2	2,316.2	2,316.2	2,316.2	2,316.2	2,316.2	2,316.2	3,859.7

Certain line item descriptions have been updated and certain comparative amounts have been reclassified to conform to the current year presentation.

- (1) Amounts shown above are the aggregate total arising from continuing and discontinuing operations.
- (2) See note 35(a)(i).
- (3) Exclude special dividend of HK\$7.00 per share in 2014.
- (4) See note 35(c)(i).
- (5) Net cash in 2014 and 2013 amounted to HK\$6,433 million and HK\$1,510 million respectively.

Information for Shareholders

LISTING

The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited

STOCK CODES

The Stock Exchange of Hong Kong Limited: 1

Bloomberg: 1 HK

Reuters: 1.HK

PUBLIC FLOAT CAPITALISATION

Approximately HK\$279,926 million (approximately 69% of the issued share capital of the Company) as at 31 December 2015

FINANCIAL CALENDAR

Payment of 2015 Interim Dividend: 6 October 2015

2015 Final Results Announcement: 17 March 2016

Record Date for 2015 Final Dividend: 19 May 2016

Payment of 2015 Final Dividend: 1 June 2016

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INVESTOR INFORMATION

Corporate press releases, financial reports and other investor information on the Group are available on the website of the Company

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